

THE COMPANIES ACTS 1985 TO 2006
COMPANY LIMITED BY GUARANTEE
RESOLUTION
-OF-
THE COPYRIGHT LICENSING AGENCY LIMITED

Company No 1690026
(the "Company")

Passed on 19th October 2020

At the Extraordinary General Meeting of the Company duly convened and held virtually via Microsoft Teams on the above date the following resolution was duly passed:

SPECIAL RESOLUTION

That articles of association in the form attached to the resolution and initialled for the purposes of identification be adopted as the articles of association of the Company in place of its existing articles of association.



.....
Co-Chair

R. Glazebrook
20th October

The Companies Acts 1985 - 2006

Company Limited by Guarantee

Articles of Association

of

The Copyright Licensing Agency Limited

(the "Company" or "CLA")

Adopted by Special Resolution passed on 19th October 2020

1. PRELIMINARY

1.1. The regulations contained in Table A in the schedule to the Companies (Tables A to F) Regulations 1985 (as amended by the Companies (Tables A-F) (Amendment) Regulations 2007 and the Companies (Tables A-F) (Amendment) (No.2) Regulations 2007) shall not apply to the Company.

1.2. In these articles, unless there is something in the subject or context inconsistent therewith:

"Auditors" means the auditors for the time being of the Company;

"Board" means the Board for the time being of the Company as constituted and authorised to act pursuant to these articles;

"Business" means the conduct of the activities forming the business of the Company as agreed from time to time by the Members;

"CEO" has the meaning given in article 32;

"CLA Licences" means licences granted by the Company in operation of the Business as introduced, amended or replaced from time to time;

"Collective Management Organisation" means any organisation which is authorised by law or by way of assignment, licence or any other contractual arrangement to manage copyright or rights related to copyright on behalf of more than one right-holder,

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for the collective benefit of those right-holders, as its sole or main purpose, and which fulfils one or both of the following criteria:

- (a) it is owned or controlled by its members; and/or
- (b) it is organised on a not-for-profit basis;

"Companies Acts" means the Companies Acts 1985 – 2006 as amended or updated from time to time;

"Conditions of Membership" means the continuing conditions of membership of the Company requiring that at all times each Member must:

- (a) operate in accordance with the Regulations; and
- (b) have the independent financial means to be able to provide an agreed form of indemnity when required to do so and be able to demonstrate that through the Member's maintenance of appropriate insurance cover for, or a verifiable reserve of, a sufficient amount which unless otherwise agreed by the Members must be not less than £10,000; and
- (c) agree to comply with and notify the Company of any changes to the Distribution Agreement and procure that the Net Receipts shall be distributed by the Company to the Members in accordance with such Distribution Agreement; and
- (d) demonstrate that it allocates and distributes right-holders' payments appropriately and effectively in compliance with a clear and equitable policy enabling regular, diligent and accurate payments using the best available usage data and right-holder information and deducting management and administration fees which are fair, reasonable and transparent; and
- (e) agree to provide and ensure that its Member Data shall be provided materially in accordance with the Data Protocols; and
- (f) keep the Company informed in a timely manner of all changes to its Mandated Works and Other Works; and
- (g) to the extent of the Mandate granted by its right-holders, grant to the Company as its non-exclusive agent the authority to administer and exploit and enforce

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the Rights throughout the world in such manner as the Members decide on the terms set out in CLA Licences on the terms of an agreed form of grant of authority;

"Creators' Distribution" means the combined Eligible Net Receipts of all Members in the Creators' Membership Category;

"Data Protocols" means the data supply protocols for the provision and exchange of Member Data and other data between (or on behalf of) Members and the Company as agreed and updated from time to time;

"Director" means a member of the Board;

"Distribution Agreement" means the revenue sharing arrangements for the Net Receipts of the Company available for distribution as agreed between the Members from time to time in accordance with the terms of the Members Agreement;

"Eligible Net Receipts" means the Net Receipts of the Company available for distribution to Members under the Distribution Agreement in the most recent financial year for which audited accounts are available and in the case of a new Member such part of that financial year in which it was a Member;

"Independent Director" means a Director who is independent from any Member;

"Independent Chair" means an Independent Director who is appointed as Chair in accordance with article 34;

"Insolvency Event" in relation to a Member, means any of the following events:

- (a) a meeting of creditors of that Member being held or an arrangement or composition with or for the benefit of its creditors (including a voluntary arrangement as defined in the Insolvency Act 1986) being proposed by or in relation to that Member;
- (b) a chargeholder, receiver, administrative receiver, administrator or other similar person taking possession of or being appointed over or any distress, execution or other process being levied or enforced (and not being discharged within seven days) on the whole or a material part of the assets of that Member;

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- (c) that Member ceasing to carry on business or being deemed to be unable to pay its debts within the meaning of section 123 Insolvency Act 1986;
- (d) that Member or its directors or the holder of a qualifying floating charge or a creditor giving notice of their intention to appoint, appointing or making an application to the court for the appointment of, an administrator;
- (e) a petition being advertised or a resolution being passed or an order being made for the winding-up, bankruptcy or dissolution of that Member; or
- (f) the happening in relation to that Member of an event analogous to any of the above in any jurisdiction in which it is incorporated or resident or in which it carries on business or has assets;

"Joint Undertakings" means the undertakings given by each Member to the others:

- (a) to act in good faith in relation to its dealings with the others; and
- (b) to instruct the Company as its agent in furtherance of the Objectives; and
- (c) to pay its respective share of fees received from the Company to the appropriate right-holders or their chosen intermediaries, in accordance with its clear and equitable distribution policy; and
- (d) to use all reasonable endeavours to secure the widest appropriate Mandate in order to maximise repertoire for the benefit of users; and
- (e) that, without prejudice to the ability of its right-holders to withdraw Rights from its Mandate, it will not seek to reduce the current extent of its Mandate without written notice to the others; and
- (f) to meet together with the other Members no less than 3 times per year; and
- (g) to develop programmes through the Company and other bodies to foster an improved understanding of copyright, remuneration rights and moral rights amongst users of Works and the public at large; and
- (h) to agree and update from time to time the Data Protocols;

under and in accordance with the Regulations;

"Mandate" means the right whether authorised by law or by way of assignment, licence or any other contractual arrangement to manage Rights (and **"Mandated"** and **"Mandating"** shall be construed accordingly);

"Member Data" means identification of the titles, authors, publishers/producers, ISBNs, ISSNs and other information related to the Works provided by a Member in whatever form;

"Members Agreement" means the members' agreement dated 30 July 2014 as amended and updated by a deed dated 5th October 2017 and as may be further updated, amended and/or novated from time to time;

"Membership Category" means the category of Company membership applicable to each Member based upon the type of rights and/or right-holders which that Member predominantly represents which is either:

- (a) the creators' category (the **"Creators"**); or
- (b) the publishers/producers' category (the **"Publishers"**);

and a Member can belong to one Membership Category only;

"Membership Criteria" has the meaning given in article 3;

"Net Receipts" means all monies received by the Company from its conduct of the Business less the Company's administration charge and subject to the Company's payment obligations under repertoire exchange and any other Company agreements;

"Objectives" means to:

- (a) provide and maintain the relevance of collective licensing solutions; and
- (b) work to achieve fair and appropriate remuneration for right-holders; and
- (c) deliver efficient and fair revenue distribution to right-holders in accordance with the Distribution Agreement; and
- (d) facilitate simplified licensing solutions for users; and

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- (e) develop complementary products and services on behalf of rights-holders for users.

"Publishers' Distribution" means the combined Eligible Net Receipts of all Members in the Publishers' Membership Category;

"Regulations" means The Collective Management of Copyright (EU Directive) Regulations 2016 or any amendment, variation or replacement thereof;

"Rights" means rights for the exploitation of Works permitting their reproduction and/or other use whatever the format of their primary publication/production or the format of their reproduction and/or use including all print, online and digital formats (and references to **"Other Rights"** shall mean all such rights in relation to Other Works);

"Seal" means the common seal of the Company;

"Secretary" means any person appointed to perform the duties of the Secretary of the Company;

"Strategic Plan" means a plan approved by the Members in a general meeting;

"Supervisory Committee" means any committee performing a supervisory function in accordance with articles 52 and 53; and

"Works" means published literary, dramatic, musical and/or artistic works or typographical arrangements (and **"Other Works"** shall mean all other types of copyright work as that term is defined by the Copyright Designs & Patents Act 1988 as amended or updated from time to time (the **"Copyright Act"**)).

- 1.3. Words importing the singular number include the plural number, and vice versa.
- 1.4. Words importing the masculine gender include the feminine gender.
- 1.5. Words importing persons include corporations.
- 1.6. Words or expressions contained in these articles shall bear the same meaning as in the Companies Acts and the Copyright Act, or any statutory modification thereof in force at the date at which these articles become binding on the Company.

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- 1.7. In these articles expressions referring to writing shall be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form.
- 1.8. Any marginal notes which may be reproduced with these articles do not form part of these articles, and shall have no bearing on the interpretation thereof.

MEMBERSHIP

2. The Members of the Company are:

- 2.1. the bodies whose representatives have subscribed to the Memorandum of Association of the Company; and
- 2.2. such other eligible bodies as have been or shall be admitted to membership in accordance with article 4.2.

3. Any Collective Management Organisation which can demonstrate that it:

3.1. represents right-holders:

3.1.1. who are within the category of right-holders which that Collective Management Organisation was established to represent; and

3.1.2. who, if that Collective Management Organisation is admitted as a Member, will be Mandating that Collective Management Organisation in respect of CLA Licences, even if prior to its admission any of those right-holders are Mandating an existing Member of the Company (it being agreed that for each Work at any time a right-holder may only Mandate one Member in respect of CLA Licences); and

3.1.3. who own or control a substantial repertoire of Rights that can be licensed as part of the Business.

3.2. has acquired the necessary Mandates relevant to CLA Licences from those right-holders and has the capacity and authority to transfer or otherwise pass on the benefit of such Mandate to the Company; and

3.3. operates under the terms of and complies with an effective code of conduct compliant with the regulatory regime established in accordance with the Regulations;

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(together, the "**Membership Criteria**") shall, subject to article 4, be eligible to be admitted to membership of the Company.

4.

4.1. Any Collective Management Organisation which considers itself eligible for membership may apply to the Company for admission. Such application shall be made in writing and shall be in such form as the Board shall from time to time prescribe in accordance with the Regulations. The Board may require an applicant to supply such evidence of eligibility as the Board considers to be reasonably necessary in respect of the Membership Criteria, compliance with the Joint Undertakings and the Conditions of Membership.

4.2. Any Collective Management Organisation which is eligible shall be admitted to membership on the approval of a resolution for such admission at a general meeting of the existing Members. If the existing Members refuse an application for membership they shall provide the applicant with a clear explanation of the reasons for their decision.

4.3 On admission to the membership the newly admitted Member shall immediately execute (having obtained all necessary consents, including without limitation from its own members and board, to enable it to execute):

4.3.1 its agreement to be bound by the terms of the Members Agreement through means of a novation with the then existing Members (or as otherwise agreed in writing); and

4.3.2 an agreed form of grant of authority; and

4.3.3 the Distribution Agreement.

5. The membership of a Member shall terminate:

5.1. if the Member gives six months' written notice to the other Members and to the Company of its intention to terminate during which period the Members shall use their best endeavours to resolve any areas of dispute. If, at its sole discretion, the terminating Member agrees in writing to revoke its termination notice within such six month period, then the notice shall be deemed withdrawn and of no legal effect. Otherwise

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the notice shall come into full force and effect two years from the date of initial service of notice;

5.2. on the approval of a resolution for expulsion of the Member at a general meeting of the Members and a Member may only be expelled by virtue of it:

5.2.1. no longer fulfilling each of the Membership Criteria, the Joint Undertakings and the Conditions of Membership; or

5.2.2. being subject to an Insolvency Event; or

5.2.3. committing a material breach of the Members Agreement Provided That if the material breach is capable of remedy the Member has not remedied the breach within 30 days of written notice by another Member specifying the breach and requiring it to be remedied.

5.3. at any time by any Member giving notice in writing to the other Members and the Company if:

5.3.1. an Insolvency Event occurs in relation to any of the other Members; or

5.3.2. any of the other Members commits a material breach of the Members Agreement Provided That if the material breach is capable of remedy the notice of termination may only be given if the Member in breach shall not have remedied the breach within 30 days of written notice of the terminating Member specifying the breach and requiring its remedy; or

5.3.3. it no longer fulfils each of the Membership Criteria, the Joint Undertakings and the Conditions of Membership.

6.

6.1. Every application for membership of the Company shall specify:

6.1.1. the Membership Category applicable to the type of rights and/or right-holders which the applicant predominantly represents; and

6.1.2. the category or categories of Rights in respect of which the applicant intends that the Company shall be entrusted with licensing or other functions on behalf of Mandating right-holders represented by the applicant; and

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6.1.3. such evidence as requested by the Board under article 4.1.

6.2. After admission, a Member may request the Company in writing to carry out the functions entrusted to it with respect to Other Rights. Every such request will be considered by the Board which may agree that the Company shall carry out its functions with respect to additional rights on behalf of the right-holders represented by the Member.

7.

7.1. Upon the Board's acceptance of a request by a Member pursuant to article 6.2, the Member shall, in accordance with this article, empower the Company to carry out its functions with respect to such Other Rights specified by the Member which the right-holders represented by the Member own or control.

7.2. The power of the Company to carry out its functions with respect to Other Rights on behalf of the right-holders represented by the Members of the Company shall be vested in the Company by assignment, licence or such other form of transfer or mandate and the instrument by which the Company is empowered by a Member shall be in such form as the Members Agreement shall prescribe.

8. The Company shall carry out its functions with respect to such of the categories of Rights or Other Rights mentioned in article 6 as the Board may, from time to time, decide with the approval of the Members in general meeting.

9. The functions which the Company may carry out are:

9.1. the granting of permission on behalf of right-holders for the Rights or Other Rights to be exercised by third parties;

9.2. the negotiation of the terms and conditions to which such grants of permission shall be subject;

9.3. the collection of fees, royalties or other monies arising from the exercise of the Rights or Other Rights of right-holders, and the allocation and distribution of all such sums; and

9.4. the institution and prosecution of such legal proceedings as may be necessary for the enforcement of the rights entrusted to the Company.

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10.

10.1. The Company may undertake to administer on behalf of any person who is not a Member any of the Rights or Other Rights which it administers on behalf of the Members.

10.2. The administration by the Company of any such rights on behalf of such person shall be undertaken on such terms and conditions as the Board may, from time to time, decide with the approval of the Members in general meeting in accordance with the Regulations and/or such terms and conditions as may be implemented in respect of extended collective licensing under an authority granted by the Secretary of State (in accordance with the Copyright and Rights in Performances (Extended Collective Licensing) Regulations 2014 or any amendment, variation or replacement thereof).

GENERAL MEETING

11. The Company shall in each year hold a general meeting as its Annual General Meeting, in addition to any other meetings in that year, and shall specify the meeting as such in the notice calling it; and not more than 15 months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Board shall appoint in accordance with the Regulations.

12. The Board, whenever it thinks fit, may convene a general meeting and general meetings shall also be convened on such requisition or, in default, must be convened as sections 303 to 305 of the Companies Act 2006 provide. If at any time there are not within the United Kingdom sufficient Members capable of acting to form a quorum, any Director or any two Members may convene a general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Board.

13. A resolution in writing signed by or on behalf of each Member who would be entitled to vote on it if it had been proposed at a general meeting at which he was present or at a meeting of any class of Members shall be as valid and effectual as if it had been passed at a general meeting or at such class meeting (as the case may be) duly convened and held. The resolution may be contained in one document or in several documents each stating the terms of the resolution accurately and if the resolution is described as a special or extraordinary resolution it shall have effect accordingly. In this article references to a document being "signed" including it being approved by letter or facsimile or their electronic equivalent recorded in permanent form.

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NOTICE OF GENERAL MEETINGS

14. An Annual General Meeting and a meeting of the Members of the Company other than an Annual General Meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business, and shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such Members as are, under these articles, entitled to receive such notices from the Company.
15. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any Member entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

16. All business shall be deemed special that is transacted at a general meeting, and also all that is transacted at an Annual General Meeting, with the exception of the consideration of the accounts and balance sheets, the reports of the Board and Auditors, the appointment of Directors in the place of those retiring, and the appointment and fixing of the remuneration of the Auditors.
17. Save as herein otherwise provided, the quorum necessary for the transaction of the business of the Company at any general meetings shall be two Members present by their representatives in person, provided that one of the Members present is within the Creators Membership Category and the other one present is within the Publishers Membership Category.
18. If, within half an hour after the time appointed for the meeting, a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and to such other time and place as the Board may determine, and if at the adjourned meeting a quorum is not present within half an hour after the time appointed for the meeting, the Members present shall be a quorum.
19. The Chair of the Board shall preside as Chair at every general meeting of the Company. If there is no such Chair of the Board, or if he or she is not present within 15 minutes after the time appointed for holding the meeting, or if he or she is not willing to act as Chair, the Co-Chair

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shall chair the meeting or in the absence of the Co-Chair the Directors present shall choose one of their number to be Chair of the meeting.

- 20.** If at any meeting neither of the Co-Chairs is present and no Director is willing to act as Chair, or if no Director is present within 15 minutes after the time appointed for holding the meeting, the representatives of Members present shall choose one of their number to be Chair of the meeting.
- 21.** The Chair may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 22.**
- 22.1.** At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands of Members representing a requisite majority in accordance with article 28 unless a poll is demanded (before or on the declaration of the result of the show of hands or in each case their electronic equivalent):
- 22.1.1.** by the Chair of the meeting; or
- 22.1.2.** by at least two representatives of Members present in person; or
- 22.1.3.** by any representative or representatives of a Member or Members present in person and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting.
- 22.2.** Unless a poll be so demanded, a declaration by the Chair of the meeting that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, such resolution.
- 22.3.** The demand for a poll may be withdrawn.

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- 23.** If a poll is duly demanded it shall be taken in such manner as the Chair of the meeting directs, subject to the requirements for a requisite majority under article 28, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 24.** A poll demanded on the election of a Chair of a meeting, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chair of the meeting directs; and any other business other than that upon which a poll had been demanded may be proceeded with pending the taking of the poll.

VOTES OF MEMBERS

25.

25.1. Subject to this article, every Member shall be entitled to attend and vote at general meetings of the Company, by a representative.

25.2. Every Member shall notify the Secretary of the Company in writing not less than 24 hours before a general meeting of the name of:

25.2.1. its representative who will attend the meeting; and

25.2.2. its alternative representative if the representative is unable to attend.

26. Every Member shall have voting rights as set out in article 28, as well as on a poll as on a show of hands (or their electronic equivalent). No Member shall be entitled to vote on a show of hands unless that Member's representative is in attendance.

27. The following matters are reserved to the Members general meeting and may only be undertaken if approved by the Members passing a resolution by the requisite majority in respect of the same:

27.1. admission of a new Member;

27.2. creation of a new Membership Category;

27.3. expulsion of a Member;

27.4. approval of the Strategic Plan;

27.5. alteration of the Articles;

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- 27.6. entry into negotiations to effect a sale of the whole or substantially the whole of the undertaking, business and assets of the Company;
- 27.7. commencement of any action for the winding-up or dissolution of the Company or the making of an administration order or a composition or arrangement with its creditors; and
- 27.8. approval of the Distribution Agreement.

- 28. No resolution, including in respect of any of the matters referred to in article 27, shall be passed at a general meeting of the Company unless it is supported by the votes cast by the requisite majority of Members.

For the purposes of these articles, "**requisite majority**" in relation to a resolution, means approved by Members who were entitled collectively to receive at least both:

- 28.1 75% of the Eligible Net Receipts Provided That no Member's share of Eligible Net Receipts in excess of 50% of the total Eligible Net Receipts may be taken into account for the purposes of this article and such excess Eligible Net Receipts shall be re-distributed (for the purposes of this article only) to the other Members pro rata to their share of Eligible Net Receipts; and
- 28.2 50% of the Creators' Distribution and 50% of the Publishers' Distribution.

29.

- 29.1. The Board shall consist of up to twelve (12) Directors and for so long as there are only two (2) Membership Categories of Creators and Publishers within the Company, the Members shall vote in general meeting (and/or pass the necessary resolutions) to procure that:

- 29.1.1 four (4) Directors shall be appointed, removed and/or re-appointed on the basis of nominations by the Members within the Creators' Membership Category and each such Member (a "**Creator Member**") shall have the right to nominate for appointment, removal and/or re-appointment one (1) Director for each full quarter (1/4) of the Creators' Distribution which that Creator Member is entitled to receive provided always that for so long as one (1) or more of the Creator Members predominantly represent visual artist right-holders (the "**VA Member(s)**") then at least one (1) of the four (4) Directors envisaged in this

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article 29.1.1 shall always be nominated by or by agreement between the VA Member(s) regardless of its share of Creators' Distribution. If not all four (4) Directors can be appointed pursuant to the first sentence of this article 29.1.1 then the Creator Members shall nominate for appointment the remaining Director(s) by agreement between themselves and in the absence of agreement no such Director(s) shall be appointed. If no Directors have been appointed pursuant to the first sentence of this article 29.1.1 then the Creator Members shall appoint the Directors by agreement between themselves and in the absence of agreement the Member with the largest share of the Creators' Distribution may nominate for appointment a single Director; and

29.1.2 four (4) Directors shall be appointed, removed and/or re-appointed on the basis of nominations by the Members within the Publishers' Membership Category and each such Member (a "**Publisher Member**") shall have the right to nominate for appointment, removal or re-appointment one (1) Director for each full quarter (1/4) of the Publishers' Distribution which that Publisher Member is entitled to receive. If not all four (4) Directors can be appointed pursuant to the first sentence of this article 29.1.2 then the Publisher Members shall nominate for appointment the remaining Director(s) by agreement between themselves and in the absence of agreement no such Director(s) shall be appointed. If no Directors have been appointed pursuant to the first sentence of this article 29.1.2 then the Publisher Members shall appoint the Directors by agreement between themselves and in the absence of agreement the Member with the largest share of the Publishers' Distribution may nominate for appointment a single Director; and

29.1.3 up to two (2) Independent Directors shall be appointed, removed and/or re-appointed by the Board: In the event that extended collective licensing is implemented in the UK the Company shall, in consultation with any appropriate third parties select one of the Independent Directors to represent right-holders whose Works are licensed by the Company under extended collective licensing (and such appointment, removal or re-appointment shall be notified by the Company to the UK Intellectual Property Office or other responsible official UK government body). The other Independent Director shall not be a representative of any specific right-holder or interest; and

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29.1.4 the remaining two (2) Directors shall be the CEO and any Independent Chair of the Company as may be appointed from time to time by the Members as set out in article 34 (but for the avoidance of doubt the Members shall not be required to appoint an Independent Chair).

29.2. Each Director to be appointed or re-appointed pursuant to article 29.1 after the date of the adoption of these articles of association shall:

29.2.1. be appointed at a general meeting; and

29.2.2. be required to retire three years after the general meeting at which such Director was appointed provided that such Director will be eligible for re-election thereat in accordance with articles 29.1 for a further period of up to three years. The CEO appointed under article 29.1.4 shall not be subject to the retirement provisions set out in this article.

29.3. Each Member shall be entitled to appoint and/or dismiss a person as its observer, who must be a director or an executive officer of the Member, to attend each Board meeting of the Company by written notice to the Company or given during a Board meeting. An observer shall not be entitled to vote on any decision of the Board and shall not count toward the quorum of a Board meeting. An observer shall be sent all notices and materials sent to the Directors in connection with the Board meeting at the same time as such materials and notices are sent to the Directors.

30.

30.1 The Members shall vote in general meeting (and/or pass the necessary resolutions) to procure that that the office of a Director appointed under article 29.1.1 or article 29.1.2 shall be vacated if the Member by whom the Director was nominated ceases to be a Member and a replacement Director shall be appointed in accordance with the provisions of article 29.1.1 or article 29.1.2.

30.2 Any replacement Director appointed pursuant to article 30.1 or otherwise in accordance with article 29.1 shall, subject to these articles, serve for the remainder of the original Director's term of office and the replacement Director shall be required to retire at such time as the original Director would have been required to retire had the original Director remained in office in accordance with article 29.2.2.

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31. Directors shall not be entitled to appoint an alternate.
32. The Members may from time to time to appoint any person as chief executive of the Company however designated (the "CEO") for such term and at such remuneration as it may think fit and (subject to any contract entered into between the Company and such CEO or other officer) from time to time to remove him or her and appoint some other person as CEO or other officer in his or her place. The CEO shall be a Director and be entitled to vote at meetings of the Board.
33. The Members may from time to time delegate to a CEO or other officer all such of its administrative powers as aforesaid as they may deem necessary for the full and proper administration of the affairs of the Company in accordance with the Regulations.
34. The Members within each Membership Category shall appoint a Director from amongst the existing Directors from that Membership Category to act as Co-Chair, each Co-Chair to chair the Company's Board and Supervisory Committee meetings respectively for one year on an alternating basis, and to hold office for a period of up to three years from the date of such appointment. Any particular Director may be appointed as Co-Chair no more than twice. A majority of Directors including a majority from each Membership Category may instead require the appointment of a person other than a director appointed under articles 29.1.1 to 29.1.3 as an Independent Chair to hold office for a period of up to three years from the date of such appointment, such Independent Chair to be chosen by a majority of Directors including a majority from each Membership Category, and to be re-appointed as Chair if so required by a majority of Directors including a majority from each Membership Category for one further (immediately consecutive) period of up to three years.

The Chair shall be entitled to vote at meetings of the Board. If the numbers of votes for and against a proposal at a meeting of Directors are equal, the Chair shall not have a casting vote.

- 35.
- 35.1. The Directors shall be entitled to such remuneration as the Members may, in general meeting, or as delegated by the Members to any committee, determine and unless agreed otherwise, the remuneration shall be deemed to accrue from day to day.
- 35.2. The Board may remunerate in such manner as it thinks fit any Director who shall be called upon to render any special services and which he or she may agree to render to the Company, or who shall have rendered any special services to the Company.

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- 35.3.** The Directors shall also be paid all reasonable travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board or any committee of the Board or general meetings of the Company or in connection with the Company's business.

POWERS AND DUTIES OF THE BOARD

- 36.** The business and operations of the Company shall be conducted and managed by the Board who may exercise all such powers of the Company as are not, by the Companies Acts, the Regulations or by these articles, required to be exercised by the Company in general meeting subject, nevertheless, to the provisions of the said Acts, the Regulations and these articles.
- 37.** Without prejudice to the general powers conferred by the last preceding article, and the other powers conferred by these articles, it is hereby expressly declared that the Board shall have the power:
- 37.1.** to borrow money and to mortgage or charge the undertaking and property of the Company or any part thereof and to issue debentures, as security for any debt, liability or obligation of the Company or any third party;
- 37.2.** to determine who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts and documents;
- 37.3.** to provide for the establishment and conduct of any branch office in any part of the world for the transaction and management of the business of the Company; and
- 37.4.** from time to time to appoint any corporation, firm, person or body of persons to be the attorney acting as agent of the Company in any part of the world for such purposes and with such powers, authorities and discretion and subject to such conditions as may be thought fit.

RECORDS

- 38.**
- 38.1.** The Board shall ensure that adequate records are kept for at least 10 years from the date of each meeting or decision of all resolutions and proceedings of general meetings of

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the Company and of meetings of the Supervisory Committee, the Board and committees thereof.

- 38.2.** Any such minutes of any meeting of the Company or of the Directors, or any committee of the Company, if purporting to be signed by the Chair of such meeting, or by the Chair of the next succeeding meeting, shall be receivable as prima facie evidence of the matters stated in such minutes.
- 38.3.** The records containing the minutes of the general meetings of the Company shall be kept at the Company's registered office and shall be open to the inspection of Members on at least 2 working days' notice in person between the hours of 2.00pm and 4.00pm on each business day when the office is fully open. In the event the office is not fully open (for example due to a pandemic or other emergency event) relevant records can be sought on 2 working days' notice by emailing cla@cla.co.uk.

ALLOCATION OF MONIES

39.

- 39.1.** It is agreed by the Members that in the calculating net income for the purposes of the Company's financial statements, interest income shall be used to pay any costs first before any other income is applied to such costs.
- 39.2.** Net Receipts shall be allocated and distributed in accordance with the Distribution Agreement and such other directions as may be given from time to time by the Board and approved by the Members in general meeting.
- 39.3.** The declaration of the Board supported by the certificate of the Auditors as to the amount of the monies received by the Company shall be conclusive.

- 40.** The Board may, in accordance with the Regulations, before any allocation and distribution is made, set aside, out of the receipts of the Company, such sums as they think proper as a reserve fund to meet contingencies, or for special allocations or for repairing, improving and maintaining any of the property of the Company, or for such other purposes as the Board shall think conducive to the interests of the Company and its Mandating right-holders and to invest such sums so set aside upon such investments as they may think fit and from time to time deal

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with and vary such investments and dispose of all or any part thereof for the benefit of the Company and its Mandating right-holders.

DISQUALIFICATION OF DIRECTORS

- 41.** The office of a Director shall be vacated:
- 41.1.** if the Member by whom the Director was nominated ceases to be a Member;
 - 41.2.** if the Director becomes bankrupt or makes any arrangement or composition with his creditors generally;
 - 41.3.** if the Director becomes prohibited from being a Director by reason of any order made under the Companies Acts, the Insolvency Act 1986, or the Company Directors Disqualification Act 1986 as amended or updated.
 - 41.4.** if the Director becomes of unsound mind;
 - 41.5.** if the Director, by notice in writing to the Company, resigns his office;
 - 41.6.** if the Director, without special leave of absence from the Board, absents himself from the meetings of the Board, either during a period of six successive calendar months or during a period covered by three consecutive meetings, whichever is the longer, attendances at meetings of committees of the Board to count as attendances at meetings of the Board; or
 - 41.7.** if the Director, or if a Limited Company or firm of which he is a Member, is directly or indirectly interested in any contract with the Company or participates in the profits of any contract with the Company, other than a contract in respect of any Works of which such Director, Limited Company or firm is interested. Provided, however, that a Director shall not vacate his office by reason of his having entered into contracts with or done work for the Company, or by reason of his being the nominee or a member of any Limited Company or firm which has entered into contracts with or done work for the Company, if he shall have declared the nature of his interest or the nature of his interest in such Limited Company or firm in accordance with article 66 and the Directors shall have authorised such conflict of interest in accordance with article 65. Provided, also, that no Director shall vacate his office by reason of his being remunerated pursuant to article 35

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PROCEEDINGS OF THE BOARD AND COMMITTEES

- 42.** The Board may meet together for the dispatch of business, adjourn or otherwise regulate its meetings, as it thinks fit, subject to article 43 below. Questions arising at any meeting shall be decided by a majority of votes. A Director or the CEO may, and the Secretary (if one is appointed) on the requisition of a Director or of the CEO shall, at any time summon a meeting of the Board or of any committee of the Board.
- 43.** A Board meeting may consist of a conference between Directors some or all of whom are in different places subject to the following provisions:
- 43.1.** each Director who participates must:
- 43.1.1.** be aware that such conference is to constitute a board meeting;
- 43.1.2.** be able to hear each of the other participating Directors addressing the meeting;
and
- 43.1.3.** be able, if he so wishes, to address all of the other participating Directors simultaneously,

whether directly, by conference telephone or by any other form of communications equipment (whether in use when these articles are adopted or not) or by a combination of those methods;
- 43.2.** a quorum is deemed to be present if those conditions are satisfied in respect of at least the number of directors required to form a quorum;
- 43.3.** a meeting held in this way is deemed to take place at the place where the largest group of participating Directors is assembled or, if no such group is readily identifiable, at the place from where the chair of the meeting participates; and
- 43.4.** a resolution put to the vote of a meeting held in this way shall be decided by each Director indicating to the chair (in such manner as the chair may direct) whether the Director votes in favour of or against the resolution or abstains.
- 44.** The quorum necessary for the transaction of the business of the Board or of any committee of the Board may be fixed by the Board and, unless so fixed, shall be three, provided that for so long as there are only two Membership Categories of Creators and Publishers the persons

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present shall include one Director appointed by the Creator Members and one Director appointed by the Publisher Member.

45. The continuing Directors may act notwithstanding any vacancy in their body but, if and so long as their number is reduced below the number fixed by or pursuant to these articles, as the necessary quorum of the Board, the continuing Directors may act for the purpose of increasing the number of Directors to that number or summoning a general meeting of the Company, but for no other purpose.
46. If one has been appointed in accordance with article 34, the Chair of the Board shall preside at all meetings of the Board. If, at any meeting of the Board, the Chair is not present within five minutes after the time appointed for holding the same, or if there have been no appointment under article 34, the Directors present may choose one of their number to be chair the meeting.
47. The Board may delegate any of their respective powers to committees consisting of at least one Director and such other individuals who shall accept the Board's invitation to join. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board or the Regulations.
48. Any committee appointed by the Board shall have a nominated Director on that committee to be the Chair of its meetings. If no such Chair has been nominated, or if at any meeting the Chair is not present within five minutes after the time appointed for holding the same, those present may choose one of their number to chair the meeting provided that if a Director is present the Chair must be a Director.
49. Any committee appointed by the Board may meet and adjourn as it thinks proper in accordance with the Regulations. Questions arising at any meeting shall be determined by a majority of votes of those present.
50. All acts done by any meeting of the Board or of a committee of the Board, or by any person acting as a Director shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, and that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.
51. A Resolution in writing, signed by all the Directors for the time being entitled to receive notice of a meeting of the Board or of any committee of the Board shall be as valid and effectual as if it had been passed at such a meeting duly convened and held.

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SUPERVISORY FUNCTION

52. For so long as is required under the Regulations, and if no longer so required, if the Members require it, the Company shall establish a supervisory function that shall be referred to as the 'Supervisory Committee'. The Supervisory Committee shall monitor the activities and performance of the duties of the persons who manage the business of the Company including implementation of decisions of the Members.
53. The Supervisory Committee shall consist of the directors of the Company other than the CEO or any other executive director. It shall have the powers set out in the Regulation or otherwise agreed by the Members.
54. The Supervisory Committee shall meet at least twice a year and shall report annually on its activities to the Members in general meeting.

THE SECRETARY

55. A Secretary may be appointed by the Board if required for such terms, at such remuneration, and upon such conditions, as it may think fit; and any Secretary so appointed may be removed by the Board.
56. A provision of the Companies Acts or these articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

THE SEAL

57. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board, or (if authorised by the Board for that purpose) or of any committee of the Board, and in the presence of at least two Directors or such other person as the Board may appoint for the purpose; and such two Directors or other person as aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.

ACCOUNTS

58. The Board shall cause proper records of account to be kept in accordance with the requirements of section 386 of the Companies Act 2006 and the Regulations.

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59. The records of account shall be kept at the registered office of the Company, or at such other place or places in the United Kingdom as the Board thinks fit, and shall be open to the inspection of the Directors on reasonable prior notice.
60. The records of account of the Company shall be open to inspection of Members, and a Member shall have the right of inspecting any account or record or document of the Company as conferred by the Distribution Agreement, the Regulations or other statute or by the Company in general meeting on reasonable prior notice.

AUDIT

61. Auditors shall be appointed, and their duties regulated in accordance with sections 485 to 526 of the Companies Act 2006 and sections 532 to 539 of the Companies Act 2006 and the Regulations.

NOTICES

62. A notice may be given by the Company to any Member by sending it by post to the Member at the address (if any) within the United Kingdom supplied by the Member to the Company for the giving of notices to it, or to the registered address of the Member or by email to an email address provided by the Member.
63. Where a notice to a Member is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of 24 hours after the letter containing the name is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post. Where a notice is sent by email, service of the notice shall be deemed to be effected on the same day if a working day before 5pm or on the next working day if after 5pm.
64. Notice of every general meeting shall be given to:
- 64.1. every Member; and
- 64.2. the Auditors for the time being of the Company. No other persons shall be entitled to receive notices of general meetings.

DIRECTORS' CONFLICTS OF INTERESTS AND DECLARATIONS OF INTEREST

- 65.

- 65.1.** The Directors may, in accordance with the requirements set out in this article, authorise any matter proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under section 175 of the Companies Act 2006 to avoid conflicts of interest (a "Conflict").
- 65.2.** Any authorisation under this article 65 will be effective only if:
- 65.2.1.** the matter in question shall have been proposed by any Director for consideration at a meeting of Directors in the same way that any other matter may be proposed to the Directors under the provisions of these articles or in such other manner as the Directors may determine;
 - 65.2.2.** any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question; and
 - 65.2.3.** the matter was agreed to without his voting or would have been agreed to if his vote had not been counted.
- 65.3.** Any authorisation of a matter under this article may (whether at the time of giving the authority or subsequently):
- 65.3.1.** extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;
 - 65.3.2.** be subject to such terms and for such duration, or impose such limits or conditions as the Directors may determine;
 - 65.3.3.** be terminated or varied by the Directors at any time.
- This will not affect anything done by the Director prior to such termination or variation in accordance with the terms of the authorisation.
- 65.4.** In authorising a Conflict the Directors may decide (whether at the time of giving the authority or subsequently) that if a Director has obtained any information through his involvement in the Conflict otherwise than as a Director of the Company and in respect of which he owes a duty of confidentiality to another person the Director is under no obligation to:
- 65.4.1.** disclose such information to the Directors or to any Director or other officer or employee of the Company;

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65.4.2. use or apply any such information in performing his duties as a Director;

where to do so would amount to a breach of that confidence.

65.5. Where the Directors authorise a Conflict they may provide, without limitation (whether at the time of giving the authority or subsequently) that the Director:

65.5.1. is excluded from discussions (whether at meetings of Directors or otherwise) related to the Conflict;

65.5.2. is not given any documents or other information relating to the Conflict;

65.5.3. may or may not vote (or may or may not be counted in the quorum) at any future meeting of Directors in relation to any resolution relating to the Conflict.

65.6. Where the Directors authorise a Conflict:

65.6.1. the Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict;

65.6.2. the Director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Companies Act 2006 provided he acts in accordance with such terms, limits and conditions (if any) as the Directors impose in respect of its authorisation.

65.7. A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

66.

66.1. A Director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other Directors before the Company enters into the transaction or arrangement in accordance with the Companies Acts.

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- 66.2.** A Director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other Directors as soon as is reasonably practicable in accordance with the Companies Acts, unless the interest has already been declared under article .
- 66.3.** Subject, where applicable, to the disclosures required under article and article , to authorisation by the Directors in accordance with article 65, and to any terms and conditions imposed by the Directors in accordance with article 65, a Director shall be entitled to vote in respect of any proposed or existing transaction or arrangement with the Company in which he is interested and if he shall do so his vote shall be counted and he shall be taken into account in ascertaining whether a quorum is present.
- 66.4.** A Director need not declare an interest under article 66.1 and article 66.2 as the case may be:
- 66.4.1.** if it cannot reasonably be regarded as likely to give rise to a conflict of interest;
- 66.4.2.** of which the Director is not aware, although for this purpose a Director is treated as being aware of matters of which he ought reasonably to be aware;
- 66.4.3.** if, or to the extent that, the other Directors are already aware of it, and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware; or
- 66.4.4.** if, or to the extent that, it concerns the terms of his service contract that have been, or are to be, considered at a board meeting.

INDEMNITY

67.

- 67.1.** Subject to the Companies Acts and to article 67.2, the Directors, CEO, Auditors, Secretary (if any) and other officers for the time being of the Company, and other trustees (if any) for the time being acting in relation to any of the affairs of the Company, and each of their heirs, executors and administrators (each an "**Indemnified Party**"), shall be indemnified out of the assets of the Company against any costs, charges, losses, expenses and liabilities incurred by such Indemnified Party by or by

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reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

67.2. The indemnity in article 67.1 shall not apply in respect of any costs, charges, losses, expenses or liabilities incurred by an Indemnified Party by or through such Indemnified Party's negligence, default, breach of duty or breach of trust.

67.3. Subject to the Companies Acts, no Indemnified Party shall be liable for:

67.3.1. the acts, receipts, neglects or defaults of any other Indemnified Party; or

67.3.2. joining in any receipt for the sake of conformity; or

67.3.3. any bankers or other persons with whom any monies or effects belonging to the Company shall or may be lodged or deposited for safe custody; or

67.3.4. insufficiency or deficiency of any security upon which any monies of or belonging to the Company shall be placed out or invested; or

67.3.5. any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto,

unless the same shall happen by or through such Indemnified Party's own negligence, default, breach of duty or breach of trust.

67.4. The Directors may exercise all powers of the Company to purchase and maintain insurance for the benefit of any person who is or was an officer or employee of the Company indemnifying him against liability for negligence, default, breach of duty, breach of trust or another liability which may lawfully be insured against by the Company.

WINDING UP

68. In the event of and upon the winding up of the Company, whether voluntary or otherwise, at any time, the assets of the Company (other than any rights vested in or controlled by the Company pursuant to these articles and any sums distributable) shall, insofar as they are available for the purpose, be apportioned among the Members in the proportion in which each Member received shares of the Eligible Net Receipts immediately prior to such winding up; and the Rights or Other Rights (if any) vested in the Company by the rights-holders, Members

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or non-Members, shall revert to the relevant rights-holders, Members or non-Members or the personal representative of such rights-holders, Members or non-Members.