

MINUTES FOR THE SPECIAL GENERAL MEETING

FOR THE YEAR ENDING 31st DECEMBER 2019 CONVENED ON 13TH OCTOBER 2020

ATTENDANCE

A list for all members in attendance at the UPRS offices and the online platform is here under attached.

AGENDA

1. Arrival of Members
2. Opening Remarks by the M.C
3. Opening prayers.
4. Remarks from the Director of Intellectual Property, URSB
5. Report of the Ad-hoc Committee of Inquiry into the Operations of UPRS
6. Report from the Appointed Caretaker, Mr. Kabiito Karamagi and Ms. Ritah Birungi
7. Special Resolutions to amend the Constitution of UPRS
8. Voting
9. Closing Prayer
10. Departure

MINUTES

MIN 01/2020	Opening Remarks Opening remarks were delivered by the Master of Ceremonies Mr. Emmanuel Katongole, at 10:00 am. He then yielded the floor to Ms. Joanita Kawalya (former board member, UPRS) who made a prayer.
MIN 02/2020	Remarks from the Registrar General, Uganda Registration Services Bureau (URSB) The Director of Intellectual Property, Ms. Kainobwisho, who represented the Registrar General, chaired the meeting. She introduced herself, Mr. Kabiito Karamagi (Caretaker), Mr. Ambrose Ekaju (Director, Internal Audit, URSB) and Mr. Wabugo Michael of URSB) who was the Meeting Secretary. Ms. Kainobwisho stated the reason for the convening of the Special General Meeting – the lack of required quorum at the last convening pursuant to Section 75(6) of the Copyright and Neighbouring Rights Act 2006. She read the speech of Mr. Bemanya Twebaze, the Registrar General who delegated her to speak on his behalf as he was attending to other national duties. Ms. Kainobwisho stated that the meeting came at a time in which the COVID 19 Pandemic had affected every sector, business and every part of the economy – the creative sector inclusive. The new normal forced upon all by the pandemic made it impracticable to host UPRS’ over 1000 strong membership physically in one location hence the adoption of the virtual Conferencing Platform. Ms. Kainobwisho then gave a Background of the Inquiry into UPRS by the Regulator, URSB. Stating that on March 22, 2017, the Registrar General URSB constituted an Ad-hoc Committee to inquire into the Constitution, Operations and Financial Status of UPRS. The inquiry was commissioned due to several complaints against UPRS and the Creative Arts Industry over the mal administration and operations of UPRS.

The Ad hoc Committee was constituted and presented findings to the Registrar General. A series of meetings were held with the UPRS Board at which some senior officers were requested to step aside to allow the investigations to progress and for the caretaking administration to progress.

On 29th July 2019, Uganda through URSB took a decision to appoint Caretaker Managers – Mr. Kabiito Karamagi and Ms. Ritah Baguma Birungi of Ligomarc Advocates. The Caretakers, among other things, were assigned to inquire and provide findings on the financial conditions of UPRS. The process of caretaking administration was expected to take 3 months but eventually, because of the complexity of issues affecting Collecting Societies, the process went on for much longer.

Among the findings were lack of systems and processes, and fragile corporate governance and administration structures.

Ms. Kainobwisho stated that URSB, as regulators of UPRS, have interest in the future of UPRS because it has potential to contribute a lot to the Ugandan economy and every household– beyond its current contribution. URSB is interested in seeing the collective effort of artistes and collective management systems that will work for Ugandan Music Creators. UPRS has the potential to benefit every Ugandan household as it employs a vast number of Uganda’s young population.

Ms. Kainobwisho stated that it is time for infringers of copyright to confess their wrongs and amend their ways as enforcement of copyright was taking on new energies – from URSB and collecting societies such as UPRS. She urged the infringers to place themselves in the shoes of music creators who invest heavily to create entertaining content and reap little due to infringers.

Ms. Kainobwisho also urged users especially broadcasters to rightly compensate and value the efforts of music creators whose works they use commercially. This is simply done by duly paying their licenses to UPRS and upholding and respecting the copyright of music creators.

	<p>Ms. Kainobwisho she acknowledged the efforts of the initiators of UPRS who brought the society to this point. She also applauded the artistes whose works have kept UPRS alive and purposeful. Ms. Kainobwisho stated that the task ahead for UPRS and URSB is large but with the commitment of all stakeholders, it is achievable. She thanked the UPRS Team, the Caretakers, the Ad Hoc Committee of Inquiry from URSB and the Artistes (members) most importantly, the latter of whom whose contribution is key to the growth of the creative industry and Ugandan economy at large.</p> <p>Ms. Kainobwisho on behalf of the Registrar General URSB officially opened the 2020 Special General Meeting.</p>
<p>MIN 03/2020</p>	<p>Report of the Ad-hoc Committee of Inquiry into the Operations of UPRS</p> <p>This report was delivered by Mr. Ambrose Ekaju, the Chair of the Ad-hoc Committee of Inquiry and the Director, Internal Audit of URSB.</p> <p>Mr. Ekaju stated that the objective of the Ad-hoc Committee was to establish the validity of the complaints lodged against UPRS.</p> <p>Specifically</p> <ol style="list-style-type: none"> i. Whether UPRS was compliant with the Copyright and Neighbouring Rights Act of 2006 and other laws in protecting the socio-economic interests of its membership. ii. Whether UPRS carries out public awareness campaigns and provides information on Copyright and Neighbouring Rights as provided for by Section 58 (b) and (d) of the Copyright and Neighbouring Rights Act of 2006. iii. Whether UPRS is transparent and accountable in the distribution of royalties of her members iv. Whether UPRS holds Annual General Meetings to elect leadership v. Whether UPRS' executive committee causes the auditing of accounts in accordance with Section 69 of Copyright and Neighbouring Rights Act of 2006. vi. Whether there is transparency in financial dealings of UPRS as envisaged by the Act.

- vii. Whether UPRS is being run in the best interests of her members.
- viii. Whether UPRS has fostered harmony and understanding between its members.

Mr. Ekaju shared the methodology employed in executing the inquiry. He stated the following were adopted by the Ad hoc committee in carrying on their work.

- Documentary Review
- Interviews of UPRS Staff, Select stakeholders, External Consultants and various musicians in the Ugandan Music Industry.
- Conducted site visits to UPRS officers and relevant stakeholders.

Mr. Ekaju shared the findings of the report which can be summarized as follows.

- i. UPRS team was found to be woefully non-compliant with several laws – to wit, the NSSF Act in not satisfactory remitting Social Security Savings, the Income Tax Act by way of not remitting PAYE and VAT to Uganda Revenue Authority as required.
- ii. It was found that UPRS did not carry out effective sensitization and public awareness with stakeholders as the Act demands – first with users from whom license fees were collected causing conflicts and from artistes who were to be educated on their rights and to the general public on piracy. UPRS lacked a Public Relations Officer to execute such roles.
- iii. The committee found that UPRS was not transparent in royalty distribution to her members. UPRS paid some royalties but keeps no evidence as to what is collected and what is distributed. UPRS members are unaware of how much is collected. The few royalties given are not tabulated or generated systematically – as such are unjustified.
- iv. It was found that UPRS had not held elections for the last 8 years. UPRS did not have, as per an interviewee, acceptability as leadership was limited one or two people. It was observed that the CEO also doubled as the Company Secretary. The CEO is a technical person and the Company Secretary was not hitherto appointed by the Board which is highly irregular. UPRS did not hold Annual General Meetings as stipulated by the Act.
- v. The report found that annual auditing of UPRS as the law required was barely and poorly executed – if at all and that the audit statements were unreliable. The Registrar General had

never received any request to approve any auditors from UPRS as the law required. There was no evidence of auditing in its initial years. The current auditors, PAKS and Company CPA, were not giving audit reports on company management efficiency and audit reports tendered were only for years 2013-2014,2015-2016.

- vi. It was found that the UPRS management was either misreporting or mismanaging their accounts. The Society realized in 2015-2016, surpluses of 728,352,637UGX and 85,519,478UGX respectively yet it choked with a liability of 192,340,598UGX, 95% of which are statutory and had a bank balance of 40,958,631UGX. The company had failed to manage its debt portfolio. A total of 162 Million was written off as ‘sales gone bad’ – bad debts. There is a mismatch between monies reported and present in accounts.
- vii. The inquiry found that UPRS does not keep or own an account to serve as a provident and benevolent fund in the interest of its members. It learned that there exists an insurance policy against fire and burglary worth 50 Million with Jubilee Insurance. This was not approved by the Board or regulator as required by the law.
- viii. It was found that the mandate of UPRS was unclear in identity, work and obligation. It was made clear that UPRS had not updated its record and has severally acted contrary to the law. Investigations revealed there was need to clarify the role of UPRS in the music industry of Uganda. UPRS admits members without charging a fee – contrary to the law. UPRS should levy this charge to members.

The financial mismanagement reads of negligence on the part of UPRS management. It lacks a debt management strategy and an unreliable unrealistic and unapproved budget strategic plan. It has failed on the part of setting a benevolent fund as required by the law. UPRS management grossly failed and was operating contrary to the law on many grounds.

<p>MIN 04/2020</p>	<p>Presentation of Report from the Appointed Caretaker, Mr. Kabiito Karamagi and Ms. Ritah Birungi</p> <p>This report was delivered by Mr. Kabiito Karamagi, Appointed Caretaker Manager of UPRS in his own capacity and on behalf of Ms. Ritah Birungi on the Financial Operations and Restructuring Plans for the Society.</p> <p>Mr. Karamagi stated that the role of the Caretaker was to facilitate investigations into the operations of UPRS and presented the findings as below.</p> <ul style="list-style-type: none"> • That Messrs. James Wasula and Dominique Matovu, the forerunners of the Society, established the growth of UPRS and promoted Copyright Law in Uganda • That said, UPRS' management has not been operated in compliance with legal requirements. More specifically, it has contravened the Companies Act and the Copyright and Neighbouring Rights Act of 2006. • The CMO has enormous financial potential capable of raking in Billions of Shillings in Royalty Collections within 24-36 Months. • The current Board, while passionate, lacks the minimum required leadership skills and competence to steer UPRS to its full potential. • The Staff appear to be well trained in the technical aspects of Copyright administration and management but lack the required management and leadership skills necessary to perform and run the society to its required standard.
<p>MIN 05/2020</p>	<p>The Amendment of the UPRS Constitution</p> <p>This is an amendment of the UPRS Articles of Association to allow better running and management of the Society. It was delivered by Ms. Ritah Baguma Birungi on behalf of the Registrar General and by the UPRS Caretakers.</p> <ul style="list-style-type: none"> • Ms. Birungi made note for the incorporation of a standard form of the Constitution of UPRS all with the aim of ensuring good corporate governance by instating a Code of Corporate

Governance into the Articles of the Organisation to which UPRS would report its compliance to the Capital Markets Authority.

- Ms. Birungi stated that a few definitions had been incorporated to provide clarity to the constitution
- Ms. Birungi remarked the need for UPRS' Memorandum of Association to have due recognition of the Uganda Companies Act (As amended) in 2012 as a basis for most of the amendments.
- Ms. Birungi proposed the amendment of Article 2(c) and 3 which stated the requirements/ qualifications for persons eligible to the UPRS membership and Board respectively.
- Ms. Birungi proposed the amendment of Article 4 to allow for voluntary registration of rights – making possible for members to opt in or out of the assignment of specific rights arising from their respective works.
- Ms. Birungi proposed the amendment of Article 5(c) pertaining to the death of a member and their succession. The amendment gave clarity to the procedure of application for succession and obligations arising therefrom.
- Ms. Birungi proposed the amendment of the rights pertaining children, allowing for guardianship orders to allow UPRS administer the rights of the same.
- Ms. Birungi proposed the amendment of Article 6(b) to make provision for virtual meetings and attain quorum through the same.
- Ms. Birungi proposed the amendment of Article 8(a) that dealt with quorum for meetings and elections to be fully constituted in the presence of 100 members down from 2/3s of the membership.
- Ms. Birungi proposed the amendment of Article 9(i) pertaining to the constitution of the UPRS board, citing 11 members.

	<ul style="list-style-type: none"> • Ms. Birungi proposed the amendment of Article 9(iv) that dealt with independent directors and their prerequisites. She stated these as a Bachelor’s Degree, Two Principle Passes at A Level, Credits in English and Math, nor to be a discharged Bankrupt nor convicted of a financially related crime, of sound mind, 18 and above and demonstrating experience in the relevant functions and principal issues affecting the society. • Ms. Birungi proposed the amendment of Article 9(v) pertaining the term of office of a director to 3 years making them eligible for reelection, in the exception that a director serving two terms will wait three years before becoming eligible for reelection. • Ms. Birungi proposed the inclusion of a Board Nomination process to streamline the procedure and sieve the qualifying persons down to the numbers required by the law and in the best interests of the quality of service for UPRS. She suggested the quorum of the board to be 7 of the 11 with the option of virtual meetings. • Ms. Birungi proposed the amendment of Article 14(a) pertaining to the proposition of the institution of board committees to serve specific ends in the leadership of the society. She tendered three committees namely; Audit and Risk Committee (Art 14(b)), Technical and Finance Committee (Art.14(c)) and Members Affairs and International Relations Committee (Art 14(d)).
<p>MIN 06/2020</p>	<p>The Election of the Board of Directors</p> <p>This voting process was overseen by the Chair of the Session, Ms. Kainobwisho on behalf of the Registrar General and by the Board of Directors selected by the Regulator – URSB.</p> <p>Those who were elected are as follows:</p> <ol style="list-style-type: none"> 1. Mr. Justin Basiima – Board Member representing Producers 2. Mr. James Sserumaga – Board member representing Publishers

3. Ms. Juliet Ssesanga – Board member representing Performers
4. Mr. Wisdom Kaye – Board member representing Performers
5. Dr. Peter Ntege – Board member representing Composers

The members appointed are as follows:

1. Dr. Patrick Mangeni
2. Mr. Robert Ssemakula
3. Mr. Kabiito Karamagi
4. Mr. Sam Okello Kelo
5. Mr. James Abola
6. Ms. Gertrude Wamala Karugaba

The Meeting was concluded at 2:30pm by Ms. Kainobwisho.

Confirmed and signed on the 13th day of October 2020

Antony Eric Mwandha
Ag. Chief Executive Officer