

BBC FAIR TRADING COMPLIANCE COMMITTEE

Terms of Reference

1. Constitution

1.1. The Board of Governors (“the Board”) has established a committee of the Board known as the Fair Trading Compliance Committee (“the Committee”). The purpose of the Committee is assist the Board comply with its obligation under the Charter to ensure compliance with the Fair Trading Commitment including to review and approve the BBC’s Fair Trading Commitment and Guidelines and to review the effectiveness of the BBC’s procedures for ensuring compliance with these guidelines and commitment.

2. Membership and attendance

2.1 The Committee is appointed by the Board and comprises four Governors – one member to be designated as chairman and three committee members.

2.2 The Committee shall seek such advice and / or assistance as it considers appropriate including, (but not limited to):

From the Governance Unit:

- Head of Compliance and Value for Money

From the following other employees of the Corporation:

- Director of Strategy
- Head of Fair Trading (but not advice on appeals)
- Head of Business Assurance
- General Counsel

The Committee is also advised by the external fair trading auditors.

2.3 Those advisors named in 2.2 above attend all meetings except where the Committee wishes to meet in private.

2.4 The Head of Compliance and Value for Money shall be the Secretary to the Committee.

3. Quorum

3.1 The quorum necessary for the transaction of business is two Governors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

4.1 The Committee meets four times a year and at other times as required.

4.2 Meetings can be requested by the external or internal auditors if they consider one is necessary.

4.3 Meetings are arranged to tie in with the publication of the BBC's annual report and other fair trading statements, allowing sufficient working days prior to a Board Meeting where fair trading reports or other statements are to be agreed.

5. Notice of Meetings

5.1 Meetings of the Committee are summoned by the Secretary of the Committee at the request of any member thereof.

5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no fewer than five working days prior to the date of the meeting.

6. Minutes of Meetings

6.1 The Secretary, or a nominated deputy, shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

6.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

6.3 Minutes of the Committee meetings shall be circulated promptly to members of the Committee and its advisors.

6.4 A summary of the Committee meetings shall be circulated to all members of the Board.

7. Authority

7.1 The Committee is authorised by the Board to:

- Investigate any activity within its terms of reference;
- Seek any information that it requires from any employee of the company and all employees are directed to cooperate with any request made by the Committee; and
- Obtain outside legal or independent professional advice as required. Such advisors may attend meetings as necessary.

8. Responsibilities

The Committee members shall conduct an annual review of their work and these terms of reference and make recommendations to the Board.

The Committee's responsibilities extend to assisting the Board with the following areas:

8.1 The Approval of Guidelines

- To agree and keep under review:
 - the BBC's Fair Trading Commitment;
 - the BBC's Fair Trading Guidelines; and
 - the Trading Protocols which govern the relationship between World Service and BBC supplier divisions.

8.2 The Committee's remit shall extend to all issues which may have an impact on compliance with the Guidelines in 8.1.

8.3 Monitoring effectiveness

- To appoint the External Auditors of the BBC's compliance with the Fair Trading Commitment
- To agree the programme of work of External Auditors, Internal Audit and Senior Executives which will test the effectiveness of the BBC's procedures
- To consider reports from External Audit, Internal Audit and Senior Executives on the extent to which the activities of the BBC are consistent with the policy
- To review and monitor matters arising from the Committee
- To consider the Annual Report on Fair Trading in advance of that report being submitted to the full Board
- To ensure that the BBC has an effective process to consider external challenges to the BBC's Fair Trading Commitment
- To act as a body of appeal in relation to external challenges

8.4 Reporting

- To report to the Board on the work of the Committee
- To consider the Governors' year end report and the External Auditors' year end Fair Trading Opinions

- To consider the Governors' year end report and the External Audit Opinion on World Service Trading Protocols

Approved by the Board of Governors: 26 April 2006