



*Let's do the right thing*

## **Board Charter**

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## Part 1 – Interpretation

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**Act** means the Companies Act

**CE** means the Chief Executive

**Company** means Copyright Licensing Limited (brand name - CLNZ)

**Copyright Act** means the New Zealand Copyright Act 1994 (as amended from time to time)

**Director** means a duly appointed Board member, whether appointed by a shareholder or by the Company

**Shareholders** means the organisations that hold shares in the Company

**Stakeholders** are those individuals and organisations that are impacted by the operations of the Company and may, in some circumstances, include the Shareholders

## Part 2 – Company Goals

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The Company's Constitution lists its Objects and Powers in Section 2.

The Purpose of the Company is to *provide access to content through licensing solutions that deliver value to our customers – those who create and those who license.*

The Vision of the Company is that *we contribute to the growth of New Zealand's creative economy by enabling access to a world of content.*

The Company is a collective management organisation (CMO) and, as such, operates for the benefit of owners of copyright, rather than for its shareholders. The net proceeds of the Company's licensing activities are distributed to copyright owners whose works have been copied under the Company's licensing schemes. Some revenue is set aside, in accordance with the Company's Distribution Policy, to invest in a variety of awards and grants as well as a legal reserve fund.

The Company is the New Zealand member of IFRRO (International Federation of Reproduction Rights Organisations) and has reciprocal agreements with IFRRO member organisations in other countries.

## Part 3 – Roles of the Board and the Directors

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### 1. Role of the Board: Overview

The Board of Copyright Licensing Limited is responsible for the stewardship and sustainability of the Company. Directors should exercise leadership, enterprise, integrity and judgement in directing the organisation so as to provide assurance of its continuing and lasting prosperity.

In particular, the Board:

- a) Ensures that the goals of the Company are clearly established and that strategies are in place for achieving them
- b) Establishes policies for strengthening the performance of the Company including ensuring that management is proactively seeking to build the business through innovation, initiative, technology and new revenue streams
- c) Monitors the performance of management
- d) Appoints the CE, sets the terms of the CE's employment contract and, where necessary, terminates the CE's employment with the Company
- e) Decides on any steps that may be necessary to protect the company's financial position and the ability to meet its debts and other obligations when they fall due, and to ensure that such steps are taken
- f) Ensures the Company's financial statements are a true and fair reflection of the Company's financial performance and position and otherwise conform with law and International Financial Reporting Standards
- g) Ensures the Company adheres to high standards of ethics and corporate behaviour
- h) Ensures the Company has appropriate risk management and regulatory compliance policies in place
- i) Takes active steps to ensure an appropriate mix of Directors whether through interaction with shareholders resulting in the election of appropriately skilled personnel or through the appointment of such individuals.
- j) Regularly scans the local and international economic, political, social and legal issues (including copyright issues) and any other relevant matters that may influence or affect the development of the business and, if considered necessary, will seek external expert advice.

## **2. Governance philosophy and approach**

The Board will govern Copyright Licensing Limited with an emphasis on:

- a) serving the legitimate collective interests of the stakeholders of the Company and accounting to them for the performance of Copyright Licensing Limited and for the Board's stewardship;
- b) developing a future focus rather than being preoccupied with the present or past;
- c) providing governance in the exploration of strategic issues rather than becoming distracted by or involved in operational and administrative detail;
- d) being connected with the interests of the shareholder organisations and working collaboratively on common goals;
- e) behaving proactively rather than reacting to events and others' initiatives;
- f) bringing a diversity of opinions and views to bear on its decisions;
- g) developing products and services that meet the needs of customers – those who licence and those whose rights are licensed;
- h) Subscribing to respectful dialogue between Board members, and with staff, at all times;
- i) the development and expression of a collective responsibility for all aspects of the organisation;

- j) Striving for consensus; and
- k) Ensuring the Company offers a work environment that is conducive to all staff being motivated and able to perform highly in their role

### **3. Board Conduct**

- a) In discharging their responsibilities Directors have a duty to act in the best interests of Copyright Licensing Limited, irrespective of personal, professional, commercial or other interests, loyalties or affiliations, including, for Directors appointed by a shareholder, those of their appointers.
- b) The conduct of Directors will be consistent with their duties and responsibilities to the Company. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues, risk and policy.

### **4. The Board's relationship with shareholders**

The relationship with shareholders is a priority for the Board. The process for appointing Shareholder Directors to the Board is shared with the respective shareholder. The Company provides an outline of the skills, knowledge and capabilities required and the CLNZ Board Chair takes part in the interview process with the shareholder's designated appointment panel. The Chair and CE meet regularly with their respective colleagues in both organisations and the Board agenda includes a section for shareholder-appointed Directors to report to the Board on matters of importance to the shareholder organisation. Advocacy work is, as much as possible, conducted in cooperation with shareholders.

### **5. The Board's relationship with stakeholders**

The Board will use its best endeavours to familiarise itself with issues of concern to all relevant stakeholders. The Board recognises that the Company's prosperity is closely intertwined with the environments and markets in which it and its stakeholders operate and the extent to which the Company is seen as a good corporate citizen.

### **6. Meeting legal requirements**

The Board's first duty is to the Company. In meeting this duty Directors must ensure that all legal requirements under the relevant Acts are met and that the entity is protected from harmful situations and circumstances in the interests of current and future stakeholders.

The Board also has a responsibility to its various stakeholders to ensure that the available resources are used to deliver the 'right outcomes' to the 'right people' in the 'right way'.

Directors have the following legal obligations:

- a) to exercise a power for a proper purpose.
- b) to act, and to only agree to the organisation acting, in a manner that complies with relevant Acts or the constitution of the organisation.
- c) to ensure that the business of the organisation is being carried on in a manner that avoids substantial risk of serious loss to the organisation's creditors.

- d) to ensure that the organisation does not incur an obligation if the Director believes at that time on reasonable grounds that the organisation will not be able to perform the obligation when it is required to do so.
- e) to exercise powers or perform duties as a Director, with care, diligence, and skill that a reasonable Director would exercise in the same circumstances.
- f) when exercising powers and performing duties as a Director, to be able to rely on reports, statements, and financial data and other information prepared or supplied, and on professional or expert advice.
- g) on becoming aware of the fact that he or she is interested in a transaction or proposed transaction with the Company, raise this with the Board and have the interest recorded in the interests register.
- h) to only disclose information that is available to him / her in his / her capacity as a Director of the Company, being information that would not otherwise be available to him or her, to any person, or to make use of or act on the information:
  - i. for the purposes of the company; or
  - ii. as required by law.
- i) to act in accordance with the Health and Safety in Employment Act with particular attention to the fact that the Company is a *Person Conducting a Business or Undertaking (PCBU)* and, as such, has particular legal responsibilities and obligations.

Directors, either individually or collectively, are potentially liable if they act illegally or negligently.

## **7. Other Board obligations**

The Board shall meet its responsibility to ensure that all staff employed by Copyright Licensing Limited are treated with due respect and are provided with a working environment and working conditions that meet all reasonable standards of employment as defined in relevant workplace legislation.

The Board shall carry out its meetings in such a manner as to ensure fair and full participation of all Directors.

The Board will perform such other functions as a prescribed by law or assigned to the Board under the Company's constitution.

## **8. Expectations of Directors**

In addition to these responsibilities, and to ensure they are implemented effectively, Directors must also:

### **a) Be knowledgeable about the Company**

Be familiar with the Company's constitutional arrangements and other governing documents. Stay up-to-date with the regulatory framework, business and performance, and industry and sector issues.

### **b) Be strategically oriented**

Look constantly and consistently to the future, demonstrating vision and foresight.

**c) Act with integrity and accountability**

Demonstrate high ethical standards and integrity in their personal and professional dealings and be willing to act on - and remain collectively accountable for - all Board decisions, and speak with one voice on all policy and directional matters.

**d) Use informed and independent judgement**

Provide well-considered advice on a broad range of issues.

**e) Be financially literate**

Be able to understand and ask appropriate questions relating to the Company's financial statements and processes.

**f) Actively Participate in the Board's work**

Enhance the Board's deliberations by actively engaging in dialogue that adds value to the Board's decision-making.

**g) Engage positively with stakeholders**

Be positive and supportive of the Company's goals and work in any communication with organisations or individuals that are stakeholders.

## **9. Behaviour of Directors and the Board**

The Directors are committed to ethical conduct in all areas of their responsibilities, authority and behaviour.

Directors shall:

- a) Act honestly and in good faith at all times and in the best interests of Copyright Licensing Limited.
- b) Declare all interests that could result in a conflict between personal and organisational priorities.
- c) Exercise diligence and care in fulfilling the functions of office.
- d) Make reasonable enquiries to ensure that the Company is operating efficiently, effectively, legally and ethically in the pursuit of its planned outcomes and strategies.
- e) Attend Board meetings and devote sufficient time to preparation for Board meetings to allow for full and appropriate participation in the Board's decision making.
- f) Ensure scrupulous avoidance of deception, unethical practice or any other behaviour that is, or might be construed as, less than honourable in the pursuit of the Company's business.
- g) Only disclose to any other person confidential information as agreed by the Board or as required under law.
- h) Act in accordance with their fiduciary duties, complying with the spirit as well as the letter of the law, recognising both the legal and moral duties of the role.
- i) Abide by Board decisions once reached notwithstanding a Director's right to pursue a review or reversal of a Board decision.
- j) Not make, comment, issue, authorise, offer or endorse any public criticism or statement having or designed to have an effect prejudicial to the best interests of the Company.

## **10. Strategic Direction and Planning**

An essential element in the Board's leadership role is its responsibility to establish a Strategic Direction for the Company. Accompanying this is an ongoing responsibility to identify organisational priorities, monitor progress towards the achievement of the stated outcomes and approve the annual budget. Accordingly, the Board will:

- a) In partnership with management, establish and (at least biennially) review the Company's Vision, Purpose and governance-level strategies.
- b) Review annual business plans to ensure alignment with the Strategic Direction, priorities and strategies.
- c) Schedule a programme of strategic dialogue at Board meetings that reflects the priorities as defined by the Board and creates opportunities for the Board and management to think strategically about future issues relevant to the Company's wellbeing and success.

## **11. Financial Governance**

The Board has a duty to ensure the financial integrity and viability of Copyright Licensing Limited. This entails oversight of all financial processes and systems, regular review of financial results and, annually, approving financial plans and budgets. Accordingly, the Board will:

- a) Develop, review and monitor the implementation of governance-level financial policies.
- b) Provide guidance on budget parameters and priorities and approve the annual budget and financial plan including capital expenditure.
- c) Approve expenditure outside budget parameters that the Board determines to be material.
- d) Review and approve the full-year financial statements, reports and outcomes.
- e) Receive and approve the Audit and Risk Committee's annual work-plan and scheduled reports.
- f) Review and approve regularly scheduled financial statements and reports, i.e. for each Board meeting or at the Board's request.

## **12. Risk Management**

The Board will identify and evaluate the principal risks faced by the Company and ensure that appropriate systems are in place to avoid or mitigate these risks including the protection of intellectual property. Accordingly, the Board will:

- a) identify the broad risk parameters within which Copyright Licensing Limited operates and to bring to the Board's notice all such risks as the Committee feels should be addressed by the Board;
- b) approve, oversee and monitor the effectiveness of the risk management programme;
- c) liaise with external auditors;
- d) review audit findings and the annual financial statements;



- e) review the integrity of the Chief Executive’s financial and non-financial reporting to the Board;
- f) oversee compliance with statutory responsibilities of CLNZ relating to financial and non-financial disclosure;
- g) review internal financial systems and accountabilities;
- h) supervise special investigations in areas of financial and non-financial performance when requested by the Chief Executive or Board.

The Board may fulfil these obligations with the support of the Audit and Risk Committee.

## **Part 4 – Board Processes**

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### **18. Director Induction**

The Company will provide all newly appointed Directors with a thorough induction into the affairs of both the Board and Copyright Licensing Limited at large.

- a) All prospective Directors will be provided with relevant information.
- b) Upon appointment/election and prior to attendance at their first Board meeting, new Directors will:
  - i. Receive a copy of the Board Charter, Governance policies, Articles/Constitution and other relevant legal governance documentation, current and recent meeting papers, an organisational chart, contact details for other Directors and key staff, a glossary of key terms, definitions and acronyms, the current year’s meeting schedule and the Board Workplan.
  - ii. Meet with the Chair for a governance familiarisation. This meeting may be held as a group session or with individuals.
  - iii. Meet with the Chief Executive, generally at the Company’s offices, for an operational familiarisation including meeting with staff.

### **19. Appointment and Role of the Chair**

The Chair provides leadership to the Board, ensuring that the Board’s processes and actions are consistent with its policies. As appropriate, the Chair represents the Board and the organisation to outside parties. It is expected that the Chair will promote a culture of stewardship, collaboration and co-operation, modelling and promulgating behaviours that define sound Directorship. The Chair represents the Board to shareholders.

- a) The Chair will chair Board meetings ensuring that:
  - i. Meeting discussion content is confined to governance matters as defined in the Board’s policies.
  - ii. All Directors are treated even-handedly and fairly.
  - iii. All Directors are encouraged and enabled to make a contribution to the Board’s deliberations.
- b) The Chair has no authority to unilaterally change any aspect of Board policy.

- c) The Chair will ensure that Board meetings are properly planned and that the minutes accurately reflect the deliberations and decisions of the Board.
- d) The Chair will act as facilitator at meetings of the Board and will ensure that no Director dominates discussion, that appropriate and respectful discussion takes place and that relevant opinion among Directors is forthcoming. The Chair will ensure that discussions result in logical and understandable outcomes and actions.
- e) The Chair is responsible for ensuring that Board meetings are focused on the right matters and that time is allocated to apply sufficient attention to those.
- f) The Chair will ensure that all Board decisions are understood by Directors and accurately recorded. The Chair will establish a regular communication arrangement with the Chief Executive in which there is an exchange of information on operational matters and will consult with the other Directors promptly over any matter that gives cause for major concern.
- g) This might also provide an opportunity for the Chief Executive to use such sessions as a sounding board for proposed actions or to check interpretations of Board policy. However;
  - i. The Chair will recognise that such sessions are not used to personally supervise or direct the Chief Executive.
  - ii. The Chair will maintain an appropriate professional distance from the Chief Executive to ensure objectivity and attention to governance matters and concerns,
  - iii. The CE may maintain direct lines of communication with all Directors.
- h) The Chair may delegate aspects of the authority accompanying the position but remains accountable for the overall role.

## **20. Board Committees**

- a) The role of committees is to advise and support the Board in decision-making. The Board remains responsible for all governance matters.
- b) Board committees will be formed only when it is efficient or necessary to facilitate decision-making. Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise. Any authority conferred on a Board committee will not derogate from the authority delegated to the CE.
- c) Board committees will take a prudent approach as to the costs incurred in holding committee meetings. Meetings may be held remotely or in conjunction with meetings of the Board. Where committee meetings are determined to need to be held face-to-face, outside of a Board meeting, travel costs will be paid by the Company. Directors who elect to attend committee meetings will cover their own costs.
- d) The Board will have two standing committees, namely an Audit and Risk Committee and a CE Performance Committee. Other committees or working groups may be formed for specific, documented purposes and disbanded as required.

The purposes and membership of the standing committees are:

*Audit and Risk Committee*

This committee consists of two members. The CE will attend committee meetings. The committee provides a forum for effective communication between the Board and the external auditors, as well as monitoring the Company's Risk Matrix and associated mitigations. The committee reviews the annual financial statements prior to their approval by the Board, the effectiveness of systems of internal control, and the efficiency and effectiveness of the external audit function. The Chair of the Board should not be the Chair of the Audit and Risk Committee.

*CE Performance Committee*

This committee consists of the two independent directors and the Chair (if the Chair is not an Independent Director). The committee is responsible for agreeing annual performance targets with the CE, monitoring the targets during the year and formally evaluating the CE's performance on an annual basis, including a review of remuneration. The committee may choose to include external and internal stakeholder feedback when evaluating the CE. This may be facilitated by an external agency but this agency must not have a connection to any Director. The committee will report to the Board on the completion of the annual evaluation and this will be minuted. Any performance management issues relating to the CE will be managed by the Chair. Prior to commencing any formal procedures, in accordance with the CE's employment agreement, the Chair will consult the other member of the committee and the committee will advise the Board.

Terms of Reference for the standing committees are reviewed biennially.

## **21. Board Meeting Attendance**

Directors will use their best endeavours to attend meetings of the Board and to prepare thoroughly. Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table. Directors who are unable to attend a meeting will advise the Chair at the earliest opportunity. At the Chair's discretion, Directors may be able to participate in a meeting via teleconference, video link or other means.

The Chair will address issues of regular or continued absence from meetings with a Director and determine appropriate steps to be taken in the particular circumstances.

Following each meeting the CE prepares a meeting update for the shareholders which, once approved by the Chair, is sent to the CE's and Presidents of those organisations.

## **22. Board Meetings**

Meetings of the Board are held at times and locations that take account of need to balance cost-effectiveness with Director and staff convenience. The Chair may approve ad hoc meetings outside of the annual schedule if this is requested by the CE or a Director to address an urgent matter. Ad hoc meetings may be held via teleconference, video link or other means.

At each regular meeting of the Board, the Board will:

- a) Commence the meeting with Director-only time. The duration of this section of the agenda to be determined by the Chair
- b) Update the Company's Interests Register
- c) Review identified matters in the Board Workplan
- d) Adopt or amend the minutes of the previous meeting of the Board
- e) Consider management reports of performance against the Company's strategic plan
- f) Consider management reports of operational matters
- g) Review a report on health and safety
- h) Review reports on the financial performance and position of the Company

In addition, the Board will consider other matters during the year, including:

- i) Review of the Company goals
- j) Review the strategy and operating plans for achieving the Company's goals
- k) Approve the annual budget
- l) Adopt the annual report and annual financial statements
- m) Review the Board composition, structure and succession plans
- n) Review the Company's audit requirements and matters raised by the auditors in the Management Letter
- o) Review the performance, composition of, and necessity for Board Committees
- p) Undertake a Board evaluation
- q) Review Directors' remuneration
- r) Review the CE's performance and remuneration
- s) Review risk assessment policies and controls
- t) Review compliance with regulatory and legal requirements, including insurance covers
- u) Review the Company's Code of Conduct
- v) Agree the Board's Workplan for the subsequent year

Directors are entitled to have access, at reasonable times, to all relevant company information.

### **23. Board Agenda**

The Board has sole authority over its agenda and exercises this through the Chair. Any member may, through the Chair, request the addition of an item to the agenda. The agenda will be set by the Chair in consultation with the CE. The Board usually holds meetings four times per year. One of the meetings is held in conjunction with the Company's AGM.

### **24. Confidentiality**

Directors are expected to strictly observe the provisions of the Act applicable to the use and confidentiality of Company information.

### **25. Conflict of Interests**

The Board places great importance on making clear any existing or potential conflicts of interest for Directors:

- a) Any business or personal matter which could lead to a conflict of interest of a material nature involving a Director and their role and relationship with Copyright Licensing Limited, must be declared and registered in the Interests Register.
- b) All such entries in the Register shall be presented to the Board and minuted at the first Board meeting following entry in the records.
- c) All conflicts of interest must be declared by the Director concerned at the earliest time after the conflict is identified. Normally there will be the opportunity at the commencement of each Board meeting for conflicts of interest to be declared.
- d) The Board shall determine whether or not the conflict is of a material nature and shall advise the individual accordingly.
- e) Where a conflict of interest is identified and/or registered, and the Board has declared that it is of material benefit to the individual or material significance to the organisation, the Director concerned shall not vote on any resolution relating to that conflict or issue.
- f) Board approval is required for the Director to remain in the room and participate in any related discussion.
- g) The Board will determine what records and other documentation relating to the matter will be available to the Director.
- h) All such occurrences will be minuted.
- i) Individual Directors, aware of a real or potential conflict of interest of another Director, have a responsibility to bring this to the notice of the Board.

## **26. Health and Safety at Work**

The Board has a core duty to ensure that all relevant elements in the Health and Safety at Work 2015 Act are met. Accordingly, the Board will:

- a) Ensure that all Directors understand and discharge their duties and responsibilities under the Act.
- b) Ensure that the Board receives regular information in the form of written and verbal reports from the CE necessary to exercise its duties under the Act.
- c) Verify that records are maintained in a timely and accurate fashion enabling tracking of events, trends and responses/actions.
- d) Understand the hazards and risks that employees and volunteers are, or might be, exposed to in carrying out their duties.
- e) Annually undertake a formal assessment of compliance with Directors' duties and responsibilities under the Act.
- f) Ensure that budget planning takes account of all requirements under the Act.

## **27. Media Statements**

Engagement with media, including social media, shall present an accurate and positive expression of Copyright Licensing Limited-related matters. It shall be consistent with Copyright Licensing Limited policy and Board decisions and free from personal opinions and interpretations.

- a) The Chair shall be the spokesperson for governance-related matters and all other matters that the Board determines are best presented by the Chair.
- b) The Chief Executive shall be the spokesperson for all operational matters and all other matters that the Board deems are best presented by the Chief Executive.
- c) The Chief Executive may permit specified staff to act on his/her behalf but remains accountable for such delegation.

## **28. Board and Director Performance Assessment**

The Board's value-adding role requires that the Board and all Directors regularly review their performance and have access to professional development relevant to the role and duties of Directorship.

- a) The Board will undertake a biennial structured assessment of its performance via an annual self-review process of the performance of individual Directors, including a review of the Chair's performance.
  - i. The criteria for assessing the Board's performance will be drawn from the documented policies of the Board together with any further criteria agreed by the Board from time-to-time. The outcomes of the assessment will establish the upcoming requirements for the effective governance and Board leadership of the organisation.
  - ii. A suitably qualified independent specialist may be used to assist the Board in this process.
  - iii. The assessment process shall culminate in a report presented to the Board analysing the data and providing recommendations for improvements as required.
  - iv. A peer-review process may be included in the process, the criteria based on a set of competencies agreed by the Board.
- b) All costs associated with governance effectiveness will be designed to ensure the development of the highest standard of governance including meeting costs associated with effective communication with shareholders and other key stakeholders.

## **29. Indemnities and Insurance**

Copyright Licensing Limited will provide Directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Directors, to the fullest extent permitted by the relevant legislation.

## **30. Reimbursement of Directors' expenses**

Copyright Licensing Limited will reimburse all reasonable expenses incurred by Directors in the carrying out of their role. Directors will not incur costs in the name of the Company without prior authorisation of the Chair or the Chief Executive.

## **Part 5 - Relationship with the Chief Executive**

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Delivery of the organisation's goals requires that the Board has a healthy working relationship with the CE. The Board delegates most functions and all management-related decision-making to the CE. In return, the CE is wholly accountable to the Board for the successful execution of the strategy. The Board monitors progress against the strategy and ensures that indicators and metrics of organisation performance are reviewed on a regular basis.

### **31. Delegation to the Chief Executive**

The Board delegates to the Chief Executive responsibility for delivering the outcomes stated in its Strategic Plan while complying with the Chief Executive Delegation policies.

- a) The Chief Executive is the sole linkage and point of accountability between the Board and others in the organisation.
- b) The Board will view Chief Executive performance as identical to total management performance so that the achievement of successful organisation outcomes will be regarded as successful Chief Executive performance.
- c) The Board will ensure the Company's strategic direction is clear, including performance indicators to be applied by the Board when reviewing the organisation's and the Chief Executive's performance.
- d) The Chief Executive is responsible for the employment, management and performance management of all staff employed/contracted to the organisation.
- e) Neither the Board nor individual Directors will 'instruct' staff in any matters relating to their work.
- f) Provided that the Chief Executive achieves the outcomes sought by the Board and does so in a manner consistent with the Board's policies, purpose and vision, the Board will respect and support the Chief Executive's choice of actions.
- g) The expert knowledge and experience of individual Directors is available to the Chief Executive at the Chief Executive's initiative.

### **32. Chief Executive Authority**

- a) As long as the Chief Executive applies 'any reasonable interpretation' of the Board's policies, i.e. does not set out to defeat their stated intent or spirit, the Chief Executive is authorised to establish all operational policies, make all operational decisions and design and implement and manage all operational practices and activities.
- b) Acknowledging a Director's right to have access to information necessary to meet their duty of care to the organisation, the Chief Executive may refuse instructions or requests from individual Directors or from unofficial groups of Directors if, in his/her opinion, such requests or instructions are:
  - i. inconsistent with the Board's policies;
  - ii. are deemed to make unjustifiable intrusions into the Chief Executive's or other staff members' time; or
  - iii. are an unjustifiable cost to the organisation.

- c) The Chief Executive must notify the Chair of the use of the Authority given in b above.

### **33. Chief Executive Remuneration**

Chief Executive remuneration will be decided by the Chief Executive Performance Committee based on the Chief Executive's annual performance, and terms and conditions that reflect the organisation's performance and executive market conditions.

Remuneration will be competitive with similar performance within the marketplace, based on achievement of the Board's strategic direction, and strategic goals while complying with the Chief Executive Delegation Policies.

### **34. Chief Executive Performance Assessment**

The Chief Executive's performance review, in connection with Part 19 - section 3 will be assessed annually by the Chief Executive Performance Committee. The Chair may seek input from other Board members during this review.

### **35. Overarching Chief Executive Limitation**

As the Board's principal officer, the Board holds the Chief Executive accountable for ensuring that neither they or any organisational employees take, allow or approve any action or circumstance in the name of the Company that is in breach of the law, is imprudent, which contravenes any organisation-specific or commonly held business or professional ethic or is in breach of generally accepted accounting principles.

### **36. Financial Management**

The Chief Executive is responsible for the day-to-day financial management of the organisation. In carrying out this duty they must take all reasonable steps to ensure that nothing is done, or authorised to be done, that could in any way cause financial harm or threaten the organisation's financial integrity. Without limiting this scope of requirement, the Chief Executive must not allow situations and circumstances in which:

- a) Organisational funds are committed, contracts entered into or liabilities incurred other than for the implementation of Board-approved purposes and priorities.
- b) Expenditure exceeds the annual budget unless subsequent expenditure approval is agreed by the Board.
- c) Undisputed invoices from suppliers of goods and services remain unpaid beyond trade credit terms agreed with those suppliers.
- d) Land and buildings are acquired, encumbered or disposed of.
- e) Staff have access to credit or other purchasing cards without limitations on expenditure or adequate controls on their use.



### **37. Budgeting and Financial Planning**

Budgeting and financial planning for any financial year or the remaining part of any financial year shall be designed to ensure the achievement of the Board-determined outcomes with no risk of harm to the organisation. Without limiting this scope of requirement, the Chief Executive must not allow situations and circumstances in which:

- a) There is too little available information to enable (a) a credible projection of revenues and expenses, (b) separation of capital and operational items.
- b) Financial risks are created that exceed Board-determined parameters.
- c) Could result in materially impacting the level of Distributable Funds in any given year.

### **38. Protection of Assets**

In managing the protection of Copyright Licensing Limited's physical and intellectual assets, the Chief Executive shall take all prudent and reasonable actions necessary to ensure that these are protected against all foreseeable damaging circumstances. Without limiting this scope of requirement, the Chief Executive must not allow situations and circumstances in which:

- a) Organisation funds are processed or dispersed outside of controls acceptable to the organisation's external auditor.
- b) Assets are insured for less than is necessary for prudent risk-management.
- c) Directors and/or staff are unprotected against claims of liability.
- d) Goods or services are purchased without protection against conflicts of interest.
- e) There is inadequate protection against theft, improper use or significant damage to intellectual property and organisation information or information systems.
- f) The organisation's good name and reputation is harmed to the extent that the achievement of its Purpose and Strategic Intent are impeded.
- a. The organisation lacks a 'best-state-of-preparedness' necessary for the maintenance of effective and efficient operation in the event of conceivable or unanticipated risk.

### **39. Communication & Support to the Board**

The Board must not be allowed to be uninformed about issues and concerns, an awareness of which is essential to meeting its legal duties, discharging its moral responsibilities and meeting its accountabilities to stakeholders. Without limiting this scope of requirement, the Chief Executive must ensure that situations and circumstances do not eventuate in which:

- a) The Board is uninformed about matters critical to its timely and effective governance of the organisation.
- b) Financial reports lack adequate detail to enable the Board to interpret and assess the significance of:
  - i. significant trends;
  - ii. data relevant to agreed benchmarks and Board-agreed measures; and
  - iii. data and information relating to all further financial matters as determined by the Board from time-to-time.

- c) The Board is placed in the position of being uninformed about significant external environmental trends, breaches of Acts relating to the organisation's performance and the Board's duties and responsibilities, significant internal issues, adverse media publicity, achievement of, or progress towards the achievement of, the Company's strategic goals or changes in the basic assumptions upon which the Board's policies are based.
- d) Directors are uninformed when there is actual or anticipated non-compliance with a Board policy.
- e) The Board is uninformed about health and safety in the workplace matters that fall within the Directors' duties and responsibilities.
- f) The Board is uninformed of any serious legal conflict or dispute or potential serious legal conflict or dispute that has arisen or might arise in relation to matters affecting the Company.
- g) The Board is unaware of any occasion, action or decision that results in it being in breach of its Governance Process policies particularly when this relates to the Chief Executive's ability to carry out his/her responsibilities.

#### **40. Stakeholder Engagement**

In engaging with the Company's key stakeholders, the CE must take all reasonable steps to ensure that the relationships created and maintained are in the best interest of both the Company and the stakeholder. Without limiting this scope of requirement, the Chief Executive must ensure that situations and circumstances do not eventuate in which:

- a) The good name of the organisation is placed at risk as the result of poor quality interpersonal or inter-organisational communication.
- b) Unrealistic expectations are created or implied that could cause hardship to either party, i.e. deviation from organisation policy.
- c) The Board is uninformed of any significant change in relationship status with a key stakeholder, notably in regard to funding.

#### **41. Public Affairs**

As the Board's principal officer, the Board holds the Chief Executive accountable for ensuring that they, and any other organisation personnel, do not undertake or approve or in any way support any action or circumstances that are directly or indirectly demeaning or derogatory or in any way damaging to the Company.