

## 1. General Statement

- 1.1** Screenrights is dedicated to maximising the incentive provided by the copyright system for the production of audio-visual works. Specifically Screenrights aims to maximise returns to audio-visual creators and investors through collective management of rights.
- 1.2** In furtherance of this goal, Screenrights seeks to maintain and foster principles of corporate governance that accord with best practice and are appropriate for a declared collecting society, requiring the highest standards of behaviour and accountability.
- 1.3** It is recognised that it is neither possible nor desirable to lay down prescriptive rules to dictate actions in the varied circumstances that may confront an organisation in its future. Nonetheless the Board of Directors of Screenrights acknowledges the general statements concerning governance, ethics and the obligations of Directors in this paper and adopts this policy, and will review it as necessary.
- 1.4.** The aim of the Screenrights Board of Directors is stewardship that is effective, accountable and fair.

## 2. Governance For Whom?

- 2.1** The Board comprises individuals elected by the members of the Society. It has collective legal responsibility for directing the affairs of the Society for the benefit of the members (present and future), recognising the interests of other stakeholders, notably the public (directly and through the office of the Attorney-General), the statutory and voluntary licensees, employees and other parties with whom Screenrights interacts.
- 2.2** In a more general sense, directors of all companies have a role in economic and social development through effective management of resources in the national and global interest. Screenrights directors recognise a direct responsibility to copyright owners but also a partnership with copyright users and with the Federal Government.
- 2.3** The Board (and the Society) stand in a fiduciary relationship to relevant copyright owners who are members. Although the interests of members are paramount, the interests of groups other than the membership are important and the Board and management seek solutions that benefit all parties, where possible.
- 2.4** There are no nominees or directors representing a constituency within the membership. Some Directors are associated with member organisations and/or have knowledge of the views of member groups. It is desirable and proper for Directors to present the views of individual members or member groups to the Board. It is neither desirable nor proper for Directors to act in the interests of individual members, member groups or groups that may have supported their election to the Board. Directors acknowledge their legal duty to act in the best interests of the company.

## 3. Board Responsibilities and Functions

- 3.1** The Board is responsible for providing leadership and direction to management. Further board responsibilities include:
  - (a)** adopting the most effective structure that best assists the governance process;
  - (b)** ensuring that policies on key issues are in place and are appropriate; and
  - (c)** ensuring that risks facing the Society have been identified, assessed and that the risks are being properly managed..The Board encourages openness of administration.
- 3.2** Certain Board functions may be delegated, including delegation to Committees. The Board retains responsibility for delegated functions.
- 3.3** The principal functions of the Board are:
  - (a)** To establish corporate objectives and, with management, to set the strategic direction and the policies required to effect those objectives;
  - (b)** To ensure control systems are in place to monitor:
    - (i)** compliance with law and ethical standards;
    - (ii)** financial performance, including compliance with Accounting Standards;
    - (iii)** accountability to members, the Government and other interested persons.
  - (c)** Specifically, to adopt, up-date and amend as required:
    - (i)** the mission statement;
    - (ii)** the corporate plan;
    - (iii)** the annual budget (July);
    - (iv)** the Distribution Policy.
  - (d)** To appoint the Chief Executive; including determining remuneration and performance criteria and considering succession planning.
  - (e)** To delegate the running of the Society to management and to ensure systems of accountability and adequate reporting.
  - (f)** To report to members.

## 4. Board Composition

- 4.1** The Screenrights Board comprises twelve directors.
- 4.2** To promote independent views and to ensure a range of experience and skills, all directors are non-executive directors. The absence of executive directors is compensated by the presence at Board meetings of the Chief Executive and by having another senior executive acting as Company Secretary.
- 4.3** Independent non-executive directors should be encouraged to nominate for Board positions.

## 5. Period of Office

- 5.1** Under the Memorandum and Articles of Association, at the annual members' meeting in each year one third of directors, being those longest in office in their current appointment, retire by rotation.
- 5.2** The Board believes that members should be entitled to elect and re-elect directors of their choice unfettered by arbitrary maximum terms of office. Whilst there is no maximum term of office the Board will review directors' terms of office annually.

## Chairman

- 5.3** Legally, the Chairman has no greater authority than any other director, but the Society looks to the Chairman:
- to ensure that the board provides leadership and vision to the entity;
  - to establish the board agenda;
  - to ensure that all Directors are informed of the agenda for meetings and have adequate background information on which to base decisions;
  - to ensure that board minutes properly and accurately reflect board decisions;
  - to encourage the full participation of Directors;
  - to commence the annual process of board and director evaluation;
  - to guide the ongoing effectiveness and development of the board and individual directors;
  - to assist in representing the Society; and
  - to maintain regular contact with the Chief Executive and receive briefings on policy implementation between meetings of the Board.
- 5.4** The position of the Chief Executive and the Chairman will be held by different persons, in the interest of accountability and to avoid the concentration of power otherwise created.

## Committees

- 5.5** Given the Society's growth and development and the complexity of the issues dealt with by the Board, the Board appoints:
- an audit committee,
  - a remuneration committee

and such other committees or sub-committees as the Board deems appropriate from time to time.

The Charter of these Committees is described in the Appendices.

- 5.6** All members of committees or sub-committees will be appointed or reappointed at the first board meeting following the election of directors in each year.

## 6. Role of Individual Directors

- 6.1** Directors recognise that they are expected:
- to discharge their duties in good faith and honestly in the best interests of the Society with the level of skill and care expected, demonstrating commercial reasonableness in their decisions;
  - to use the powers of office for a proper purpose, in the best interests of the Society as a whole;
  - to exercise independence and act in the interests of the general body of members, rather than any sectional interest;
  - to avoid conflicts of interest;
  - to act with discretion and maintain confidentiality;
  - to have a genuine interest in Screenrights and a desire for it to succeed and, where appropriate, to promote Screenrights to others;
  - to devote time to attendance at meetings, reading and analysing Board papers and considering strategic issues, undertaking diligent analysis of all proposals placed before the board;
  - to make reasonable enquiries to ensure that the Society is operating efficiently effectively and legally towards achieving its goals;
  - to serve on board committees as required;
  - to make a positive contribution to decision making; and
  - to annually review their performance as directors and as a Board.

## 7. Independent Advice

- 7.1** Directors may seek independent professional advice, at the expense of Screenrights, after first securing the consent of the Chairman or the Chief Executive, such consent not be unreasonably withheld. The first point of contact for advice is the Chairman, the Chief Executive or the Company Secretary.

## 8. The Board and Employees

- 8.1** Requests for information and similar communications between employees and the Board are made through the Chief Executive.

## 9. The Role of Management

- 9.1** The role of management is to develop, implement and evaluate systems to meet the Society's objectives. Management is responsible for the efficient allocation of the Society's resources.

## 10. Role of Members and voting

**10.1** The Board respects the importance of the membership in the exercise of its delegated authority. At the Annual General Meeting members may participate in debate on policy matters that affect their Society and members may call extraordinary general meetings.

**10.2** The Board of Directors seeks to ensure that members are informed of major developments and strategic directions adopted by their Society. As the membership is geographically dispersed, Directors understand that attendance at general meetings cannot be possible in most cases. The Board aims to inform members of developments through the Annual Report, the newsletter and direct correspondence.

**10.3** Voting for the election of Directors is by poll and is conducted by postal ballot. This procedure ensures both that those with the largest financial interest have the largest voice (measured by allocations in the previous financial year, with a ceiling of 15%) and that members residing outside of Sydney have an equal opportunity to vote.

**10.4** Other than for the election of directors, in a general meeting voting by a show of hands is conducted on the basis that each member has one vote, unless a poll is duly demanded. The Board believes that voting by poll is more equitable and the Chairman will offer this opportunity and welcome any valid demand. Nonetheless the Board accepts that there will be delay in proceedings at the meeting while a poll is conducted and hence suggests that voting by show of hands should be employed where no poll is demanded.

**10.5** Where a discretionary proxy is given, the proxy holder will exercise the proxy in the same manner as the proxy holder casts their personal vote (or in the manner they would have voted, if entitled). Where a proxy is given with directions, those directions will be followed.

## 11. Privacy, Confidentiality and Accountability

**11.1** Directors and employees are required to give undertakings in writing to Screenrights concerning confidentiality. Statements in this document do not affect those obligations.

**11.2** Screenrights respects the privacy of individuals and respects the confidentiality of the commercial information owned by its members. Screenrights equally adheres to the principles of open and accountable administration in its own affairs.

**11.3** Screenrights also holds information that may be confidential to a member or to a person other than itself or about which disclosure may infringe an individual's privacy. Examples in this category include information on allocations made to members and the contractual rights disclosed to Screenrights in the course of verifying entitlements to those allocations. Directors undertake not to seek information in this category unless absolutely necessary to the performance of their duties and then only with the consent of the Board.

**11.4** Directors do not interpret this obligation of confidentiality as impeding the important task of publicising the benefits of membership, including providing general information about copying practices and returns generated by certain categories of works.

## Appendix A

### Some Specific Legal Duties and Issues

**1.1** The Board respects the fundamental principle that a director must not make improper use of his or her position. It is noted that this obligation could be breached in situations including:

- entering into related party transactions in certain circumstances;
- inadequately recognising or managing a conflict of interest; or
- making improper use of information or a corporate opportunity.

**1.2** By way of guidance to individual directors, the Board's general approach to these duties is briefly outlined.

### Related Party Transactions

**1.3** Commercial dealings between the Society and a director (or a company in which the director has significant influence or control) will not be entered into unless the transaction is:

- on commercial terms;
- negotiated at arms length, if possible, without the personal intervention of the director concerned;
- of advantage to the Society;
- done with the full knowledge and agreement of the disinterested members of the Board;
- executed in good faith; and
- fully disclosed.

**1.4** In cases where the sum of money involved is small in the aggregate in any one year, these guidelines might be waived. Where significant sums are involved, the transaction should be endorsed as equitable by the Society's auditors.

### Management of Conflicts of Interest

**1.5** Directors must not put themselves in a position where there is a potential conflict of interest. Common law and statute impose a duty to avoid conflicts of interest. The Corporations Act requires full disclosure to the Board of a conflict or potential conflict. Where there is a material personal interest, the Corporations Act prohibits the Director from being present during discussion of the matter unless a resolution is passed over-riding this

**1.6** Where a potential conflict arises, responses including the following may be appropriate, depending on the circumstances:

- refraining from voting;
- refraining from participation in the debate;
- seeking the consent of the Board to be present and vote;
- absenting oneself from the relevant part of the Board discussions; or
- resigning as a Director.

**1.7** Although it is not possible to be prescriptive of appropriate conduct without reference to the circumstances of the case, Directors believe that the appropriate course of action in most cases of potential conflict is for the relevant director(s) to absent themselves from that part of the meeting where the matter is discussed and to arrange, where possible, that relevant Board papers are not sent to them. These duties are more fully set out in Screenrights' Conflicts Code at Appendix D.

## Improper Use of Information

**1.8** Directors have a duty not to use information acquired as a director to gain an advantage for themselves or others or to cause detriment to the company.

**1.9** The corporate governance policy assists Directors in describing certain information confidential to third parties which Directors agree not to seek. Where information is acquired as an incident to their directorship, Directors acknowledge that they must not turn this information to their personal advantage in breach of their legal duties.

## Appendix B

### Audit Committee

#### Charter

**1.1** The principal functions of the Audit Committee are to ensure that accounting records are maintained in accordance with statutory requirements; ensure that financial controls are sufficient; and to review the financial statements and consult with the external auditors.

## Membership

**1.2** There will be a minimum of three members, all of whom will be members of the Board of Directors and one of whom will be the Chairman of the Board. A quorum will be two. The Chairman of the Audit Committee will not be the Chairman of the Board.

**1.3** The Committee will invite the Chief Executive and the external auditors to its meetings, but may meet with the external auditors without reference to Management if it chooses to do so.

## Duties

**1.4** The duties are:

- reviewing statutory and management accounts;
- monitoring the establishment of an appropriate internal control framework, including information systems;
- reviewing the nomination and performance of the external auditors;
- ensuring that statutory audits are conducted in an effective manner and that the scope is adequate;
- reviewing internal and external audit reports to ensure that where major deficiencies are identified, appropriate and prompt remedial action is taken by management;
- reviewing significant transactions that are not part of the Society's normal course of business;
- reviewing areas of substantial financial risk;
- monitoring the procedures in place to ensure that the Society is in compliance with the Corporations Law and other legislative and reporting requirements; and
- reviewing policies on conflicts of interest, related party transactions, superannuation and insurance coverage.

## Responsibilities

The Audit Committee has the authority to seek information it requires from the Chief Executive. It will report its findings and recommendations to the Board after each Committee meeting.

## Appendix C

### Remuneration Committee

**1.1** The Remuneration Committee reviews with the Chief Executive the general remuneration structure and policies for Screenrights staff, with a view to ensuring that remuneration policies are equitable, market competitive and consistent with meeting strategic goals. The Chief Executive consults with the Committee on career development for senior staff and succession planning.

**1.2** The Committee reviews the performance of the Chief Executive, and establishes his/her remuneration and other employment conditions with advice from appropriate external consultants.

**1.3** The Committee also reviews appropriate levels of remuneration for directors, and makes recommendations to Screenrights in general meetings, with advice from appropriate external consultants.

**1.4** There will be a minimum of three members of the committee all of whom will be members of the Board of Directors, and one of whom will be the Chairman of the Board. A quorum will be two members.

**1.5** The Remuneration Committee will report its findings and recommendations to the Board after each Committee meeting.

## Appendix D

### Screenrights' Conflicts Code

#### Declaration of Interest

A director must always avoid the situation in which they have the opportunity to prefer their own interests above those of the company. Whenever a director has a material personal interest in a decision to be made by the Board, the director must make a declaration to the Board that a conflict of interest has arisen and fully disclose the nature of that conflict to the Board.

The situations in which a conflict of interest may arise are many and various, and the onus is on individual directors to decide when there is a real and sensible possibility of conflict.

Subject to the considerations referred to above, a declaration of interest should be made in the following circumstances:

- Where a director, or a member of the director's family is likely to make a financial gain of any kind as a result of the Board's decision.
- Where a director OR a company or organisation in respect of which the director, or a member of the director's family, is a director, an employee with power to influence, a direct shareholder, a member or a creditor:
- takes or threatens to take any form of legal action against Screenrights;
- proposes to enter into a contractual arrangement with Screenrights which is the subject of a Board decision;
- is competing with Screenrights in respect of a commercial transaction.

The following circumstances do not, of themselves, constitute a conflict of interest:

- Where a director, or a member of the director's family, is a director, shareholder, member or creditor of another collecting society or company;
- Where the decision to be made by the Board affects the financial interests of a director as a result only of the director's membership of Screenrights.

#### Obligations of Fellow Directors

A director who becomes aware that a fellow director is, or may be, subject to a conflict of interest and has not made any declaration to the Board at the time the subject matter of the conflict is tabled for discussion by the Board, shall inform the Board of the conflict.

#### Action to be Taken by the Executive of Screenrights

The Company Secretary, in consultation with the Chief Executive of Screenrights, shall bring to the attention of the Board the existence of any conflict which comes to their attention and may, whether or not any declaration of interest has been made by a conflicted director, elect to withhold board briefing papers from the director where the contents of the briefing paper make reference to or concern the subject matter of the conflict.

In the event that such a decision is made by the Company Secretary, in consultation with the Chief Executive of Screenrights, the director concerned shall be notified in writing of the decision and the reasons for it, such that the director is given a reasonable opportunity in all the circumstances to consider their position and formulate a response to the Board.

#### Dispute as to Existence of Conflict

The existence or otherwise of a conflict of interest is a matter for the Board, not the Executive. A director who is dissatisfied with a decision taken by the Executive in accordance with the previous paragraph may raise any objections only with the Board.

#### Action to be Taken by the Board of Screenrights

The Board shall require a conflicted director to fully disclose the director's personal interest and the circumstances giving rise to the conflict, and may then:

- request that the conflicted director not read any board papers, participate in any discussions or vote on any resolution in relation to the subject matter of the conflict; or
- pass a resolution which:
- specifies the director, the interest and the matter;
- states that the directors voting for the resolution are satisfied that the interest held by the conflicted director should not disqualify the conflicted director from considering or voting on the matter; or
- take any other action which the Board considers appropriate.

*\* This Corporate Governance Statement was reviewed by Screenrights' Board of Directors in March 2009 in accordance with the 2nd Edition ASX Corporate Governance Principles and Recommendations effective 1 January 2008 and the Australian Standard Good Governance Principles, last updated November 2004.*