

Distribution Committee

Terms of Reference



1. Role

The Distribution Committee (“the Committee”) is a committee of the Board.

The Committee approves changes to agreed or existing distribution policy principles and the introduction of any new distribution policy precedents in relation to any PRS and, during any MCPS Services Period, to MCPS or joint PRS/MCPS revenue streams.

“MCPS Services Period” means any period during which the Services Agreement between PRS and MCPS dated 18 May 2017 (or any successor agreement) (“MCPS Services Agreement”) is in place.

2. Specific duties

Taking into account all factors deemed necessary, including relevant legal and regulatory requirements and mandates approved by the Board, the Committee shall:

- i. During any MCPS Services Period, give proper recognition to both performing and mechanical rights in recognition of the importance of effective co-operation between PRS and MCPS and the added value for each right that is likely to be derived from joint licensing and licences.
- ii. Consider and approve Management’s proposals on distribution policy:
 - a. considering the financial impact that policy decisions may have on members’ earnings;
 - b. considering the long-term implications for PRS and (during any MCPS Services Period) MCPS; and
 - c. considering and agreeing the weight of cost efficiency and accuracy.
- iii. Make decisions on the apportionment of revenue, including the split between the different rights and the allocation of blanket fees to the individual licensees covered in blanket agreements.
- iv. Make decisions on processing policies including, among others:
 - a. processing method (sample/census, analogy); and
 - b. limits to load/manual processing.
- v. During any MCPS Services Period, receive recommendations from the Licensing Committee with respect to how royalties from joint licences should be split between the performing and mechanical rights and either confirm or vary the Licensing Committee’s proposal for the purpose of making a recommendation for the approval of the Board (in relation to performing rights).

In carrying out the above duties, members of the Committee must act in the interests of all the members of the society as a whole, including, during any MCPS Services Period and where mechanical rights are relevant, the members of MCPS and including the rights of publishers and writers who may not be members of PRS. In so doing the members of the Committee should act in accordance with the principles of fairness, accuracy and transparency.

3. Authority & Reporting

Board (and MCPS Board) approvals are required for the Committee’s recommendations as follows:

- Recommendations with respect to how royalties from joint licences should be split between PRS and MCPS.

The Committee is authorised by the Board to secure legal or other specialist advice at PRS for Music’s expense on any matters within its terms of reference.

Reports of each meeting will be prepared for the subsequent Board meeting by the Company Secretary or his/her nominee. These will cover the nature and content of the Committee's discussion, decisions and recommendations, and action to be taken. Such reports will also be shared with the Members' Council.

4. Composition *(effective post 2021 AGM)*

The Committee will be drawn from the membership of the Board and up to 2 publishers and 2 writers from the Members' Council and comprise upto:

- 4 independent non-executive directors (iNEDs)
- 6 writers
- 6 publishers

Distribution Committee members are appointed by the Board on the recommendation of the Nominations Committee (following liaison between the writer and publisher members of that Committee and their writer and publisher colleagues on the Council) and in liaison with the Distribution Committee Chair. The initial term is three years and two further three-year terms may be served provided the individual still meets the criteria for membership of the Committee.

Committee members are expected to attend Committee meetings on a regular basis and the Committee Chair shall have the right to ask for an individual's position on the Committee to be reviewed in instances of repeated absence.

During any MCPS Services Period, the CEO of MCPS will be invited to attend meetings to participate (only) in the discussion of agenda items relating to the distribution of revenues arising from the licensing of mechanical rights (including as part of joint licences). For the avoidance of doubt, when attending, the MCPS representative will have equal standing with any committee member.

The following will attend individual meetings by invitation:

- CEO of MCPS

Other representatives of Management may be invited to attend meetings in full/part as dictated by each agenda.

Other Members' Council members, subject-matter experts and external advisers may also be invited to attend for all or part of any meeting when appropriate or necessary.

5. Chair

The Committee will be chaired by an iNED. The Committee Chair will be appointed by the Board and should already have served on the Committee for at least 12 months. The term of office is three years and one further term of three years may be served.

In the absence of the Chair, the other members of the Committee present may decide which of the other iNEDs on the Committee will chair the meeting.

The Chair shall be responsible for managing conflicts of interest and confidentiality issues in accordance with PRS for Music's Conflicts Policy, referring to the Conflicts Committee when appropriate.

The Chair shall also be responsible for deciding, in consultation with Management, to what extent any issues should be mandated to an existing sub-group or a new sub-group be created, or there should be direct individual consultation with key stakeholders.

The Chair shall be accountable to the Board for the running of the Committee and the decisions it takes, as well as for identifying situations, during any MCPS Services Period, where separate reporting to the MCPS Board may be appropriate.

The Chair will be responsible for presenting reports in line with Paragraph 3 above and for securing Board approval for Committee recommendations.

The Chair shall attend PRS annual general meetings to answer members' questions relating to distribution policy.

6. Conflicts of Interest

Committee members will not be present where their presence represents a conflict of interest.

7. Meetings

The Committee will meet once every two months (although meetings may be cancelled if no policy decisions need to be made). During any MCPS Services Period, meetings will be organised to allow any specific PRS or MCPS items to be discussed separately where appropriate.

Additional meetings will be arranged at the behest of the Chair or another Committee member when the Committee is required to make an urgent decision.

All meetings may take place by telephone/video conference if the Chair deems this appropriate (for example, if an urgent decision or guidance is required).

8. Quorum

In order for the Committee to conduct business, 2 publisher, 2 writer and 2 iNED members must be present in person or available to participate by telephone or video conference.

If the Committee Chair is concerned that a quorum cannot be met within a reasonable time to enable efficient and timely decision-making by the Committee, the Chair can refer any matter that would have been before the Committee to the Board

9. Decision-making

It is the responsibility of the Committee Chair to seek to ensure that decisions are made by consensus, and incumbent upon all Committee members to ensure that agreement is reached. Abstentions and notes of dissent will be permissible but will not necessarily constitute a veto. It will be the responsibility of the Chair to ascertain a sense of the meeting and in the event that the Chair concludes that consensus is not achieved, the matter should be referred, as appropriate, to the Board and (during any MCPS Services Period, where it concerns any mechanical rights covered by an MCPS Services Agreement) the MCPS Board, for a decision.

Where a decision needs to be made outside of a meeting by way of a written resolution, unanimity will be required.

10. Review

A report outlining the activities of the Committee shall be prepared and presented to the Board on an annual basis.

These Terms of Reference will also be reviewed by the Committee on an annual basis to ensure that the Committee is operating with maximum effectiveness. Any changes must be approved by the Board.

11. Administration

The Company Secretary or his/her nominee will be secretary to the Committee and provide advice and assistance as required.

10 days before the Committee meeting, draft papers will be produced and circulated to Chair of the Committee for approval.

Papers will then be circulated to Committee members a minimum of seven days in advance of scheduled meetings, and with as much notice as is reasonably practicable in advance of emergency meetings. Standing agenda items will include reports from any sub-groups.

Minutes (including the names of those present and in attendance) will be circulated to the Committee Chair within 10 working days of the meeting, and to all Committee members within 14 days of the meeting. Board members will be entitled to view Committee minutes on request.

12. Other matters

Committee members will be provided with appropriate and timely training, including an induction programme for new members.

Prior to the commencement of each year, Management shall discuss with the Chair the programme of Committee work for the year (including likely upcoming issues) and agree a Committee timetable which allows sufficient time for the outcomes of any sub-group meetings to be reported into the Committee and which will be kept under review.

Management will ensure that the Committee Chair receives regular briefings. A pre-meet immediately prior to each Committee meeting for the Chair and Management will also take place.

No sectoral pre-meets will be organised but the Chair may request Management to convene a meeting to which all writer and publisher members of the Board shall be invited to discuss issues of concern or to clarify points of understanding in advance of a Committee meeting.

Date approved: 23 September 2020 [*effective from June 2021*]

Next review due: Mid-2022