

AUSTRALASIAN PERFORMING RIGHT ASSOCIATION LTD CHARTER OF CORPORATE GOVERNANCE

1. Purpose of the Charter

- 1.1 APRA seeks to protect its members' rights in Australia and New Zealand and to administer those rights in the most effective and efficient manner possible.
- 1.2 In pursuing these objectives APRA also seeks to operate within a framework of corporate governance that provides a clear, consistent and transparent set of principles and accountability by which the Board and management agree to be bound in the discharge of their duties.
- 1.3 These principles are contained in this Charter which supplements APRA's Constitution (Memorandum & Articles of Association) and the members' input (Assignment of Right) agreements. The Charter is itself supplemented by the Collecting Societies' Code of Conduct and the Association's Distribution Rules and Practices.
- 1.4 The Charter also recognises that, whilst the Association is principally acting for the benefit of its members, it has obligations towards other parties including its licensees, its employees and the public.

2. The Board

- 2.1 The Board is comprised of individual writer members and representatives of publisher members; currently there are six of each category elected by their respective memberships for renewable three-year terms.
- 2.2 All members of the Board are non-executive.
- 2.3 The Board has a collective responsibility for directing the business activities of the Association to the benefit of its members.
- 2.4 Whilst some directors represent members of the Association, they acknowledge that their legal and ethical duty is to act at all times in the best interests of the Association.
- 2.5 The Board has the right on its own behalf or for individual Directors to take independent professional, including legal, advice at the Association's cost on matters relating to the Association's business. Individual Directors may obtain independent legal advice on issues of actual or potential conflict of interest at the Association's cost, subject to the prior approval of the Chairman.
- 2.6 The Board is responsible for providing leadership and direction to management.
- 2.7 The Board may from time to time delegate functions to Committees but at all times retains responsibility for delegated functions.

2.8 The Board carries out its responsibilities through regular meetings with the Chief Executive Officer (CEO) and other senior members of management including the Company Secretary and Chief Financial Officer. (CFO).

2.9 The Board must have full access to the Association and all related information, and to achieve this may request the assistance of all relevant senior staff.

2.10 The functions of the Board include:

- the establishment with management of the financial and other corporate objectives of the Association and the strategic directions to achieve them;
- the adoption and periodic review of the Association's strategic plan, annual budgets and distribution;
- the review and adoption of the annual Directors' Report and financial statements ensuring compliance with accounting standards;
- dealing with the allocation of moneys in accordance with the Constitution (Article 93) and in particular:
 - determining the methods of entitlement to distributions, and
 - approving the allocation of music grants.
- ensuring proper controls are in place to provide:
 - financial data comparing actual performance with budgets;
 - accounting systems complying with Accounting Standards and legal requirements;
 - proper accountability to members and other stakeholders;
- the appointment of the Chief Executive and determination of his/her remuneration and performance criteria;
- the endorsement of senior management appointments;
- the admission of members and endorsement of changes in membership status;
- monitoring compliance with the Industry Code of Conduct.

3. Board Committees

3.1 The Board has appointed the following Committees:

- **Audit and Governance**
- **Membership and Distribution**
- **Awards and Music Grants**

3.2 The Audit and Governance Committee's responsibilities are to:

- review the Governance Charter
- oversee framework of internal controls and ethical standards for the company
- develop risk assessment and fraud control plans
- liaise with statutory auditors
- oversee compliance with Collecting Society Code of Conduct

3.3 The Membership and Distribution Committee's responsibilities are to:

- oversee Distribution Rules, including changes and enhancements
- deal with members' complaints
- determine the status of works in relation to the Association's mandate
- determine allocations from the unlogged performance pool
- oversee review of APRA rights mandate

3.4 The Awards and Grants Committee's responsibilities are to:

- oversee:
 - APRA Music Awards
 - APRA/AGSC Film & TV Music Awards
 - APRA/AMC Classical Music Awards
 - PDA (Professional Development Awards)
 - New Zealand Silver Scroll Awards
- receive, assess applications for, and determine, grants made pursuant to Article 95 for promoting the use and/or recognition of Australian and New Zealand music.

3.5 Each Committee meets regularly and as required. Each appoints its own Chair and each reports to the full Board at the ensuing Board meeting.

3.6 All Committee decisions require the endorsement of the Board before implementation.

4. Individual Directors

4.1 All directors acknowledge that they are expected to:

- devote time to attending Board and Committee meetings and reading Board papers;
- make contributions to decision making;
- maintain confidentiality in relation to Board discussions, papers and deliberations;
- act in the interests of the Association at large; and
- be prepared to represent the Association at all times.

4.2 Directors may not make an improper use of their position by:

- the improper use of information;
- being a party to a business transaction with the Association or a related entity without the full knowledge and sanction of the Board;
- allowing conflicts of interest to arise without advising the Board of the circumstances and absenting him/herself from discussions and voting where the matter is of material personal interest.

5. Directors' Remuneration:

- 5.1 The total sum of Directors' remuneration is determined by a simple resolution at the Association's Annual General Meeting, a recommendation having been included in the Notice convening the meeting. This sum is divided between Directors at the discretion of the Board.
- 5.2 The Board may ask that a review be undertaken by outside experts to assist in a recommendation on the total remuneration payable to Directors.
- 5.3 Directors will also be reimbursed for reasonable costs incurred in attending Board, Committee and other events requiring their presence. Business class is considered appropriate for international air travel and economy class for domestic air travel.

6. Meetings of Directors

- 6.1 The number and dates of meetings of the full Board are normally determined at the first meeting after the Annual General Meeting of the Association. Historically, five or six such meetings are held each year.
- 6.2 This does not preclude the calling of an additional meeting at any time should a particular subject require urgent consideration.
- 6.3 All Directors are normally expected to attend meetings in person but in special circumstances attendance may be made by conference call.
- 6.4 Board Committees set their own timetables for meetings according to need.
- 6.5 Minutes of all Board and Committee meetings are kept by the Company Secretary and circulated to members before the next meeting.
- 6.6 Whenever possible agendas and papers on topics for discussion are circulated to Board and/or Committee members at least three days before the meeting.
- 6.7 The CEO, CFO and Director of Administration are expected to attend Board Meetings and make presentations to Board as required. In addition, other Senior Managers are expected to regularly attend Board Meetings and to present reports directly to the Board on matters related to their areas of the Association's activity.
- 6.8 The Board may, where it considers appropriate, convene a meeting without the attendance of the CEO or other management.

7. Chair and Deputy Chair

- 7.1 The Chair and Deputy Chair are elected by the full Board at the first meeting following the Annual General Meeting.
- 7.2 The tenure of both Chair and Deputy Chair is until the close of the Annual General Meeting following their election, normally one year.
- 7.3 The Chair, or in his/her absence, the Deputy Chair, will:
- conduct Board meetings in a manner conducive to the participation of all Directors;
 - seek to provide clear directions as to the Board's expectations of management;
 - be the major point of contact between the Board and the CEO;
 - be kept regularly and fully informed of day-to-day happenings by the CEO on all matters which may be of relevance and/or interest to the Board;
 - regularly review with the CEO and such other senior Managers as the CEO recommends, progress on major projects and significant issues facing the Association.
- 7.4 The Chair and Deputy Chair review and approve the CEO's expenses.

8. Management

- 8.1 The role of management is to:
- develop and implement systems which will achieve the Association's objectives;
 - manage the day-to-day business of the Association;
 - advise the Board, with the assistance of such external professional advisors as required, on matters requiring deliberation or decision-making by the Board.

The Chief Executive

- 8.2 The Chief Executive (CEO) is appointed by and reports to the Board.
- 8.3 The CEO is responsible for ensuring the most efficient allocation of resources in achieving the targets set by the Board.
- 8.4 All members of senior management report to the CEO.
- 8.5 The role of the CEO includes:

- recruiting senior management – subject to endorsement by the Board - determining their remuneration and performance criteria;
- supervising the preparation of the strategic plan and annual budgets;
- ensuring systems and controls exist to allow for the delegation of responsibilities and for the proper flow of information within management;
- representing the Association at meetings with Government, CISAC (The International Confederation of Societies of Authors and Composers), collecting societies and trade associations with which the Association has business interests.

The Company Secretary

8.6 The Company Secretary is appointed by the Board on the recommendation of the CEO to whom he/she reports.

8.7 The Company Secretary is responsible for:

- the Association’s compliance with requirements under corporate, tax and other relevant legislation in Australia and New Zealand;
- the maintenance of insurance to cover Directors’ and Officers’ Liability and policies covering the loss of the Association’s assets and other risks;
- ensuring that Board members are provided with the appropriate notices of and papers relating to Board and Committee meetings;
- paying Directors’ remuneration.

Senior Management

8.8 All appointments of senior management are made by the CEO and endorsed by the Board.

8.9 All members of management make appropriate confidentiality undertakings and acknowledged protocols with respect to the Association’s Information Systems.

8.10 A review of senior management’s remuneration and performance criteria is made by the Audit and Governance Committee.

8.11 Members of management will be reimbursed for expenses properly incurred in the performance of company duties. The use of company credit cards for private purposes is not permitted.

9. Risk Management

- 9.1 Management make a compliance report to each Board meeting on the Association's policy regarding areas of significant business risk, the implementations of that policy, and any other matter of substance of which the Board should be aware.
- 9.2 The CEO provides to the Board, as required, a management succession policy and plan which is regularly updated.

10. Auditors

- 10.1 The auditors' principal responsibility is to the members of the Association and they remain independent at all times.
- 10.2 The auditors may only be removed from office by the members at a general meeting.
- 10.3 The Board is made aware of the extent of the auditors' duties and the scope of the work performed in a "Letter of Engagement" issued by the auditors annually.
- 10.4 The auditor's remuneration is negotiated at the beginning of each financial year.
- 10.5 The auditors meet at least twice annually with the Audit and Governance Committee, with or without the presence of senior management as determined by the Chairman of the Committee and at least once annually with the Board.
- 10.6 The auditors are invited to attend all general meetings of members and act as scrutineers in the event of a ballot.

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