

BRITISH EQUITY COLLECTING SOCIETY LIMITED

Company No: 3547531

MINUTES of the Twenty Second Annual General Meeting of British Equity Collecting Society Limited ('the Society') held online on Friday 4th December 2020 at 2.00pm

A. Welcoming remarks from the Chairman and CEO

The Chairman of the Board, Jean Rogers, opened the Annual General Meeting by acknowledging the unusual circumstances and thanking the staff of BECS for soldiering on despite the circumstances and thanking the board members.

The Chair explained that per the Articles, 5 board member positions were up for election.

The Chair introduced Natasha Gerson, Jo Cameron Brown, Robin Browne, Sally Treble (the appointee from the Equity Council who is stepping down), Freddie Pyne (who is stepping down), Peter Barnes (the appointee from the CPMA) and Fred Reed (the alternate from the PMA).

Jean noted that it has been a momentous year not only because of Covid but because the CEO of many years, Andy Prodger handed over to the new CEO Tayyiba Nasser. Jean also introduced BECS staff members Katie Stretton and Sarah Phipps and legal consultant Andrew Yeates. The Chair then introduced Jess Winchester who will become Legal Counsel and Company Secretary on 1 January 2021, coming from a TV production and distribution background.

Jess Winchester greeted the members and said she was looking forward to joining BECS at this important time and lobbying for changes to the law which would benefit BECS members.

CEO, Tayyiba Nasser welcomed the attendees and explained the online voting process.

The Chair introduced Lola May, Nana St Bartholomew Browne, Marcus Hutton and Malcolm Rennie, the new candidates for the vacant board positions.

The Chair explained that all the resolutions were proposed and seconded by the board of directors. There were 417 proxies for the Chairman, one for Glen Barnham who will be voting on behalf of Ronnie Ronalde's beneficiary, Rosemary Ronalde, and one for Sheila Mitchell who will be voting on behalf of Faith Hines.

A quorum of members (being the lesser of 25 members or one twentieth of the members entitled to attend and vote at the meeting) was present for the meeting with voting attendees numbering 40.

D. Ordinary Business

1. To receive and approve the Minutes of the previous Annual General Meeting held on Friday 6th December 2019.

The Chair asked all present whether they wished to raise any comments or corrections to the Minutes of the 2019 AGM or if there were any matters arising to put forward.

There being no comments, the Chair therefore asked the members present to approve the Minutes of the 2019 AGM held on Friday 6th December as previously circulated to the membership.

- The Minutes were approved (450 (including proxies) approved, 1 abstained).

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2. To receive and consider the Directors' Report and the Financial Statements of the Company for the year ended 30th April 2020 and the Auditor's Report thereon.

Tayyiba Nasser presented a summary of the Financial Statements included in the 2020 Annual Review which had been made available to all members. Members had also been given notice that copies of the full Financial Statements, the Annual Transparency Report for the year ending 30th April 2020 together with the Auditors' Report on these and the Directors' Report had been made available for all members through the BECS website since October 2020.

Tayyiba explained that there were some additional disclosures and inspections conducted by the auditors because of Covid 19 to make sure BECS could continue claiming to be a going concern. It was necessary to ensure business continuity was not a risk, and that contingency plans were updated in line with regulatory obligations. Tayyiba advised the meeting that no staff were furloughed in the period as we had maintained minimum numbers. Staff members have worked from home and provided a seamless service to members, even managing to offer the popular language courses online, which benefitted those who previously could not attend the course held in our London offices.

There was a full report within the Directors' Report to provide transparency on the impact of Covid 19. One impact is that interest rates are very low, meaning BECS cannot rely on interest to cover some of its costs.

Tayyiba explained that it was anticipated that the biggest impact of Covid 19 would be felt in 2021/22 and 2022/23 when BECS will be distributing the collections of 2020 and 2021. Indications are that collections from public performance are down about 50% throughout Europe. However, social distancing measures have resulted in increased subscriptions to streaming services so those CMOs which have deals in place with Netflix, Amazon etc. are likely to have higher revenues from these avenues. However, as these are new collections it is hard to predict numbers BECS was likely to collect.

The UK Government has been brokering the Brexit deal and BECS will keep an eye on how that impacts our members. To date BECS members have been European citizens and their rights have been protected and remunerated in the same way as any other EU citizen but that may change. BECS is lobbying hard to ensure that members will continue to be remunerated, including by lobbying for ratification of the Beijing Treaty.

Tayyiba presented a chart showing increased BECS collections over the last 4 years and advised the membership that despite the corresponding increase in volume of work, BECS had maintained the same number of operational staff. She thanked Katie Stretton and Sarah Phipps for their dedication and commitment. Jean also thanked Tayyiba.

Tayyiba presented the financial highlights of 2020:

- surplus for the year of £159,000, attributable mainly to increased collections and management fees thereon,
- fixed assets were down from £70k to £41k due to the software system investment having been amortised,
- net current assets are £9.6million, sufficient to cover net current liabilities of £8.8 million, the latter being mainly distributable collections.
- Contingent assets were nil this year as the issue regarding commission was settled with Equity.

With no questions from the meeting, the resolution was put to the vote.

- The resolution passed: 449 (including proxies) approved and 2 abstained.

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- 3. To consider and, if thought fit, pass a resolution that the auditors of the Company, BDO LLP, be reappointed as auditors of the Company to hold office from the conclusion of the meeting until the Annual Report and Financial Statements are next laid before the Members, and that their remuneration be determined by the Directors.**

Heather Wheelhouse of BDO LLP provided an auditor review. She explained that this year the whole audit was done remotely, which was a huge amount more work for Tayyiba and the auditing team. They questioned whether the fact that Tayyiba was working remotely resulted in lower levels of control. That was not found to be the case. The auditors recognised that there was enough segregation of duties within BECS to mitigate the possibility of staff fraud.

Alan Thruston asked whether bearing in mind that the revenue has gone up and what we are facing in the next 18 months whether the figures will still look poorer next year. Tayyiba referred back to the Director's Report and advised that a drop in finances was predicted for 2021. Alan asked whether it would reduce any of the additional services. Tayyiba pointed out that the language courses were cost neutral to BECS, so she did not think it would affect these at least in the near future.

Ian Barritt commented that the effect of Covid has been mainly on live performances, but our income is from screenwork. A lot more people have been watching work on screen so is there any reason why revenues will go down. TN explained that public performance is a right that is remunerated in Europe, for example playing in cinemas, restaurants and hotels; and this is the income that is likely to fall. However, as noted in the report, this may be offset to some extent by increased streaming income.

- The resolution was passed: 450 (including proxies) approved, 1 abstained.

- 4. To receive and consider the Annual Transparency Report for the Members prepared and presented by the non-executive Directors of the Company following audit in respect of the year ended 30 April 2020.**

Tayyiba presented a summary of Annual Transparency report and explained its purpose and that it is also audited by BDO in accordance with agreed upon procedures.

BECS' deductions from distributable income are only sufficient for covering our operating expenses and not for contributing to social and cultural funds as some other CMOs do. This meant that BECS was not able to contribute as much as it would like to financially to its members, and all we could do was bring forward its distributions to members.

Tayyiba advised that BECS has 32,245 members. She then detailed the affiliations BECS has and explained that it was even more important to maintain ties with organisations such as AEPO-ARTIS and SCAPR once the UK left the EU so we can keep on top of developments.

Some of the main variances were explained next. Systems costs were up £43,000; £23,000 of which was because we had to write off a support payment made to Innervate which became insolvent. £18,000 related to system enhancements to deliver on new reporting requirements. Legal and professional fees were down £65,000. During 2018/19 we were taken into a dispute resolution process as we attempted to join ERA. £45,000 of legal fees related to the update of our Articles to correct deficiencies highlighted by the ERA dispute and also to get advice about changes made to

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collectively bargained agreements between Equity and producers that we thought were potentially harmful to our members' rights.

Highlights of BECS' activities during the year mentioned were:

- settlement with Equity re. commission.
- UK Copyright – Cable retransmission and Public Performance. BECS is hoping this will provide a source of local income for members and allowing BECS to have reciprocity with its bilateral partners. Discussions have progressed well but stalled due to Covid.
- BECS continued with member training. We also held a Shakespeare class for Spanish speakers.
- BECS had a seminar on copyright in conjunction with the BCC. Take up was very good and BECS intends to continue providing these in future.
- BECS has carried out various marketing efforts resulting in a small increase in membership and BECS will continue its marketing efforts this year.
- BECS will keep abreast of developments in relation to Brexit and will update its agreements if necessary.
- Andy Prodger resigned as CEO and Tayyiba was appointed as new CEO from 1 May 2020.

Distribution and allocation policies have not changed this year. BECS had £8.5million recorded as distributable to members. £7million of this was distributed to members in May and June 2020. The remaining amount has not been distributed either because BECS is awaiting information from its CMO partners or awaiting updated contact and bank details for some members, or the amounts are below BECS' payment thresholds for individual payments.

Management fees are 10% of collections and amounts to £647,000 in the year to 30 April 2020.

This year there is a new table in Section 11 of the ATR which shows the type of rights we have collected for from other countries. £4.3million, which is about two-thirds of total collections, was from private copying levies, increasingly from smartphones and tablets. The UK does not currently have these levies but they are important for BECS members.

Income from investment of rights revenues is income from interest on short term deposits of amounts awaiting distribution. With member approval these are used to meet management costs rather than distributed to members.

Section 13 of the ATR lists all the 17 bilateral agreements currently in place. BECS is working on updating these agreements and aiming to enter into some new ones in 2021.

Tayyiba invited questions on the annual transparency report. Marcus Hutton raised a question about the remit of BECS. PPL have a remit to collect for spoken word but currently only deal with music. He has contacted the IPO about it and said they have acknowledged there is a gap. He referred to S182D of the CDPA '88 which gives performers a right to equitable remuneration, exercisable via a CMO, when a sound recording of their performance is played in public or communicated to the public (except for via making available on demand). He asked whether BECS could widen its remit to include spoken word audio.

Jean Rogers explained it was something that had been briefly discussed at a recent board meeting. She was interested to hear that PPL said they did not deal with it.

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Marcus said Amazon refuses to pay any royalties in relation to audiobooks. He was of the view that the law allowed for that, but enforcement had never been attempted.

Jean pointed out that BECS is an audiovisual collecting society.

Tayyiba said she did not think the BECS Articles currently covered it, but the board would have another discussion about it in the new year.

Andrew Yeates said he thought the BECS Articles would allow it but that the problem was that the contracts between performers and publishers in relation to audiobooks often contained an assignment of rights. A lot of what happens with audiobooks is the making available on demand right, which can be bought-out by publishers.

- The annual transparency report was approved: 448 (including proxies) approved, 1 abstained.

5. To note the online election results for the vacancies for Directors on the Board of Management for the purposes of Article 15.9 of the Articles.

1543 members voted.

The following directors were appointed and noted for the purposes of Article 15(9):

Jean Rogers – 67%,
Natasha Gerson – 58%,
Jo Cameron Brown – 53%,
Nana St Bartholomew-Brown – 46%,
Lola May – 44%.

Jean welcomed Nana and Lola to the board. Nana thanked everyone who voted for her and said it was the first time she had been on a board and was looking forward to learning new tricks. Lola said that 2020 had been a year of putting herself out there and said she was looking forward to getting stuck in and thanked the members for voting for her.

Natasha said she was very pleased and honoured to be re-elected.

Jo said she was thrilled to be back on the BECS board and that it is a really crucial time. She thought it was exciting to have a combination of people who have been on the board for a long time and others who can bring a new perspective.

Jean thanked the candidates who had not been elected for applying and welcomed their enthusiasm. She thanked Robin Browne for his contribution, fairness, wisdom and understanding of the industry.

6. To note the resignation of the Directors of the Company previously appointed under Article 15.3 of the Articles.

Tayyiba thanked Freddie Pyne, and Robin Browne for all their support over the years. Their resignations were noted.

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7. To ratify the appointment of the nominated Director – Dawn Hope - to the Board of Management pursuant to Article 15.4 of the Articles. (Equity)

- The resolution was passed: 447 (including proxies) approved (no abstentions or rejections).

Jean thanked Sally Treble for her service. She also advised that Dawn Hope unfortunately could not attend today, but the board looked forward to her attending the next meeting.

8. To ratify the appointment of the nominated Director – Peter Barnes - to the Board of Management pursuant to Article 15.6 of the Articles. (CPMA)

- The resolution was passed: 449 (including proxies) approved, 1 abstained.

9. To ratify the appointment of the nominated Director – Steve Kenis, with Fred Reed as his alternate - to the Board of Management pursuant to Article 15.7 of the Articles. (PMA)

- The resolution was passed: 448 (including proxies) approved, 1 abstained.

10. To ratify the appointment of the CEO, Tayyiba Nasser, as the Executive Director pursuant to Article 15.8 of the Articles.

- Passed: 450 (including proxies) approved (no abstentions or rejections).

SPECIAL BUSINESS

11. To pass a special resolution that the non-executive Directors of the Company shall provide the supervisory function for continuously monitoring the activities and the performance of the duties of the persons who manage the business of the Company as provided by the Articles of the Company.

- The resolution was passed: 447 (including proxies) approved (no abstentions or rejections).

Concluding remarks

Tayyiba encouraged the attendees to follow BECS social media accounts, to encourage their friends to join BECS and to support BECS' campaigns.

Freddie Pyne congratulated Tayyiba on doing a brilliant job and bid farewell to the BECS members.