

UPDATED NOTICE OF ANNUAL GENERAL MEETING

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration No. 1961/002506/08)

("SAMRO" or "the Company")

NOTICE IS HEREBY GIVEN that the fifty sixth Annual General Meeting of the members of SAMRO ("**AGM**") will be held on Tuesday 11 December 2018, at **10h00**, in the Auditorium at SAMRO Place, Ground Floor, 20 De Korte Street, Braamfontein, Johannesburg, for the following general purposes:

- (i) deal with such business as may lawfully be dealt with at the meeting; and
- (ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act of South Africa, No. 71 of 2008, as amended ("the Act"), which meeting is to be participated in and voted at by members entitled to vote and registered as such as at the record date of 11 December 2018.

ORDINARY BUSINESS

A. SAMRO CHAIRMAN'S ADDRESS

To receive the SAMRO Chairman's Address to the members.

B. SAMRO CEO REPORT

To receive the SAMRO Chief Executive Officer's Report to the members, which shall include a report on the following items:

- B.1. Overview: Amendments to SAMRO's Membership Rules
- B.2. AEMRO wrap-up
- B.3. Executive summary and overview
- B.4. Strategic Plan: 2018 - 2020
- B.5. Overview: SAMRO financial performance and distributions
- B.6. SAMRO's investment in the South African music industry
- B.7. SAMRO's operating and royalty processing system (ZEUS)
- B.8. Public Domain Works update

C. PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS

To receive SAMRO's Chief Financial Officer's Report, which shall include, for consideration, the Integrated Report for SAMRO and its subsidiaries for the year ended 30 June 2018, including the summarized Audited Annual Financial Statements for Financial Year Ended 30 June 2018, the Audit Committee and Directors' Reports and the Report of the Independent Auditors.

The Integrated Report of the SAMRO Group for the financial year ended 30 June 2018, including the summarized Audited Annual Financial Statements for

Financial Year Ended 30 June 2018, the Directors' Report and the Report of the Independent Auditors will be placed on SAMRO's website. The Integrated Report for the financial year ended 30 June 2018 and the prior year comparatives are available for inspection at the offices of SAMRO. In addition, if so, requested by a member, SAMRO will email the Integrated Report to such member prior to the date of the AGM.

D. PRESENTATION BY THE CHAIRMAN OF THE SOCIAL & ETHICS COMMITTEE

In accordance with Companies Regulation 43(5)(c), issued in terms of the Act, the Chairman of the Social and Ethics Committee will present a verbal report to members on the activities of SAMRO's Social and Ethics Committee.

RESOLUTIONS:

Members will be requested to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

1. ORDINARY RESOLUTION 1: APPOINTMENT OF AUDITORS.

Members will be requested to pass a resolution appointing PricewaterhouseCoopers as the auditors of SAMRO and its subsidiaries until the next Annual General Meeting.

1.1 "It is hereby RESOLVED that PricewaterhouseCoopers be and is hereby reappointed as the independent auditors of SAMRO, to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting."

2. ORDINARY RESOLUTION 2: REMUNERATION OF NON-EXECUTIVE DIRECTORS

Members will be requested to pass the following resolutions, if deemed fit, to approve the fees to be paid to non-executive directors:

2.1 "It is hereby RESOLVED, in terms of the company's MOI, Section 18.1, for the period commencing 1 January 2019 to 30 June 2019 and for the financial year ending 30 June 2020, that the remuneration payable or pro-rata (as applicable) to the company's non-executive directors for their services as directors and chairman of the board of directors, and members of the board subcommittees respectively, be set as follows:

Fees payable to each non-executive director	Total Per Annum
<u>Board:</u>	
Chairman	267 120
Non-Exec	127 200
Independent	127 200
<u>Risk Committee</u>	
Chairman	48 400
Member	28 522
<u>Remuneration Committee</u>	
Chairman	35 184
Member	31 504

<u>Nominations and Governance Committee</u>	
Chairman	18 552
Member	8 481
<u>Social and Ethics Committee</u>	
Chairman	23 320
Member	16 960

Non-executive director's fees were adjusted by 6% from January to June 2019, and for the 2020 financial year an inflation-linked adjustment of 6% is recommended in respect of board and committee fees. The above fees are proposed net of VAT which may become payable thereon depending on the status of the individual director's tax position.

3. **ORDINARY RESOLUTION 3: RATIFICATION OF DIRECTORS' FEES FOR 2016-2018**

Members will be requested to pass the following ordinary resolution, if deemed fit, to approve the fees paid to non-executive directors for 2016-2018:

Due to non-executive directors' remuneration for the two (2) year period ending 30 November 2018 exceeding the remuneration that was approved by ordinary resolution of the members of SAMRO NPC dated 25 November 2016, the non-executive directors' remuneration that was paid for the financial year ending 30 June 2017 and for the period thereafter until conclusion of the annual general meeting of the Company scheduled for December 2018 requires ratification by members of SAMRO NPC. Please see **Annexure E** for further information.

3.1 *"It is hereby RESOLVED, in terms of section 65(11)(c) of the Companies Act read together with section 20(2) of the Act, that the directors' remuneration for non-executive directors of the Company for services as directors approved by ordinary resolution of the members of SAMRO NPC dated 25 November 2016 shall be ratified to be set as follows:*

Fees payable to non-executive Directors	Total Approved for FY2017 to Nov 2018	Total Actual for Nov 2018
Board:		
Sub-total:	R 2 904 000,00	R 4 272 876,00
Risk Committee:		
Sub-total:	R 306 584,00	R 351 101,30
Remuneration Committee Sub-total:	R 185 268,00	R 360 346,30

Nominations and Governance Committee Sub-total:	R 83 010,00	R 99 266,00
Social and Ethics Committee Sub-total:	R 140 000,00	R 189 000,00
TOTAL:	R 3 618 862,00	R 5 272 589,60
	Unapproved Amount:	R 1 653 727,60

4. SPECIAL RESOLUTION 1: BOARD COMPOSITION

1.1 *“It is hereby RESOLVED that the updated Memorandum of Incorporation of SAMRO with regards to board composition, Section 16.1 be amended as follows:*

“equal publishers and authors and no less than an equal number of independent non-executive directors”.

It is advised that if this special resolution is not passed, then the wording in the MOI will remain as: not less than one-half of the number of Directors in office (other than those appointed in terms of clauses 16.2.2 and 16.2.3) shall be Authors (including the nominee ‘representative’ of a Juristic Person that is an Author but excluding an Author’s Heir(s)) and not less than one-third shall be Publishers (including the nominee ‘representative’ of a Juristic Person that is a Publisher) as determined at the time of appointment of the Director concerned”.

5. ORDINARY RESOLUTION 4: RATIO OF BOARD MEMBERS (AS PER MEMBERSHIP RULES) *Annexure F of Notice*

4.1 *“It Is hereby RESOLVED that the maximum ratio of board members will be as follows: 4:4:4:2 being 4 publishers / 4 authors / 4 independent non-executive directors and 2 executive directors”*.*

*Subject To approval of Special Resolution 1 above.

6. SPECIAL RESOLUTION 2: ADOPTION OF UPDATED MEMORANDUM OF INCORPORATION (MOI)

Due to the changes regarding membership and board composition the Memorandum of Incorporation of SAMRO is required to be replaced in its entirety as per **Annexure B**.

2.1 *"It is hereby RESOLVED that the updated Memorandum of Incorporation of SAMRO as per **Annexure B**, initialled by the chairman of the meeting for identification purposes ("the updated MOI") be and is hereby approved, with effect from the date of filing of the new MOI with CIPC."*

7. SPECIAL RESOLUTION 3: SAMRO HOUSE (PTY) LTD FINANCIAL ASSISTANCE

Background regarding the reason and process to be followed regarding the loan from SAMRO NPC to SAMRO House (Pty) Ltd, **Annexure C**.

3.1 *"It is hereby RESOLVED that SAMRO NPC be and are hereby authorised to provide financial assistance to Samro House (Pty) Ltd, in the amount of R30,000,000 (thirty million rand) for the sole purpose of paying off the loan with Nedbank Limited"*.

8. ORDINARY RESOLUTION 5: RE-APPOINTMENT OF DIRECTOR APPOINTED AFTER THE PREVIOUS ANNUAL GENERAL MEETING

Members will be requested to pass the following resolution, if deemed fit, re-appointing the following person as an executive director of the Company, as per Section 16.10 of the MOI:

5.1 *"It is hereby RESOLVED that **Ms Ditebogo Modiba** be and is hereby appointed as an executive director of the Company."*

*A brief curriculum vitae of the candidate for re-election is set out in **Annexure A**.*

9. ORDINARY RESOLUTION 6: RE-ELECTION OF DIRECTORS RETIRING BY ROTATION

Members will be requested to pass the following resolution, if deemed fit, re-electing the following person as a director of the Company:

It is noted that the following non-executive directors who are retiring by rotation, have elected not to stand for re-election:

Prof Jeanne Zaidel-Rudolph, Mr John Edmond, Mr Joe Niemand and Mr Loyiso Bala.

It is noted that Mr Sipho Mabuse, Prof Jeanne Zaidel-Rudolph, Mr John Edmond, Mr Joe Niemand and Mr Loyiso Bala received notices in terms of Section 71 of the Companies Act 2008 ("the notice"), from members, to stand down as non-executive directors. Mr Sipho Mabuse has chosen to stand for re-election.

Each director will be entitled to make a presentation (in compliance with the requirements of section 71(4) of the Companies Act) to the members stating why they should not be removed from the board prior to the resolutions being considered.

It is further noted that the retirements/resignations of the abovementioned directors will only be effective once the newly appointed directors have submitted the necessary documentation in terms of Section 66 (7) b of the Companies Act 72 of 2008 to the Company Secretary of SAMRO.

A brief curriculum vitae of the candidate for re-election is set out in **Annexure A**.

6.1 *“It is hereby RESOLVED that **Mr Sipho Mabuse** be and is hereby re-elected as a non-executive director of the Company.”*

10. ORDINARY RESOLUTION 7: REMOVAL OF DIRECTORS

To consider the removal of the non-executive directors who have been requested by members, to stand down as non-executive directors, in terms of Section 71 of the Companies Act 2008.

Each director will be entitled to make a presentation (in compliance with the requirements of section 71(4) of the Companies Act) to the members stating why they should not be removed from the board prior to the resolutions being considered.

It is noted that the retirements/resignations of the abovementioned directors will only be effective once the newly appointed directors have submitted the necessary documentation in terms of Section 66 (7) b of the Companies Act 72 of 2008 to the Company Secretary of SAMRO.

7.1 *“It is hereby RESOLVED that Ms Relebogile Mabotja be and is hereby removed as a publisher director of the Company.”*

7.2 *“It is hereby RESOLVED that Mr Jerry Mnisi be and is hereby removed as an independent director of the Company.”*

7.3 *“It is hereby RESOLVED that Mr Rowlin Naicker be and is hereby removed as a publisher director of the Company.”*

7.4 *“It is hereby RESOLVED that Dr Sibongile Khumalo be and is hereby removed as an author director of the Company.”*

7.5 *“It is hereby RESOLVED that Mr S Mabuse be and is hereby removed as an author director of the Company.”*

11. ORDINARY RESOLUTION 8: NOMINATION OF NEW NON-EXECUTIVE DIRECTORS

Members will be requested to pass the following resolutions, if deemed fit, to nominate the following persons as author OR publisher non-executive directors of the Company:

**It is advised that each of the directors standing for nomination have undergone the necessary processes, in terms of Section 69 of the Companies Act, to ensure their eligibility to stand for directorship.*

- 8.1 *“It is RESOLVED that Mr David Alexander be and is hereby nominated as a non-executive director of the Company with effect from receiving written consent in terms of Section 66(7)b of the Companies 71 of 2008”.*
- 8.2 *“It is RESOLVED that Arthur Mafokate be and is hereby nominated as a non-executive director of the Company with effect from receiving written consent in terms of Section 66(7)b of the Companies 71 of 2008”.*
- 8.3 *“It is RESOLVED that Wendy Oldfield be and is hereby nominated as a non-executive director of the Company with effect from receiving written consent in terms of Section 66(7)b of the Companies 71 of 2008”.*
- 8.4 *“It is RESOLVED that Ryan Hill be and is hereby nominated as a non-executive director of the Company with effect from receiving written consent in terms of Section 66(7)b of the Companies 71 of 2008”.*
- 8.5 *“It is RESOLVED that Sello Chicco Twala be and is hereby nominated as a non-executive director of the Company with effect from receiving written consent in terms of Section 66(7)b of the Companies 71 of 2008”.*
- 8.6 *“It is RESOLVED that Gabi Le Roux be and is hereby nominated as a non-executive director of the Company with effect from receiving written consent in terms of Section 66(7)b of the Companies 71 of 2008”.*
- 8.7 *“It is RESOLVED that Natalie Sanderson be and is hereby nominated as a non-executive director of the Company with effect from receiving written consent in terms of Section 66(7)b of the Companies 71 of 2008”.*
- 8.8 *It is RESOLVED that Linah Ncgobo be and is hereby nominated as a non-executive director of the Company with effect from receiving written consent in terms of Section 66(7)b of the Companies 71 of 2008”.*
- 8.9 *It is RESOLVED that Craig McGahey be and is hereby nominated as a non-executive director of the Company with effect from receiving written consent in terms of Section 66(7)b of the Companies 71 of 2008”.*
- 8.10 *It is RESOLVED that Thami Mdluli be and is hereby nominated as a non-executive director of the Company with effect from receiving written consent in terms of Section 66(7)b of the Companies 71 of 2008”.*
- 8.11 *It is RESOLVED that Sipho Sithole be and is hereby nominated as a non-executive director of the Company with effect from receiving written consent in terms of Section 66(7)b of the Companies 71 of 2008”.*

8.12 *It is RESOLVED that Tshepo Nzimande be and is hereby nominated as a non-executive director of the Company with effect from receiving written consent in terms of Section 66(7)b of the Companies 71 of 2008”.*

Brief curriculum vitae of the members for nomination are set out in **Annexure/s G**.

It is advised that the maximum total number of directors that may be appointed to the board of directors is 14 (fourteen), as per the MOI, including the two positions for executive directors and 4 (four) independent non-executive directors*. Therefore, the nominees as per above (numbered 8.1-8.12) who receive more than 50% of votes in favour of their nomination to the board, will be considered for appointment to the SAMRO board, by the remaining board, in line with SAMRO's policies and procedures. The final new board appointments will be communicated to members once finalised, after the AGM, within 7 (seven) working days. The new appointments will only be effective if written consent is been received from the nominated directors, within 7 (seven) working days of notification of their appointment by the board, in terms of Section 66 (7) b of the Companies Act 71 of 2008.

It is noted that some members' checks came back inconclusive and SAMRO is in the process of finding out the reasons for this. Should the results be unfavourable with regards to the respective nominated member in terms of Section 69 of the Companies 71 Act of 2008, the member will not be eligible to be nominated as a non-executive director on the board of SAMRO.

**Subject to the approval of ordinary resolution 4.1 above.*

For each one of the above Ordinary Resolutions to be adopted, it must be supported by more than 50% (fifty percent) of the voting rights exercised on the applicable resolution.

For each one of the above Special Resolutions to be adopted, it must be supported by at least 75% (seventy five percent) of the voting rights exercised on the resolution.

GENERAL

Proxies

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and to vote in its stead, by completing the proxy form attached as **Annexure D** and delivering such proxy form to the registered office of SAMRO.

Proxy forms must be forwarded (if signed in a representative capacity, together with the power of attorney or other authority, or a notarial copy thereof) to reach the registered office of SAMRO, for the attention of the Company Secretary, not less than prior to the commencement of the Annual General Meeting.

A proxy need not be a member of SAMRO. The proxy may delegate the authority granted to him as proxy, subject to any restriction in the proxy itself.

Participation in the General Meeting by Electronic Communication (if any) is available.

Identification and Authorisation

In accordance with section 63(1) of the Companies Act, please note that all members of SAMRO participating in the meeting, and/or their duly appointed proxies, must provide satisfactory identification to SAMRO upon arrival at the meeting. In this regard, subject to the chairman's discretion, generally only a valid green bar-coded South African Identity Book, a valid South African Identity Card, a valid passport or a valid driver's license shall constitute satisfactory identification. The representative of a juristic member must provide satisfactory proof of his/her authorisation to represent such juristic member, in the chairman's discretion.

Quorum

A quorum for the Annual General Meeting shall be 100 (one hundred) Members Present, which must include at least 3 (three) Full Members. If no quorum is present within half an hour of the time for commencement of the Annual General Meeting on 11 December 2018, the board of directors has determined (in accordance with clause 14.17 of SAMRO's Memorandum of Incorporation) that the meeting shall stand adjourned to 10h00 on 14 December 2018 at the same location and, if at such reconvening of the adjourned meeting a quorum is not present by 10h30, then any number of members present (in person or by proxy) shall constitute a quorum.

Only Members or their proxies are permitted to attend the meeting. Regrettably no children are allowed.

Record Date

The record date for the meeting shall be 11 December 2018.

Directors retiring by rotation, resigning or being removed in terms of Section 71 of the Companies Act 71 of 2008:

Any director retiring by rotation, resigning or being removed in terms of Section 71 of the Companies Act 71 of 2008 at the Annual General Meeting, will remain in office until the conclusion of the Annual General Meeting.

Newly appointed directors

The new directors will become directors of SAMRO once they have delivered to the company a written consent to serve as its director, in terms of Section 66(7)(b) of the Companies Act 71 of 2008, after the conclusion of the Annual General Meeting.

Annexures

The annexures to this notice form part of the notice and are incorporated by reference. The information in this notice and the annexures do not constitute legal or professional advice and if you are in any doubt as to the action you should take and the consequences, please consult your accountant, attorney or tax expert.

By order of the Board.

JOHANNESBURG

7 December 2018