
PERFORMING RIGHT
SOCIETY LIMITED

**The Role of a
Council Member**



The role of a Council Member

We're keen to encourage more eligible members to stand for election to the Members' Council (previously known as PRS Board). In this document, we'll give you more information about the Council and the role of a Council Member.

The role of the Council

Our Council is focused on making sure that we are in close touch with the view of our members, concerns and needs of the wider membership. It is also collectively responsible for:

- strategic oversight, reviewing company performance and holding the Board (see next page) to account.
- approving the corporate strategy, annual budget and accounts, and the appointment of our CEO and Board members.

Council Members (appointed as directors of the Performing Right Society Limited) are required by the Companies Act 2006 to act in such a way that promotes the success of PRS for the benefit of our members as a whole.

Good corporate governance helps to make sure we continue to perform well in the long-term as a company. The UK Corporate Governance Code sets out good practice in a number of areas, including the composition and effectiveness of the Council and its relationships with stakeholders and members. In line with the good corporate governance the Council is responsible to:

- Provide leadership
- Set the company's mission, vision and values
- Approve the long-term strategy
- Make sure that the company's obligations to members/shareholders and other stakeholders are understood and met.

Also, in line with the good governance, the Council is supported by the Audit Committee, the Nominations Committee and the Remuneration Committee.

The Members' Council

Our Council currently has 27 Council Members:

- 11 writer Council Members
- 11 publisher Council Members
- 4 independent non-executive Council Members
- One executive director (our CEO)

The number of writer and publisher Council Members will be reduced from 11 to eight in each category over a transition period from 2021 to 2023. Of the seats available to publisher Council Members, three will be designated seats for the three highest earning publishers ('Designated Publisher Council Members').

Until now, all members eligible to vote have been able to vote for both writer and publisher Council Member candidates in our Ballot. Following the approved new governance structure, writer members only may vote for writer candidates and publisher members only may vote for publisher candidates, with the exception of the Designated Publishers. The nominated representatives of the three Designated Publishers will be appointed at the AGM, at Council's recommendation without having to go through the Ballot process, but such Designated Publishers will not participate in the Ballot for the other publisher seats. The four independent non-executive Council Members and our CEO are also appointed at the AGM, at the Council's recommendation. The Members' Council appoints the President, Chair and Deputy Chair of the Council.

The Board (previously known as Executive Board) is the Board of PRS for Music Ltd and is separate to the Members' Council

- it is an operational service company that is owned by us. The Board sets the strategy, supervises the operations of *PRS for Music* and ensures the alignment to the company's mission, vision and values. The Board, in turn, give certain authorities to its committees and a team of senior executives, the Executive Leadership Team, which is responsible for the day-to-day management of PRS and *PRS for Music*, led by our CEO .

The Board comprises 13 directors drawn from and appointed by the Members' Council and is made up of:

- Four writer and four publisher (two independent publishers and two of the three Designated Publishers) directors
- Four independent directors (one of whom is the Chair)
- One executive director (our CEO).

Duties and responsibilities of a director

The Companies Act 2006 sets out seven statutory general duties of company directors, which are:

1. Duty to act within powers (in accordance with a company's constitution)
2. Duty to promote the success of the company (taking 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

Council Members, who are statutory directors, have ultimate responsibility for PRS, are accountable to you, our members and must act in accordance with their statutory obligations.

A director should demonstrate:

- An ability to work collectively and build relationships
- A willingness to engage in constructive debate and dialogue
- An understanding of current developments in the music industry
- A willingness to learn skills relevant to the role
- The time and commitment needed to handle the responsibilities of the role, including preparation for meetings.

Eligibility criteria

The Companies Act sets out the rules of who can be a company director in the UK. If any of the following applies to you, you will not be able to become a director:

- You're currently disqualified from acting as a director in any UK or overseas company
- You're going through the process of bankruptcy (also known as 'undischarged bankrupt')
- You've been convicted of an offence (criminal or civil) that's still active under the Rehabilitation of Offenders Act 1974 (or any relevant overseas offence)

If you're a Principal Voting member, you can stand for election to the Council as a writer or publisher Council Member , as long as there are no other current Council Members already representing or employed by the same limited company or group as you.

If you'd like to put yourself forward, you will need the support of ten other Principal Voting members.

To become a Principal Voting member, your royalties must reach a particular threshold in any two of our three previous financial years, including royalties collected by us and passed on to another collecting society for payment.

Election process

The Annual General Meeting (AGM) usually takes place in May each year. The number of Council Member vacancies is confirmed and the call for nominations is sent out as far in advance as possible.

We need to receive your nominations three months before the date of the AGM. Every candidate is asked to supply their acceptance of the nomination, a short biography and a list of any current and recent directorships.

If there are more nominated candidates than there are Council Member vacancies six weeks before the AGM, candidate information and ballot papers are sent to all members who can vote in the ballot (all Principal Voting and Voting members). The results of the ballot decide who will be appointed as Council Members at the AGM.

Time commitment

The Council currently meets four times a year (which will reduce to three from 2022 onwards) at our business office.

Members' of the Council are also expected to serve on at least one of the following committees (many sit on more than one):

- **Audit Committee:** looks after financial matters, internal controls and risk management, as well as external and internal audit responsibilities and auditors. Meets four times a year.
- **Nomination Committee:** looks after CEO and senior management appointments, terminations, succession planning. Plus, succession planning for and appointment of independent non-executive Council Members. Meets up to four times a year.
- **Remuneration Committee:** responsible for overseeing all aspects of our CEO and senior management's pay and rewards. Meets up to four times a year.
- **Licensing Committee:** responsible for overall licensing strategy and policy, broadcast, online and recorded media schemes and licences covering both performing right and joint PRS-MCPS licensing. Meets up to six times a year.

- **Distribution Committee:** approves changes to distribution policy, including any new policies covering individual and joint revenue streams, including licence revenues between performing and mechanical rights. Meets up to six times a year.

Committee members are appointed by either the Council or Board depending on which body they report to. There are specific composition requirements set out in the terms of reference for each committee.

These requirements make sure that we benefit from decisions made by a fair and balanced representation of the views of our writer, independent publisher and major publisher members.

Term of office

As stated in our Constitution, directors' Council Members' terms last for approximately three years. Usually, they can stand for re-appointment at the third AGM after they were appointed. The maximum number of terms allowed is five three-year terms in total.

Remuneration and expenses

Our directors Council Members are paid yearly to cover their attendance at the Council, Board and Committee meetings, plus any work outside of these meetings. The basic fee is approved by other members and changed each year by reference to the Rating Percentage Index (RPI).

The current yearly payment is £16,991. Expenses can be paid backrecovered if incurred in line with in reference to our expenses policy.

Contact us

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

Email companysecretary@prsformusic.com

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