



Channel 5 and Pact Terms of Trade

2026 Memorandum of Understanding (“MOU”)

****Published****

2 March 2026

Section 285 of the Communications Act 2003 (as subsequently amended from time to time) requires Public Service Broadcasters, including Channel 5, to each have in place a Code of Practice (“**Code**”) for commissioning from qualifying independent producers, which Code shall be approved by Ofcom. Section 285 also requires Ofcom to publish Guidance to assist PSBs in drawing up such Codes (“**Ofcom Guidance**”).

The Channel 5 Code has been approved by Ofcom and is published on Channel 5’s website at <https://www.viacomcbs-mediahub.co.uk/file.axd?pointerid=6499a8e8ad1f2b36dfaf906b>. Pursuant to the terms of the Ofcom Guidance, the current Code confirms that indicative tariff ranges applicable for different genres/sub-genres of programming shall be published. Channel 5’s Tariff document is published at <https://www.viacomcbs-mediahub.co.uk/file.axd?pointerid=6499a8e8ad1f2b36dfaf9069>.

The current Code refers to Channel 5 and Pact having negotiated and agreed a standard production agreement as a set of terms for agreement with producers which comprise ‘Terms of Trade’ (or “**TOT(s)**”). Channel 5 and Pact entered into an Memorandum of Understanding dated 11th September 2018 (“**MoU 2018**”).

This MOU represents new TOT which have been agreed between Channel 5 and PACT and will become effective (and the prevailing terms) superseding the MoU 2018 from the Effective Date as defined in this MOU. Following signature of this MOU, the parties will negotiate an updated standard production agreement. Pending agreement of such updated agreement, from the Effective Date (without prejudice to the provisions of the Ofcom Guidance and the Code), Channel 5 shall incorporate the new TOT into its programme production agreements, which agreements shall, for the avoidance of doubt be consistent with this MOU. It is acknowledged and agreed that to allow for a transition period, Commissions which have been Board approved with a Commissioning Specification signed by both parties (subject to contract) prior to the Effective Date shall not necessarily reflect these Terms of Trade.

Channel 5 agrees to include the following wording in its production agreements for commissions captured under the MOU whilst Channel 5’s standard production agreement is being updated:

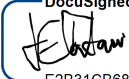
“Channel 5 and Pact have entered into an MOU dated 2 March 2026 (a copy of which may be located at www.channel5.com). Channel 5 shall be consulting with Pact on a standard production agreement but in the meantime, the terms of the MOU shall be incorporated into this Agreement and shall, for the avoidance of doubt be consistent with the MOU”.

These TOTs are minimum terms that apply to qualifying independent production companies where:

- (a) Channel 5 funding together with Producer Deficit Funding (if any) collectively make up 100% of, or Channel 5 has 100% funded, the Agreed Cost of Production for the programme;
 - (b) the programme is an original unscripted commission intended for linear premiere on the Main Channel currently entitled “5” (excluding programming intended for transmission on “5”’s children block currently being “Milkshake”); and
 - (c) no third party is a signatory to the relevant Programme Production Agreement (“PPA”, i.e. excludes co-productions);
- pursuant to the terms of the Code and Ofcom Guidance.

Pact and Channel 5 recognise that where any of the above three conditions (a) to (c) are not met, the minimum terms can vary depending on the circumstances.

SIGNED BY:

<p>DocuSigned by:  E2B31CB6889248F...</p> <p>For and on behalf of Channel 5 Broadcasting Ltd</p>	<p>DocuSigned by: <i>Max Rummy</i> 0B676BF80885420...</p> <p>For and on behalf of Pact</p>
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1. **Effective Date & Term**

- 1.1 This MOU between Pact and Channel 5 (“**the Parties**”) shall come into effect on the date upon which both parties have signed this MOU being: 2 March 2026 (the “**Effective Date**”).
- 1.2 This MOU shall continue in force for an intended minimum period of 3 (three) years from the Effective Date. Either party giving written notice to the other may seek amendments/revisions to the MOU and the Parties agree to enter into good faith negotiations with regards to such requested amendments. An amendment/revision shall only become binding once agreed between the Parties in writing and signed by both Parties as an amendment to the MOU or TOT.

2. **Definitions & Interpretation**

- 2.1 Definitions: the following definitions shall apply and be inserted into Channel 5 production agreements (with appropriate adjustments to replace reference to “the MOU” with reference to the equivalent term of the production agreement), and, where necessary, any other definitions in clause 3 (Rights Package) and other relevant terms shall be interpreted in view of industry standards until the standard production agreement is updated by Channel 5 in consultation with Pact:

“**Certificate of Final Cost**” means the certificate of final costs of the Programme to be delivered in a form agreed between the parties and prepared by the Producer’s production accountant and certificate by a qualified Chartered Accountant, or failing that, a registered Officer of the Producer’s company;

“**Delivery**” means delivery and acceptance of the Delivery Materials in accordance with this Agreement save that where the Programme is a series Delivery shall occur at the time when delivery is completed by the acceptance of the Delivery Materials in respect of the last Episode unless otherwise specified in this MOU;

“**Distribution Expenses**” means those reasonable and direct costs and expenses expended by or charged to or by the Distributor in connection with the exploitation of the rights in the Programme and all proper and reasonable sums expended with a view to exploitation of the Programme (including but without limitation clearance costs residuals and the cost of prints and, platform operators’ fees in the case of Commercial Download Rights, and operational and transaction costs in the case of Video-on-Demand Rights) and any sums expended in editing the Programme (save as provided for in the Budget) or to meet the requirements applicable to any territory including but without limitation those of any broadcasting authority and any legal fees incurred after delivery of the Programme in relation to the Programme or any rights therein (save as incurred in the negotiation of distribution agreement(s)) all to be agreed by the Producer in line with current industry standards which other than clearance costs, residuals (any payment of residuals and royalties payable to artists, writers, directors, musicians and/or third parties shall be recouped by the Distributor in accordance with the collective licensing and union agreements for artists, writers and/or musicians) and technical and reversion costs will be capped (save for proper and reasonable reversion and technical costs incurred as a result of exploitation) at 5% of Gross Distribution Receipts. No cap shall apply with respect to reasonable expenses (including platform operators’ fees) incurred in connection with the exploitation of Commercial Download Rights. Operational and transaction costs incurred in connection with the exploitation of Video-on-Demand Rights shall be capped at 30% (thirty) of Gross Distribution Receipts derived from exploitation of such rights;

“**Editorial Specification**” means the detailed Commissioning Specification approved by Channel 5 and attached hereto as Appendix A;

“Episode” means an individual episode of the Programme;

“Playweek” means a 7 (seven) day period during which a Programme is transmitted on the permitted service set out in the respective rights package in clause 3 once or twice plus in respect of each such transmission, one (1) Time-shift;

“Main Channel” means the channel currently known as “5” including such renamed or rebranded public service broadcaster channel from time to time, however delivered;

“C5 Secondary Service” means a UK service (including without limitation the channels currently branded as 5Star, 5Select, 5Action, 5 streaming apps, Channel 5 video on demand on Virgin Media), subject to clause 16.2 as applicable that is not the Main Channel that is owned, operated or controlled by Channel 5, however delivered;

“C5 Group Service” means a UK service owned, operated or controlled by a company operating in the UK which is under common ownership or control with Channel 5 (including without limitation the channels currently branded as MTV, Comedy Central,)), subject to clause 16.2 as applicable however delivered;

“Net Receipts”

in respect of Linked Telephony Services

“Net Receipts” shall mean the balance of Gross receipts after the payment or recoupment of all reasonable and direct costs expended by or charged to Channel 5 in connection with/or in anticipation of the exploitation of such rights including without limitation (and if applicable):

- (i) actual set-up costs or where appropriate a reasonable allocation of the costs incurred in setting-up any service including without limitation compliance and regulatory costs, any additional personnel requirements, editorial/design costs and all other costs in connection with such exploitation;
- (ii) competition costs;
- (iii) third party acquisition/service provider costs; and
- (iv) any clearance costs,

and in respect of Clip and Promotional Rights

“Net Receipts” shall mean the balance of Gross Receipts after the payment or recoupment of the following:

- (a) a distribution commissions; and
- (b) any associated expenses in relation to the provision of clips including without limitation, tape costs,

and in respect of Product Placement,

“Net Receipts” shall mean the balance of Gross Receipts after the payment or recoupment of the following:

- (a) a distribution commission; and
- (b) any associated expenses.

“Non-Primary Rights” means any and all other rights in the Programme excluding the Primary Rights to the extent of Channel 5’s exclusivity therein and including (without limitation):

- (i) the Format Rights;
- (ii) the Television Rights to the extent not licensed herein to Channel 5;
- (iii) the Commercial New Media Rights;
- (iv) the Video Rights Soundtrack Rights; Music Publication Rights; Print

- Publication Rights; Non-Theatric Rights and Merchandising Rights; throughout the world; and
 (v) from expiry of the Term: all Primary Rights,

“Non-Theatric Rights” means the sole and exclusive right to authorise exhibition of the Programme by means of the sale, hire, lease or licensing of physical copies of the Programme for the exhibition to audiences who are not required to make a specific payment for viewing, or by the following institutions at the following places where the exhibition of programmes on a regular basis is not the primary purpose: educational institutions and churches, educational classes, gatherings held by corporate entities and other bodies not being educational institutions; clubs or other organisations of an educational, cultural, charitable or social nature, including (without limitation) recognised film societies; and hotels, motels, prisons, monasteries, convents, orphanages, oil fields and rigs, cruise and cargo ships aeroplanes in-flight, and other similar facilities and by way of any other closed circuit television systems and non-exclusively to military and armed forces installations to permit Channel 5’s licence of rights to the BFBS permitted under the MOU;

“PLP” means Primary Licence Period;

“Primary Rights” means the right to exploit the Programme via the rights (and for the exclusivity) set out in Package P0 under clause 3.1.2 of this MoU (as may be extended pursuant to Package E0), including without limitation:

- (i) transmission on the Main Channel delivered by any free means including (without limitation) by Free Terrestrial Broadcast which shall include the right to simultaneous retransmission by any means and by any party for the permitted Playweeks, and the following grant of rights:
- (ii) the Off-Air Recording Rights;
- (iii) the Limited Cable Relay Rights;
- (iv) the Clip & Promotional Rights,

“Producer Deficit Funding” means (i) any funding arranged by Producer where it is a condition of such funding that the funder is able to recoup its contribution via secondary programme sales or exploitation in the Territory (excludes e.g. advertiser funding) and (ii) where any third-party funding partner is not a signatory to Channel 5’s longform programme production agreement with the Producer (i.e. excludes co-productions);

“Producer Deficit Funding Threshold” means Producer Deficit Funding that is:

- a. self-financed by Producer and is equal to or greater than the sum of production fee plus overheads that form part of Agreed Cost of Production; or
- b. third-party funding that is equal to or greater than 20% of Agreed Cost of Production; or
- c. any combination of a. or b. totalling 20% of Agreed Cost of Production or greater,

“Product Placement” shall bear the meaning ascribed to it in the Ofcom Broadcasting Code;

“Prop Placement” shall bear the meaning ascribed to it in the Ofcom Broadcasting Code;

“Returning Series” where a Programme comprises a series of Episodes and a further series is commissioned by Channel 5 within 12 (twelve) months of the first transmission on Main Channel of the last Episode;

“Strand” for the purposes of this Agreement, will consist of 3 or more separate one off or related programmes and/or 1 or more series of programmes which consist of 4 or more parts following the same, format, concept, banner theme and titled under the same ‘umbrella’ name but not necessarily made by the same producer. Previous strands include: ‘Inside’ e.g. Kensington Palace, The Old Bailey, Balmoral; and the ‘Extraordinary People’ strand including e.g. The World’s Fattest Child, Help I’m 16 but look 60; The Boy with No Face;

“Territory” means Great Britain, Northern Ireland, the Channel Islands, the Isle of Man and the Republic of Ireland;

“Time-shift” means one (1) associated time shift transmission (+1) hour in respect of each transmission;

“Free Exclusivity” means that it applies to all UK free-to-air broadcasters and free-to-view AVOD/FVOD FAST streaming services or service tiers for which consumers are not charged a specific fee to access other than government levies and fees and basic charges;

“Premium Exclusivity” applies to any UK linear or streaming service or service tier not included in Free Exclusivity, but excludes EST/DTO/other transactional which shall be non-exclusive following the first day after first TX by Channel 5.

The following definitions shall remain as set out in the 2010 Agreement:

“Act, Agreed Cost of Production, Agreement, Basic Charges, Budget, Cash Flow, Clip and Promotional Rights, Codes, Contributor, Cost Report, Deficit, Delivery Date, Delivery Materials, Distribution Commission, Distributor, Final Cost of Production, Channel 5 Licence Fee, Further Programmes, Gross Distributors Receipts, Gross Receipts, Insurances, Key Contracts, Limited Rights Material, Linked Telephony, Net Distribution Receipts, Ofcom, Overcost, Producer Contribution, Production Accountant, Production Schedule, Programme, Progress Reports Rental and Lending Rights, Source Material, Technical Specifications, Television Service, UK Public Service Broadcaster, Underspend, Cable Distribution, Changed Format, Format, Format, Rights, Free Terrestrial Broadcaster, Limited cable Relay Rights, Merchandising Rights, Music Publishing Rights, Off Air Recording, Pay Terrestrial Broadcast, Print Publication Rights, Satellite broadcast, Soundtrack Rights, Television Rights, Video on Demand Rights, Video Rights.”

For the avoidance of doubt the terms of the MoU 2018 shall be superseded by this MoU and they shall only apply to any commissions entered as of the Effective Date to the extent expressly stated within this MoU.

3. **Rights**

3.1.1 The Producer grants to Channel 5 by way of an extendable licence under copyright the exclusive right to exploit the Programme in the Territory during the Licence Period in accordance with the applicable rights package(s) set out in clause 3.1.2 below (including in respect of the Primary Rights).

3.1.2 Rights Package and Extensions

Package P0	Primary Licence					
<i>Services</i>			<i>PLP</i>	<i>Utility</i>	<i>C5 Exclusivity/Holdback</i>	<i>Channel 5 Licence Fee payable by C5</i>
Linear: Main Channel			3 years commencing from the earlier of: - first linear or streaming exhibition; or - Delivery	20 Playweeks of which 10 may include Main Channel Peak-Time TX	UK Exclusivity period commences at start of PLP and continues for the below periods as applicable: (a) Free Exclusivity period: 3 years and (b) Premium Exclusivity	100% of Agreed Cost of Production less any Producer Deficit Funding
Linear: C5 Secondary Service						
Linear: C5 Group Service(s)						
Non-linear: Streaming C5 Secondary Service				Unlimited AVOD (inc. BVOD), FVOD, FAST ("Scheduled VOD") – SVOD/TVOD/EST/DTO/other transactional		

Package P0	Primary Licence					
				excluded	period: - Where the Producer Deficit Funding Threshold (defined below) is not reached: 2 years - Where Producer Deficit Funding Threshold is reached: 1 year Non-exclusive Republic of Ireland rights retained across all packages)	
Net Distribution Receipts/Net Receipts revenue allocation (C5 share)	During PLP: - UK: any Producer Deficit Funding may be recouped by Producer in first position (without affecting C5 share) - Rest of World: no C5 participation Outside of PLP - All territories: no C5 participation					

Package P1		Linear Utility Boost – PLP				
Package prerequisites	Licensable at C5’s option upon prior written notice to Producer at any time before the last 6 months of active PLP, and subject to C5 covering clearance costs					
Services	Definition	Examples	Licence Period	Utility	C5 Exclusivity/Holdback	Licence Fee
Linear: Main Channel	Per Primary Licence (Package P0), above		Concurrent with PLP (this package does not extend the Licence Period)	10 Playweeks of which 5 may include Main Channel Peak-Time TX	Per Primary Licence (Package P0)	1.0% of Agreed Cost of Production (fixed, not pro-rateable across PLP)
Linear: C5 Secondary Service						
Linear: C5 Group Service						
Linear: associated functionalities				Unlimited		

Package P2	Group Sublicence - Free/Basic Non-linear/Streaming – PLP					
Package prerequisites	Licensable at C5’s option upon prior written notice to Producer at any time before the last 6 months of active PLP, and subject to C5 covering clearance costs					
<i>Services</i>	<i>Definition</i>	<i>Examples</i>	<i>Licence Period</i>	<i>Utility</i>	<i>C5 Exclusivity</i>	<i>Licence Fee</i>
Non-linear: Free/Basic Streaming C5 Group Service	As set out in clause 16.2	5-branded channels within Pluto TV apps, MTV VOD on third party services, Pluto TV FAST Channels on third party services	Concurrent with PLP (this package does not extend the Licence Period)	Unlimited AVOD (inc. BVOD), FVOD, FAST (“Scheduled VOD”), subject to the Programme’s prior exhibition on the Main Channel OR a linear or streaming C5 Secondary Service AND the relevant linear C5 Group Service where applicable - SVOD/TVOD/ EST/DTO/other transactional excluded	Per Primary Licence (Package P0)	1.0% of Agreed Cost of Production (fixed, not pro-rateable across PLP)

Package P3	Group Sublicence - Subscription Non-linear/Streaming - PLP					
Package prerequisites	Licensable at C5's option upon prior written notice to Producer at any time before the last 6 months of active PLP, and subject to C5 covering clearance costs					
<i>Services</i>	<i>Definition</i>	<i>Examples</i>	<i>Licence Period</i>	<i>Utility</i>	<i>C5 Exclusivity</i>	<i>Licence Fee</i>
						3.0% of Agreed Cost of Production (fixed, not pro-rateable across PLP)

<p>Non-linear: Subscription Streaming C5 Group Service</p>	<p>As set out in clause 16.2</p>	<p>Paramount+</p>	<p>Concurrent with PLP (this package does not extend the Licence Period)</p>	<p>Unlimited SVOD, AVOD (inc. BVOD), FVOD, FAST ("Scheduled VOD"), subject to the programme's prior exhibition on the Main Channel OR a linear or streaming C5 Secondary Service - TVOD/EST/DTO/other transactional excluded</p> <p>(Allows for exhibition within ad tier on an SVOD service)</p>	<p>Per Primary Licence (Package P0)</p>	
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Package E0		Licence Extension				
Package prerequisites	<p>Licensable at C5’s option on prior written notice at any time before the last 6 months of any active Licence Period except that, for one-off programmes or decommissioned series/strands, C5 may exercise E0 only once. The maximum total Licence Period under these Terms of Trade being 5 years following the one-off or the final series of a decommissioned series/strand. Any further extensions are subject to commercial negotiation between Producer and C5.</p> <p>Where C5 does not exercise the option to extend the Licence Period within the 6-month window deadline, there shall be no obligation on Producer to agree an extension to the Licence Period.</p>					
Services	Definition	Examples	Extension Licence Period (ELP)	Utility	C5 Exclusivity	Licence Fee
Linear: Main Channel	Per Primary Licence (Package P0), above		2 years from the end of the previous active Licence Period	16 Playweeks of which 8 may include Main Channel Peak-Time TX	Free Exclusivity period: - If Basic Extension Fee paid: None - If Enhanced Extension Fee paid: 2 years concurrent with first Extended Licence Period following PLP only (not available for subsequent ELPs)	Basic Extension Fee: 2.4% of Agreed Cost of Production
Linear: C5 Secondary Service						
Linear: C5 Group Service						
Linear: associated functionalities				Unlimited		Enhanced Extension Fee: 2.7% of Agreed Cost of Production (first Extended Licence

<p>Non-linear & streaming</p>			<p>Unlimited AVOD (inc. BVOD), FVOD, FAST ("Scheduled VOD") - SVOD/TVOD/EST/DTO/other transactional excluded</p>	<p>Premium Exclusivity period: not applicable</p>	<p>Period following PLP only – i.e. maximum pre-negotiated Free Exclusivity period is 5 years)</p> <p>For active Returning Series/Strands, following PLP plus first Extended Licence Period (i.e. 5 years) C5 has first negotiation right and last matching right to retain exclusivity for subsequent Extended Licence Periods</p>
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Package E1	C5 Linear Utility Boost – Extended Licence Period					
Package prerequisites	Licensable at C5’s option where Package E0 has been purchased, at any time during that Extended Licence Period. Unused utility cannot be used in a subsequent Extended Licence Period					
<i>Services</i>	<i>Definition</i>	<i>Examples</i>	<i>Licence Period</i>	<i>Utility</i>	<i>C5 Exclusivity</i>	<i>Licence Fee</i>
Linear: Main Channel	Per Primary Licence (Package P0), above		Concurrent with Extended Licence Period	8 Playweeks of which 4 may include Main Channel Peak-Time TX	Per Package E0 – no additional exclusivity granted as part of this Package E1	1% of Agreed Cost of Production (fixed, not pro-rateable across PLP)
Linear: C5 Secondary Service						
Linear: associated functionalities				Unlimited		

Package E2	Group Sublicence - Free/Basic Non-linear/Streaming – Extended Licence Period					
Package prerequisites	Licensable at C5’s option at any time during active Extended Licence Period where package P2 was exercised during the PLP and package E0 has been exercised for the relevant Extended Licence Period					
<i>Services</i>	<i>Definition</i>	<i>Examples</i>	<i>Licence Period</i>	<i>Utility</i>	<i>C5 Exclusivity</i>	<i>Licence Fee</i>
Non-linear & streaming (free/basic pay)	Per Group Sublicence - Free/Basic Non-linear/Streaming - PLP (Package P2), above		Concurrent with Extended Licence Period	Unlimited AVOD (inc. BVOD), FVOD, FAST (“Scheduled VOD”) - SVOD/TVOD/EST/DTO/other transactional excluded	Per Package E0 – no additional exclusivity granted as part of this Package E2	1.0% of Agreed Cost of Production (fixed, not pro-rateable across PLP)

Package E3	Group Sublicence - Subscription Non-linear/Streaming – Extended Licence Period					
Package prerequisites	Licensable at C5’s option at any time during active Extended Licence Period where package P3 was exercised during the PLP and package E0 has been exercised for the relevant Extended Licence Period					
<i>Services</i>	<i>Definition</i>	<i>Examples</i>	<i>Licence Period</i>	<i>Utility</i>	<i>C5 Exclusivity</i>	<i>Licence Fee</i>
Non-linear & streaming (subscription)	Per Group Sublicence - Subscription Non-linear/Streaming- PLP (Package P3), above	Concurrent with Extended Licence Period	Unlimited SVOD , AVOD (inc. BVOD), FVOD, FAST (“Scheduled VOD”) - TVOD/EST/DTO/other transactional excluded (Allows for exhibition within ad tier on an SVOD service)	Per Package E0 – no additional exclusivity granted as part of this Package E3	2.0% of Agreed Cost of Production (fixed, not pro-rateable across PLP)	

3.2 **Table of Holdbacks per episode**

<p>Producer shall not exploit Television Rights in the Programme until after the Holdback periods set out below:</p>	<p>Holdback under the C5 Package of Rights</p>
<p>Territory</p>	
<p>UK</p>	<p>As per Rights Package and Extensions in clause 3.1</p>
<p>Republic of Ireland (ROI)**</p>	<p>Day 1 following 1st TX per Episode</p>
<p>ROW *</p>	<p>Day 1 following 1st TX per Episode</p>
<p>CLIPS ++</p>	<p>Day 1 following 1st TX per Episode</p>

- 3.2.1 **A long stop date for ROI and ROW which is the earlier of: (i) Channel 5’s first transmission, (ii) Channel 5’s first scheduled transmission ; or (iii) 6 (six) months from Delivery.
- 3.2.2 ** Channel 5 has the right to ROI non-exclusively as part of its Licence, following the relevant holdback.
- 3.2.3 ++ Clip exploitation subject to Clause 7.

4. **Strands**

- 4.1 Channel 5 shall where possible advise the Producer at the time of Commission as to whether a Programme is intended to form part of a Strand. Where Channel 5 fails to notify the Producer as above, Channel 5 will only be able to exercise Package E0 once (i.e. 5 years), unless separately negotiated between the Producer and Channel 5. Channel 5 may not retrospectively allocate a Programme in a Strand unless agreed with the Producer.
- 4.2 For the avoidance of doubt, nothing contained herein shall prevent Channel 5 from being entitled to allocate a Programme as part of a ‘strand’ (or not) in its sole and absolute editorial discretion (whether or not it conforms to the definition of Strand in this MOU), but Channel 5 will only be able to exercise Package E0 once (i.e. 5 years) if it complies with the definition of Strand hereunder and the terms of Clause 3.1.

5. **Platform functionalities**

Pact grants Channel 5 broadcast-driven platform functionalities subject to the below:

- 5.1 Channel 5 confirms that, with respect to any broadcast-driven platform functionality including Startover, Backwards EPG, NPVR and Sideload, where Channel 5 receives a net benefit from platform operators which is directly or solely ascribed to the platform operators’ ability to provide content to consumers which has been made available via the applicable functionality then Channel 5 will discuss in good faith with a view to agreeing with Pact an appropriate compensation for producers.

Any such agreement with Pact shall automatically be deemed to be incorporated into this Agreement upon written notice (which includes email) by Channel 5.

- 5.2 Where Channel 5 derives a net benefit for those platforms set out at 8.1, Channel 5 must start negotiations with Pact no later than 3 (three) months from the date that such net benefit exists.

6. **Cash Flow**

- 6.1 The following cashflow shall apply unless otherwise mutually agreed between the Producer and Channel 5, in accordance with Clauses 9.2 and 9.3:

<p>C5 Licence Fee of £1,000,000 and below</p>	<ul style="list-style-type: none"> • 25% on signature of the production agreement; • 30% on commencement of filming; • 25% on commencement of post-production; • 15% on acceptance of delivery of all technical material; • 5% on Delivery (including Paperwork).
<p>C5 Licence Fee of £1,000,001 and above or Channel 5 pays cost of money</p>	<p>To be agreed between C5 and producer however;</p> <p>C5 will hold back no more than;</p> <ul style="list-style-type: none"> • 15% on acceptance of delivery of all technical material; • 5% on Delivery (including Paperwork).

The above amounts shall be paid by Channel 5 after receipt of a valid invoice and in accordance with Clauses 9.2 and 9.3.

Payments will be made at the end of the month in which the relevant trigger (including signed Agreement) referred to above occurs prior to the last working day prior to the 15th of the relevant calendar month. Otherwise payments will be made at the end of the following month.

6.2 The Producer shall be required to issue an electronic VAT invoice to Channel 5 via the SWIM automatic accounting portal referencing the corresponding purchase order number provided in the SWIM portal for the relevant payment(s). New suppliers shall be required to register as a user of the accounting system (following instructions for registration available from the Programme Representative) and will require a purchase order from Channel 5 before invoices may be submitted. Channel 5 shall require receipt of the relevant electronic VAT invoice as early as possible in the month in which payment is due to the Producer, but in any event before the last working day prior to the 15th of such month. Invoices need to be a valid VAT invoice should include the following details as a minimum for identification purposes: (i) the contracting party; (ii) the date of the production agreement; (iii) the name of the Programme; (iv) the payment instalment to which the invoice relates; (v) the contract number contained at the top of the Agreement; and (vi) be addressed to Financial Analyst, Finance, Channel 5, 17-29 Hawley Crescent, London NW1 8TT.

6.3 Other payment pre-condition wording applies as per the 2010 TOT including receipt by Channel 5 of Progress Reports.

7. **Clips**

The Parties agree that the Producer may exploit Clips from the day after 1st Transmission of the Programme subject to the terms of Channel 5’s clip policy referred to at Schedule 1. Channel 5’s Clip policy shall be made available by Channel 5 on its website.

8. **Product Placement**

The following wording shall be included in Channel 5’s production agreements:

8.1 Either Channel 5 or the Producer may propose a PP arrangement to be included in the Programme.

8.2 The Producer and Channel 5 shall fully consult and co-operate in relation to any proposed Product Placement to ensure that the Producer and the Channel 5 Commissioner and Channel 5 Legal & Regulatory Representative are in agreement on the editorial impact that any Product Placement may have on the Programme.

8.3 The Parties shall have a right of prior written approval over: (i) the proposed Product Placement and how it is intended to be placed in the Programme; (ii) the Product Placement commercial deal terms; and (iii) Channel 5 shall have a right of prior written approval over the Producer’s Product Placement contract (or

template contract) which shall consist a Key Contract for the purposes of the production agreement. In all cases the Parties shall act in good faith and acting reasonably. The Producer's consent shall not be unreasonably withheld or delayed.

- 8.4 The Parties shall take into consideration the impact of proposed Product Placement deals to pre-existing talent endorsements and/or relevant third-party arrangements notified by either Party to the other in writing.
- 8.5 The Producer shall ensure that all Product Placement shall be undertaken in accordance with the Ofcom Broadcasting Codes and Guidelines, and only with appropriate editorial justification.
- 8.6 Where the Programme includes Product Placement, the Producer shall ensure that the Programme it delivers includes the agreed logo required to signify to viewers that the Programme contains Product Placement and such logo must appear in accordance with the relevant regulation governing such inclusion at the time of Delivery.
- 8.7 Subject to Clause 11.8, the Parties acknowledge and agree that the Producer and Channel 5 shall each be entitled to fifty per cent (50%) of one hundred per cent (100%) of net receipts received by or on its behalf in respect of Product Placement.
- 8.8 The party concluding the Product Placement agreement shall be entitled to retain 30% (thirty) commission and 5% (five) expenses before sharing net revenue 50/50 between the Producer and Channel 5. The Producer shall not be entitled to any net revenue from sponsorship and advertising and to the extent that the Product Placement deal proposed by C5 is part of a wider airtime or sponsorship deal, then the parties will discuss in good faith and agree an appropriate fee for the Product Placement element of such deal.
- 8.9 The Producer agrees to inform Channel 5's Legal & Regulatory Representative of refer all proposed Prop Placement arrangements in connection with the Programme to Channel 5's Legal & Regulatory Representative for approval prior to agreeing the same and shall to follow Channel 5's guidance in relation thereto. Channel 5 shall not unreasonably withhold such approval.

9. Underspend

- 9.1 Save in relation to ring-fenced amounts, underspend on non-fixed price deals shall be shared equally between Channel 5 and the Producer 50/50. To the extent that there is an Overcost approved by Channel 5 in writing, underspends can be offset against such approved Overcost.
- 9.2 Underspend on fixed priced deals shall be retained by the Producer 100% (one hundred per cent).
- 9.3 Channel 5 will be entitled to ring fence the following budget items: key on screen talent, archive and commercial music.
- 9.4 Underspend from ring-fenced sums may be offset against any overspend approved by Channel 5 in writing, with the balance returned to C5 100% (one hundred per cent).

10. Music Libraries

- 10.1 The Producer is entitled to choose a music library available from C5's permitted group of Music Libraries made available by Channel 5 from time-to-time ("**C5 Selected Music Library**"), or select a music library ("**Music Library**") of the Producer's choice subject to editorial approval and at no cost to the production budget unless such cost is pre-approved by C5 in writing.
- 10.2 The Producer shall ensure that all rights in the Music Library music included in the Programme, shall as a minimum position be cleared for all Channel 5's exploitation of the Programme permitted by the production agreement including without limitation by way of exercise of all rights packages set out in

clause 3.1 and marketing and promotion of the Programme in all media including online, targeted (solely to the extent granted pursuant to the production agreement) in the Territory.

- 10.3 The Producer shall report to Channel 5 in writing by way of completion of the music cue sheets and the third party material rights information section of Channel's Programme as Completed form via Channel 5's PCIS (or replacement) paperwork delivery system including: the name and address of licensor, the clearances obtained and licence costs for such clearances as part of the Delivery paperwork.
- 10.4 The Producer shall retain records of such licensing for the period referred to in General Term 9.3 of the 2010 Agreement or such other date as may be agreed between Channel 5 and the Producer in writing.
- 10.5 Channel 5 warrants that its current blanket licence with the PRS clears commercial music synchronisation: (i) for VOD post the 30 (thirty) day period (pre and post transmission) cleared under the IPC Licence agreement; and (ii) for exploitation of programmes on UK television services owned, operated or controlled by a company operating in the UK which is under common ownership or control with Channel 5. (For the avoidance of doubt, the current IPC licence agreement provides a mechanism for producers to clear commercial music synchronisation for Channel 5's owned, operated or controlled channels (excluding but in addition to the Main Channel clearances) without reliance on Channel 5's blanket licence with the PRS).

11. **British Forces Rights**

- 11.1 Producer will where possible clear British Film Forces Rights at Channel 5's costs, where Producers are unable to clear the producer will notify Channel 5 at the time of signature of the Programme's production agreement.
- 11.2 The Producer grants to Channel 5 by way of a non-exclusive licence for the licence period, the right to deliver the Television Rights and non-linear rights in the Programme as part of the Main Channel, C5 Secondary Service and/or C5 Group Service (as applicable) by way of simultaneous or non-simultaneous transmission to the British Armed Forces by any means to any military bases, camps, barracks, installations, naval ships or similar establishments used by members of the British Armed Forces whether situated within or outside Territory with no further payment due to the Producer ("**British Film Forces Rights**").

12. **Clearances**

- 12.1 Channel 5 pays all clearance within the Agreed Cost of Production. The Producer shall wherever possible pre-clear for all the rights granted to Channel 5 to during the licence period without further clearance payments. For the avoidance of doubt this includes all clearances for Additional Main Channel Transmissions, any Narrative Repeats in Peak and Secondary TV Rights extension package. Where, due to the nature of the Programme, third party contributions and/or collective/union arrangement, it is not possible for the clearances to be paid within the Agreed Cost of Production, the Producer shall notify Channel 5 and the parties shall discuss in good faith an agreed clearance position, both parties acting reasonably and in good faith. The agreed clearance position shall be stated in the Programme's signed production agreement and shall only be varied by Channel 5 and the Producer by way of signed amendment to such Agreement.
- 12.2 Channel 5 shall at all times be responsible for paying clearance costs for any of the exploitation under the MOU. Where necessary (e.g. due to restrictions in collective agreements (if any) or prohibitive costs) Channel 5 will nominate specific channels or services for pre-clearance with all other rights where possible clearable. The Producer shall, for the avoidance of doubt, make clearances on behalf of Channel 5 unless otherwise required due to collective arrangements/ union agreements. It is acknowledged that VOD rights clearances for content that is covered under the union/ collective agreement may need to be cleared by Channel 5 directly with the unions.

12.3 Independent producers will contract talent on the basis of the relevant collective/union agreements applicable to the independent television production sector and in accordance with standard industry practice or as agreed with applicable rights holders/unions.

13. **Payment**

13.1 Channel 5 shall pay the Producer in accordance with the cashflow and payment terms set out at Clause 9. In other circumstances, subject to Clause 16.2, where a fee is due from Channel 5 to the Producer, Channel 5 shall pay the producer’s invoice 30 (thirty) days from receipt of an undisputed invoice following Channel 5’s production of a Purchase Order. For additional Main Channel Transmissions and Narrative Repeat payments, Channel 5 shall notify the Producer prior to its use or up to 30 (thirty) days after and shall raise a Purchase Order for the requisite payment to enable the Producer to invoice Channel 5.

13.2 Where an agreement has been used to reflect the additional rights grant (e.g. extension by commercial agreement or where terms are required e.g. to deal with heavily compliant programmes), payment will additionally be subject to a signed contract having been received by the 15th of the month for end of month payment.

14. **Net Receipts and Net Distribution Receipts for Rights exploitation**

All subject to the agreed Producer holdbacks. Licence Period refers to the Main Channel Licence Period unless otherwise specified.

Allocation of Net Distribution Receipts (Producer exploits)

Type of Use and Net Receipts due	Producer %	Channel 5 %
UK Television Rights Exploitation in the PLP	50	50
Approved UK VOD Rights in PLP	50	50
All other Non-Primary Rights in the UK for PLP (including Music Publication)	85	15
UK Clips in PLP	50	50
Product Placement (subject to Clause 11.8 of the MOU)	50	50

Allocation of Net Receipts (C5 exploits)

Type of Use and Net Receipts due	Producer	Channel 5
UK Clips in the PLP and Extended Licence Periods (third-party sales)	50	50
ROI clips in the PLP in Extended Licence Periods (third-party sales)	85	15
Linked Telephony in the PLP and Extended Licence Periods	30	70
Product Placement (subject to Clause 11.8 of the MOU)	50	50

Channel 5 shall be entitled to the share of Net Distribution Receipts and Net Receipts as set out above and Channel 5’s entitlement thereto shall be for the PLP. Other than as set out above, any and all revenues from the Primary Rights will be retained in full by Channel 5.

15. **Distribution Expenses**

The Parties agree that the Distribution Expenses cap shall be 5% (five percent). Proper and reasonable reversion and technical costs incurred as a result of exploitation shall no longer form part of Distribution Expenses but may be deducted in the calculations of Net Distribution Receipts.

16. **VOD and FAST**

16.1 Channel 5 is entitled to exploit the VOD Rights in the Territory (i.e. UK and ROI).

16.2 **VOD Rights:** Where Channel 5 is granted the VOD rights as permitted in a package of rights in clause 3.1, Channel 5 (or, where applicable, the relevant Channel 5 Associate) may exercise those VOD Rights (for

streaming and temporary downloading purposes) throughout the Territory during the Licence Period on any one or more of the following channels, services or platforms howsoever delivered where it is clear to all users that the programming has been provided by Channel 5 or, where applicable, the C5 Group Service:

Package P0	Package P2	Package P3
(a) Streaming C5 Secondary Service	(a) Free/Basic Streaming C5 Group Service	(a) Subscription Streaming C5 Group Service
(b) a third-party channel, service or platform which carries a simulcast of the Main Channel and/or the streaming C5 Secondary Service.	(b) a third-party channel, service or platform which carries a simulcast of the linear C5 Group Service, the streaming or linear C5 Group Service or FAST Channels owned, operated and/or controlled by a company under common ownership as Channel 5	(b) a third-party channel, service or platform which carries the streaming C5 Group Service
(c) a section or area on a third party channel, service or platform which is a Channel 5 branded area always where Channel 5 selects, schedules, manages and controls the content available on the Channel 5 branded area	(c) a section or area on a third party channel, service or platform which is a Channel 5 or C5 Group Service branded area always where Channel 5 or a Channel 5 Associate selects, schedules, manages and controls the content available on such branded area)	(c) a section or area on a third party channel, service or platform which is a C5 Group Service branded area always where Channel 5 or a Channel 5 Associate selects, schedules, manages and controls the content available on such branded area (for which consumers may be charged a specific fee to access)
Notwithstanding the above, this excludes non-linear/streaming C5 Group Services but are deemed included in P2 and/or P3 as applicable.	This excludes services included within Primary Licence package P0	

16.3 Where Channel 5’s exercise of its AVOD rights results in a programme also being made available on a secondary or derivative paid-for tier delivering platform benefits to viewers, then (for the avoidance of doubt) such usage will still be covered by the utility granted in relation to the AVOD rights.

16.4 **FAST Rights**

Where FAST rights are granted in a package of rights in clause 3.1, Channel 5 or, where applicable, a Channel 5 Associate may exploit the Programme for unlimited runs on any Fast Channel(s) in the Territory for the duration of the Licence Period.

FAST Channel means a free streaming linear C5 Secondary Service and/or C5 Group Service (as applicable) (which may or may not include advertising at Channel 5 and/or a Channel 5 Associate’s election) where it is clear to all users that the programming has been provided by a brand owned and/or controlled by Channel 5 or, where applicable, such Channel 5 Associate (and any replacement, successor or renamed version(s) thereof), however distributed or delivered.

For the avoidance of doubt, where the Programme(s) is scheduled by reference to a series or brand provided by or on behalf of the Producer on a FAST Channel, Channel 5 and/or the relevant Channel 5 Associate shall be entitled, but not obliged, to include, use, distribute and display at its own election the title, marks, trademarks, logos and other indicia relating to the relevant Programme(s), series and/or brand as part of the name or branding of such FAST Channel(s) subject to GT subclause 14.1 of the 2010 Agreement where applicable.

16.5 VOD and FAST Clearances

Channel 5 pays all and any further clearance within the Agreed Cost of Production. The Producer shall pre-clear where possible for all exploitation during the Licence Period as per terms of Clause 12 of this MOU.

Schedule 1

Clip Rights

Holdback is day 1 Following TX.

The producer may use Clips for promotional use and commercial exploitation subject to agreed parameters (as to be agreed, below).

Following signature of this MOU, Channel 5 shall draft a Clip Use Policy based on the principles agreed with Pact. Such policy shall be consistent with the below key principles:

- The independent producer may sell Programme clips to end users (either itself or through its authorised licensees), provided that the end user is not able to access such clips from any service operated by any other public service broadcaster by way of permanent download-to-own in the same way as it may exercise the Commercial Download Rights in the whole Programme subject to the following restrictions;
- "Clips" shall be no longer than 5 (five) minutes in total per 30 (thirty) minutes of Programme or Episode running time (i.e. for example, in relation to a 30 minute episode you could have 2 clips of 2 (two) minutes in length and 1 of one minute; or 1 clip of 4 minutes), save that and subject to the 5 (five) minute limit above, any individual comedy clip cannot exceed 2 (two) minutes in length.

In each instance specific consent is required in relation to Children's programmes and serious factual programmes.

Where the independent producer is selling Programme clips as set out above, it is entitled to make available via a free stream to the end user a preview of the Programme Clip of no more than 20 seconds subject to holdbacks and agreed parameters set on in Channel 5's clip policy.

The independent producer may make Programme clips commercially available for these purposes subject only to (a) the Channel 5 clip policy; and (b) following Channel 5's first TX; and (c) following payment of Net Distribution Receipts deriving from such exploitation to Channel 5.

The Producer shall, for the avoidance of doubt, be responsible for clearing Clips for its use.

Channel 5 may exercise its Clip and Promotional Rights in accordance with the 2010 Agreement.