

RECORDED MUSIC NZ STRUCTURE

THRESHOLD SHAREHOLDERS

INDEPENDENT SHAREHOLDERS



Limited liability company

BOARD OF DIRECTORS
CHAIRMAN

CEO AND RECORDED MUSIC NZ STAFF

LICENSING

Radio
Television
Digital & Webcast
Public performance (via OneMusic)
Education

MEMBER SERVICES

Data collection & analysis
Royalty distribution
NZ Top 40 Chart
NZ Music Awards
NZ Music Hall of Fame
Music Grants

PROMUSIC

Legal Services
Facts and statistics
Promotion
Government liaison
Media liaison
Legislative deterrents

EXPLANATORY MEMORANDUM ON SHAREHOLDING AND BOARD STRUCTURE

(a) **Two classes of Shares:**

- **Threshold Shares:** to qualify to hold Threshold Shares, you must have received at least 6% of the last three years' distributions made by Recorded Music NZ and satisfied the other eligibility criteria in the Constitution.
- **Independent Shares:** to qualify to hold an Independent Share, you must have a current signed Master Rights Agreement with Recorded Music NZ, have made an election to hold a share and satisfied the other eligibility criteria in the Constitution.

(b) **The Board:**

- **Threshold Shareholders:** may appoint 1 Director each.
- **Independent Shareholders:** may together appoint the "Independent Director" and the "Artist Representative Director". This is done by postal/email vote (not an actual meeting) every 3 years, and is determined by a majority of those entitled to vote and voting. The Independent Director must be an Independent Shareholder.
- **Chairperson:** The Chairperson is appointed by a majority of all of the other directors.
- **Term:** The Chairperson, the Artist Representative Director and the Independent Director are each appointed for a term of 3 years.

(c) **Shareholder Votes:**

- **Threshold Shareholders:** their voting right is determined as a percentage calculated by their share of the overall Recorded Music NZ distributions made in the prior financial year.
- **Independent Shareholders:** the Independent Director is appointed by the Independent Shareholders in the Constitution as their proxy to vote at shareholder meetings (other than in certain very limited cases). The Independent Shareholders' voting right (through the Independent Director) is determined as a percentage calculated by their share of the overall Recorded Music NZ distributions made in the prior financial year.
- **Ordinary shareholders' resolutions:** require the vote of the majority of all shareholders voting to be passed.
- **Special resolutions:** require 75%.

(d) **Board Meetings:**

- **Quorum:** 4 directors comprising 2 Threshold Directors and any 2 of the Chairperson, the Artist Representative Director or the Independent Director.
- **Board Resolutions:** are passed by a majority, provided a quorum is present.
- **The Chairperson:** does NOT have a casting vote.