



An introduction to the role of a PRS Board director

Introduction

PRS is keen to encourage more eligible members to consider standing for election to the PRS Board. This document sets out brief information about the Board and the role of a PRS director.

The role of a company board

The Board of a company is its primary strategic decision-making body and all directors are required by the Companies Act 2006 to act in such a way as to promote the success of the company for the benefit of its members as a whole. The Board therefore has overall and collective responsibility for the management of the company's operations (subject to any rights reserved to its members) and for ensuring that its obligations to those members and other stakeholders are met.

Good corporate governance helps to ensure strong long-term company performance. Whilst aimed primarily at listed companies, the UK Corporate Governance Code sets out good practice in a number of areas including board composition and effectiveness, the role of board committees, risk management, remuneration and relations with shareholders/members.

The Code also sets out the role that should be played by a board, which can be summarised as follows:

- Providing leadership
- Setting the company's mission, vision and values
- Setting long-term strategy
- Ensuring the appropriate human and financial resources are available to achieve short, medium and long-term objectives
- Reviewing the performance of senior management
- Ensuring that the company's obligations to members/shareholders and other stakeholders are understood and met

The PRS Board

The Performing Right Society Ltd Board (PRS Board) currently comprises 25¹ directors:

- 11 writer directors (appointed by the members who are eligible to vote at a PRS AGM)
- 11 publisher directors (appointed by the membership who are eligible to vote at a PRS AGM)

¹ PRS' Articles allow for an additional two executive directors.

- 2 external directors (appointed by the membership who are eligible to vote at a PRS AGM at the Board's recommendation)
- 1 executive director, the CEO (all other directors are non-executive)

PRS directors appoint the Chairman and two Deputy Chairmen of the PRS Board.

The PRS Board delegates certain powers to the Board of *PRS for Music* (the Executive Board), an operational service company that is 100% owned by PRS. The Executive Board (EB), in turn, delegates certain authorities to Management and a number of EB committees. The PRS Chairman and two PRS Deputy Chairmen have automatic seats on the EB and the PRS directors appoint the other writer and publisher members of the EB.

Duties & responsibilities of a PRS director

The Companies Act 2006 sets out seven statutory general duties of company directors as follows:

1. Duty to act within powers (in accordance with a company's constitution)
2. Duty to promote the success of the company (taking all members and other stakeholders into account)
3. Duty to exercise independent judgement
4. Duty to exercise reasonable care, skill and diligence
5. Duty to avoid conflicts of interest
6. Duty not to accept benefits from third parties
7. Duty to declare an interest in a proposed transaction or arrangement

PRS directors have ultimate responsibility for the Society, are accountable to its members and are required to act in accordance with their statutory obligations.

In fulfilling his/her statutory duties, an effective director should also be able to contribute to the overall effectiveness of the Board as a whole by demonstrating:

- An ability to work collectively and build collegial relationships
- A willingness to engage in constructive debate and dialogue
- An understanding of current developments within the music industry
- A willingness to acquire new knowledge and skills relevant to the role
- The time and commitment to effectively discharge the responsibilities of the role, including preparation for meetings

Eligibility criteria

The Companies Act sets out the rules governing who can be a company director in the UK. Those who are currently disqualified from acting as a director of any UK or overseas company, who are undischarged bankrupts, or who have been convicted of an offence, criminal or civil, that is not spent under the Rehabilitation of Offenders Act 1974 (or any relevant foreign offence) are prohibited from becoming a company director. These provisions apply in any event.

The PRS Constitution sets out the details relating also to members' eligibility for appointment to the Board; either as a publisher director or as a writer director. Subject to some specific

restrictions relating to the existence on the Board of a director already representing or in the employment of the same limited company or group, any Principal Voting (formerly Full) writer or publisher member may stand for election to the PRS Board, subject to securing the support and nomination of ten other Principal Voting members. The nominations can come from any Principal Voting members whether writer or publisher.

Principal Voting membership is granted in perpetuity if a member's total royalty earnings reach a particular royalty threshold in any two of PRS' three preceding financial years, including royalties collected by PRS and passed on to an affiliated society for distribution.

Election process

The Annual General Meeting (AGM) currently takes place in May each year. The number of vacancies is confirmed and the call for nominations is made as far in advance of that date as possible. Nominations must be received not less than three calendar months before the date of the AGM and every candidate is asked to supply in writing his/her acceptance of the nomination together with a short biography and list of any current and recent directorships. Not less than six weeks in advance of the AGM date, in the event that there are more candidates than there are writer vacancies or director vacancies, candidate information and a ballot paper are sent to all members entitled to participate in the ballot, the outcome of which determines those who will then be eligible to be appointed as directors by members at the AGM.

Time commitment

The PRS Board meets 5 to 6 times a year at PRS' Kings Cross office.

PRS directors are also expected to serve on at least one of the following committees and many sit on more than one:

- **Audit Committee:** Oversees financial matters, internal controls and risk management, external and internal audit responsibilities and auditors. *Meets 4 times per annum.*
- **Nomination & Remuneration Committee:** Oversees CEO & Senior Management appointments, terminations, succession planning and remuneration. Plus succession planning for and appointment of External Directors and Non-executive director remuneration. *Meets 3 to 4 times per annum.*
- **Licensing Committee:** Responsible for overall licensing strategy and policy, broadcast, online and recorded media schemes and licences (and amendments thereto) covering both performing right and joint PRS-MCPS licensing. Audit settlements are referred to the Licensing Committee by the Audit Services Advisory Group for approval. *Meets 5 to 6 times per annum.*
- **Distribution Committee:** Approves changes to distribution policy principles and the introduction of any new distribution policy precedents covering individual and joint revenue streams, including the apportionment of licence revenues between the performing and mechanical rights. *Meets 5 to 6 times per annum.*

Committee members are appointed by the Executive Board in line with the composition requirements set out in the terms of reference for each committee. These requirements are designed to ensure that PRS as a whole benefits from decisions informed by a fair and balanced representation of the views of its writer, independent publisher and major publisher members.

Term of office

By reference to PRS' Constitution, PRS directors are appointed for a period of approximately three years and will usually be eligible to stand for re-appointment following their retirement at the third AGM following that at which they were appointed.

Remuneration & expenses

PRS member directors are paid an annual fee to cover attendance at Board and Committee meetings and work outside of meetings. The basic fee is approved by members in a general meeting and adjusted each year by reference to RPI. The current annual fee is £15,732. Reasonable expenses are reimbursed by reference to PRS' expenses policy.

If you have any questions or are a Principal Voting member interested in the possibility of standing for election at the next AGM, please contact the Head of Secretariat:

Email: companysecretary@prsformusic.com

Tel: 020 3741 4075