

ANNUAL REPORT  
STICHTING STEMRA  
**2019**

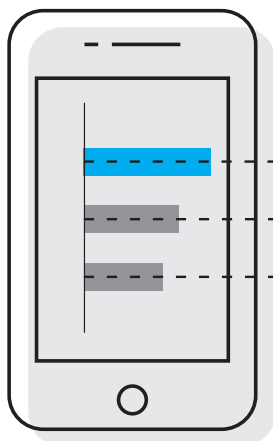
**buma·stemra**

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# KEY FIGURES OF STEM-

## COLLECTION STEMRA (x € 1,000)



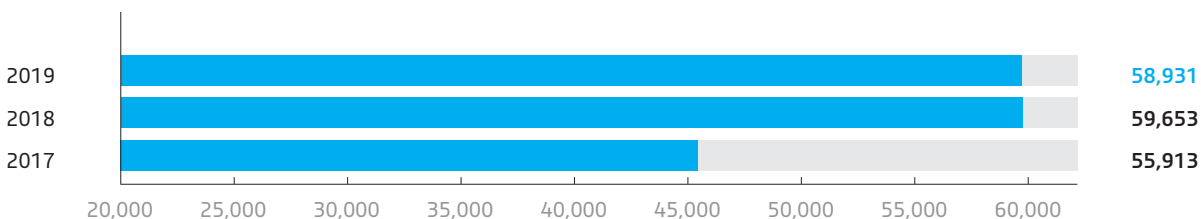
**32,197 | 2019**  
 32,399 | 2018  
 36,291 | 2017

## NUMBER OF FTES

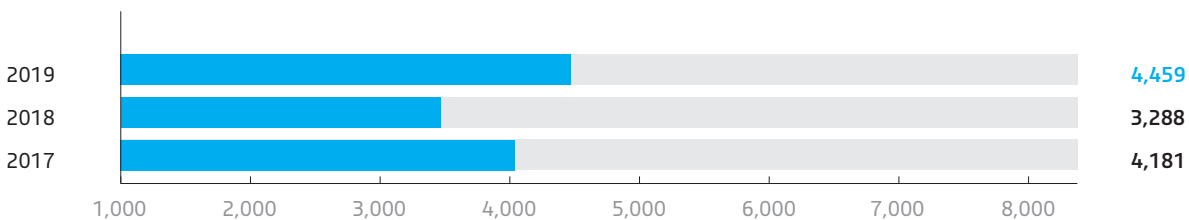


	STEMRA
2019	14.3
2018	14.2
2017	14.2

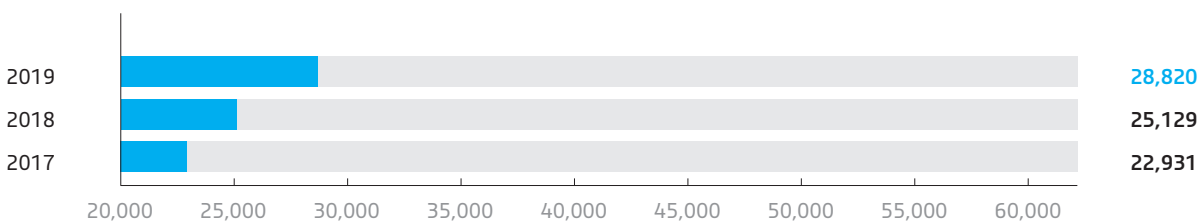
## COPYRIGHT ROYALTIES TO BE DISTRIBUTED (x € 1,000)



## MANAGEMENT COSTS (x € 1,000)



## DISTRIBUTIONS (x € 1,000)



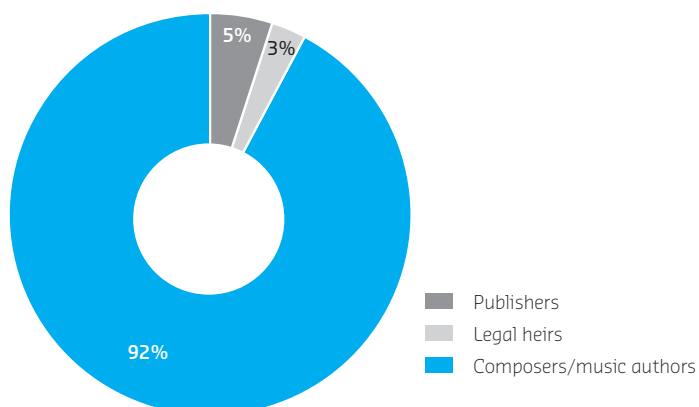
<b>KEY FIGURES</b>						
(x € 1,000)	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>COPYRIGHT ROYALTIES RECEIVED/RECEIVABLE</b>						
Phono-mechanical rights BIEM / Central Licensing	4,946	5,610	6,058	6,192	6,169	6,895
PIEB (custom pressing) / Special Licensing	4,042	3,869	4,935	4,922	4,919	5,564
Radio & TV	6,140	6,579	5,819	6,970	6,046	5,692
Online	7,548	5,347	5,339	4,596	3,793	3,134
Private Copying / Public Lending Rights	5,664	5,312	10,198	6,213	13,414	4,631
Reprographic rights	107	-	115	-81	341	1,006
<b>Music use in the Netherlands</b>	<b>28,446</b>	<b>26,718</b>	<b>32,464</b>	<b>28,813</b>	<b>34,682</b>	<b>26,922</b>
<b>Music use abroad</b>	<b>3,751</b>	<b>5,681</b>	<b>3,827</b>	<b>5,082</b>	<b>4,581</b>	<b>4,788</b>
<b>Total</b>	<b>32,197</b>	<b>32,399</b>	<b>36,291</b>	<b>33,894</b>	<b>39,263</b>	<b>31,710</b>
<b>DISTRIBUTIONS</b>						
Rights owners	25,399	22,448	20,809	24,993	27,307	19,526
CMOs Abroad	3,421	2,682	2,122	2,603	3,363	2,387
	<b>28,820</b>	<b>25,129</b>	<b>22,931</b>	<b>27,596</b>	<b>30,670</b>	<b>21,913</b>
<b>Administration fee withheld upon distribution</b>	<b>4,099</b>	<b>3,510</b>	<b>2,930</b>	<b>3,961</b>	<b>4,755</b>	<b>3,144</b>
<b>Total</b>	<b>32,919</b>	<b>28,639</b>	<b>25,861</b>	<b>31,557</b>	<b>35,425</b>	<b>25,043</b>
<b>COPYRIGHT ROYALTIES TO BE DISTRIBUTED</b>						
Copyright royalties to be distributed at end of financial year	58,931	59,653	55,913	45,483	43,145	39,321
<b>OPERATING STATEMENT</b>						
Administration fee withheld upon distribution	4,099	3,510	2,930	3,961	4,755	3,144
Other income	892	848	803	782	729	690
<b>Total income</b>	<b>4,991</b>	<b>4,357</b>	<b>3,733</b>	<b>4,744</b>	<b>5,484</b>	<b>3,834</b>
Management costs	-4,459	-3,288	-4,181	-2,966	-5,921	-6,585
<b>Total expenses</b>	<b>-4,459</b>	<b>-3,288</b>	<b>-4,181</b>	<b>-2,966</b>	<b>-5,921</b>	<b>-6,585</b>
<b>BALANCE OF TOTAL INCOME AND EXPENSES</b>	<b>532</b>	<b>1,069</b>	<b>-448</b>	<b>1,777</b>	<b>-437</b>	<b>-2,751</b>
Financial income and expenses	-98	17	-25	60	308	409
<b>Available for appropriated reserve</b>	<b>434</b>	<b>1,087</b>	<b>-473</b>	<b>1,837</b>	<b>-129</b>	<b>-2,342</b>

KEY FIGURES						
(x € 1,000)	2019	2018	2017	2016	2015	2014
Actual cost percentage withheld for the Dutch industry: BIEM	7.3%	7.3%	7.3%	7.3%	7.3%	7.3%
Actual cost percentage withheld for Foreign Central Licensing	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Actual cost percentage withheld for Background music / Audio-visual education and Corporate productions	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Actual cost percentage withheld for Radio & TV	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Actual cost percentage withheld for Audio Visuals TV / Cinema	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Actual cost percentage withheld for Audio Visuals Commercials	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Actual cost percentage withheld for Private Copying / Public Lending Rights	9.0%	9.0%	9.0%	15.0%	15.0%	15.0%
Actual cost percentage withheld for Online	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Actual cost percentage withheld for Abroad	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Actual cost percentage withheld for P.I.E.B./ Home Video/Imports/Reprographic rights	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Actual average percentage withheld (administration fees as a percentage of distribution)	14.2%	14.0%	12.8%	14.4%	13.4%	12.6%
Management costs (gross) as a percentage of total copyright royalties received/receivable	13.8%	10.2%	11.5%	8.8%	15.1%	20.8%
Management costs (gross) as a percentage of total distributed copyright royalties	15.5%	13.1%	16.2%	9.4%	16.7%	26.3%
Annual change in operating costs	35.6%	-21.3%	41.0%	-49.9%	-10.1%	0.1%
Derived consumer price index	2.6%	1.7%	1.4%	0.3%	0.6%	1.0%
Number of affiliates and participants	29,618	28,223	26,937	25,364	24,092	23,012
Number of invoiced licensees	1,136	1,248	1,200	1,500	2,600	2,600
Number of employees in FTEs	14.3	14.2	14.2	15.2	14.7	16.6

#### Members and affiliates in 2019

Composers/music authors	27,145
Publishers	1,534
Legal heirs	939

**TOTAL** **29,618**



# —1. DIRECTORS' REPORT

# 1. DIRECTOR'S REPORT

## 1.1 EXPLANATION BY THE BOARD

### INTRODUCTION

The music world flourished in 2019, especially live performance and online, and it was also a great year for Stemra. Fees collected remained stable and we achieved positive financial results in the distribution of copyright royalties. Fees collected rose strongly in the Online segment, while other market segments showed a slight decrease or stabilisation. The management costs, i.e. the costs incurred in collecting and distributing royalties, were well under control.

In this Directors' Report we will discuss the results, the main events, market developments and our priorities. First, based on the overall strategy of Buma/Stemra, we will briefly explain what the main policy goals for 2019 were and what steps have been taken.

### OBJECTIVES

One of the main objectives for 2019 was to properly attune the new governance structure of Buma/Stemra that was introduced in 2018. Particular attention was paid to the development of the role of the Council of Rights Owners, which was established in the same year. We also focused on the progress of activities agreed on with the Supervisory Board and the Supervisory Authority for Copyright Rights (our external regulator) in response to administrative problems in recent years. Finally, the business in general had of course our full attention as well, with all market segments in which we operate: Radio & TV, Online, Public Use (shops, restaurants and bars, various workspaces) and Mechanical Rights.

In the budget for 2019, we set out the following ambitions (summarised below), in line with the cost standards set by the government in July 2013<sup>\*</sup> for collective management organisations under the Dutch Supervision of Collective Management Organisations (Copyright and Neighbouring Rights) Act (hereinafter referred to as: Supervision Act):

- Total fees collected slightly above the 2018 level,
- Level of distribution slightly below that of the previous year, this in connection with non-recurrent higher distributions in 2018,
- Approximately 4% lower management costs, in which the scope and development of these costs must meet all set cost standards: a maximum 15% of total fees collected, a maximum 15% of total distribution and a maximum increase of the consumer price index.

<sup>\*</sup> See Section 1(1)(a-c) of the Decree implementing the Collective Management Organisations for Copyright and Neighbouring Rights (Supervision and Dispute Resolution) Act: <http://wetten.overheid.nl/BWBR0033622/2016-12-21>

Furthermore, in 2019 we wanted to develop a new method for allocating costs not directly attributable to Buma or Stemra, which we will come back to later in this report. Another objective was to improve the accessibility of financial information about Stemra in the course of 2019. In this Directors' Report, we account for all these ambitions.

### FINANCIAL RESULTS

In 2019, income amounted to € 32.2 million, a decrease of 0.1% compared to the previous year (2018: € 32.4 million). In 2019, growth is mainly accounted for by the Online and Private Copying segments. A slight fall can be seen in income from Radio & TV and BIEM. Income from the other segments remained stable compared to the previous year.

In 2019, Stemra distributed over 14.6% more than in 2018, from € 25.1 million to € 28.8 million. Compared to 2018, management costs rose by 35.6% to € 4.5 million as a result of an adjustment in cost allocation between Buma and Stemra.

Not all costs remained below the norm of 15% set by the Dutch government under the Supervision Act.

- management costs compared to total fees collected for 2019 amounted to 13.8% and
- management costs relative to total distribution amounted to 15.5%.

The Supervision Act also states that an increase in management costs may not exceed the development of the consumer price index. This index recorded plus 2.6% in 2019, which does not meet the third norm.

A detailed analysis of how the results were achieved is included in section 1.2 of this report. This section also discusses in more detail the investment results achieved in the past year.

### COMPETITION

The field of competition around Stemra is highly dynamic. More and more market parties are emerging, relationships are shifting continuously and technological developments provide new opportunities, yet can pose a threat at the same time. The playing field is becoming more international. The days that the Netherlands was the only playing field for collecting royalties for music use are far gone. Multi-territorial licences with online providers are becoming increasingly important.

Competition is mainly felt in the online market, where musicians have a wider choice in terms of managing their rights. As a result of the European directive aimed at harmonising copyrights in the EU's digital single market, Stemra does not have a monopoly position in this market. Musicians can join one or more Collective Management Organisations of their choice, both for certain user categories and for certain countries. A Collective Management Organisation (hereinafter referred to as CMO), is an organisation charged with the collection and/or distribution of fees under copyright and neighbouring rights.

CMOs are increasingly competing for the attention of musicians and have all kinds of incentives available, including advances, faster payment and customised services. CMOs that manage a large repertoire of works, operate in a large language area or can work with larger volumes for other reasons, enjoy economies of scale. They are able to run a strong foreign division that allows them to manage the use of music by major musicians globally. This at the same time makes these CMOs strong in acquisition. In the years to come, Stemra aspires to attain a position in the market allowing us to rise up to with these globally operating players.

With increasing mutual competition, costs are of great importance, because players with relatively low costs can compete heavily on price. Stemra's current policy is therefore aimed at efficient day-to-day operations and a well-organised service and information concept. To meet and exceed the needs of our affiliates, this daily operation must as excellent as it is efficient. To this end, we offer a basic and transparent collection and distribution process and aim to distribute copyright royalties faster and more orderly.

## MARKET DEVELOPMENTS

An important market development is a clear shift in music use towards more online streaming and subscription services. We can also see a sharp decline in the sales and use of physical music carriers and an increase in live performances, music festivals and other events. Broadcasters are undergoing a profound transformation as a result of pressure on government contributions to public broadcasters, as well as the decline in linear views. Another development is the strict and tightened requirements for the transparency and efficiency of our actions. The Supervisory Authority for Copyrights closely monitors compliance with our social responsibility in this regard.

The European directive for the digital single market within the EU leads to an increasing number of multi-territorial licences for online music use. International CMOs each want to have the largest possible market share in this and therefore compete with each other first before starting to work together in administering that licensed repertoire.

Stemra too works with international sister societies in the cross-border administration of copyrights, again after having been in competition with them first in issuing those multi-territorial licences. Stemra deems this internationalisation a positive development that offers clear opportunities for expanding its activities.

Within the Online market, we come across major Digital Service Providers (DSPs) for music such as Apple, Spotify and YouTube. Stemra has managed to issue European-wide licences to most and the largest of these players. Market forecasts show growth of 12% per year in the volume of music streaming services for the coming years in the Netherlands and Western Europe. A licensed DSP expects us to indicate exactly which repertoire we represent. That is why it is very important that our affiliates can properly register their works with us even faster than they do now. If we offer great ease of use, we can quickly file the appropriate claim with the relevant DSP and pay it to our affiliates at the same pace. We only license music repertoire that has been registered with us by our own affiliates directly, but do so multi-territorially. This requires a strong connection with our affiliates and clear agreements with our international sister societies.

Stemra advocates preserving the Copyright principle and this has partly contributed to the fact that Section 17 of the EU Copyright

Directive now stipulates that market parties that carry *user-generated content*, such as YouTube and Facebook, have an obligation towards the content owners. This legislation must be converted into Dutch legislation in the years to come, but it already provides us with some guidance for a stronger negotiating position towards these platforms.

In addition to user-generated content, *video on demand* within the online segment is growing as well. Important players in this niche market are Netflix and Videoland. In the next five years, they are expected to grow by 10% per year in the Netherlands. Not only does Stemra see the growth of video on demand reflected in its annual figures, the trend is also confirmed by the market forecasts. Consumer screen time has slightly increased over 2019, but the increase accounted for on-demand services is at the expense of linear TV viewing time. This has been declining for several years now and that is a concern for the TV advertising market: TV advertising revenues will be dropping at some point in the future. Such a drop has an impact on Stemra because we collect for all rights owners in the radio and TV market across the globe, including repertoire of rights owners from abroad used in the Netherlands. Income from commercials counts towards the basis for calculating those copyright royalties, and fewer commercials means less income.

In addition, revenues by the Radio and Television Advertising Foundation (STER) in particular are likely to fall because of the government's plans to substantially change the broadcasting system. Government contributions will be reduced and commercials before 8pm may no longer be permitted. Preliminary market forecasts for the next five years in the Netherlands still provide a more or less stable situation, expecting growth in the TV advertising market of less than 1% per year.

## COMING YEARS

The online segment will show rapid growth in the years to come, thereby extending our playing field because we issue multi-territorial licences. On the other hand, Stemra only collects for the repertoire of rights owners established in the Netherlands. The growth in Online activities will only partially offset the expected decline in advertising revenues from radio and TV. Commercial TV companies are increasingly transforming into multi-media companies offering content on platforms other than just linear TV. In addition to serving the consumer with content, their goal still is realising a *lock-in*, during which the provider succeeds in capturing the consumer's undivided attention for a longer period of time. This leads to revenue models which, on the one hand, are based on advertising revenues and, on the other, on subscription structures, both platform independent. Stemra must adapt its services to this, for example by providing the possibility of obtaining licences that are platform independent as well.

This does, however, result in pressure on the collectivity-based licences (*blanket licences*) that we use. They offer convenience at a favourable rate, because no distinction is made in the *value* of the music (for example, whether it involves hits or so-called *incidental music*).

As for the Online segment, the copyright interests of lyricists and composers and their representation are more widely spread. Consequently, we cannot set up the licensing method in the same way as for radio and TV. If we still want to license, collectivity across the board is no longer self-evident. As such, Stemra is faced with the challenge of continuing to offer convenience at a realistic rate, which is crucial for those who have joined us. However, this is only possible if we have a strong position in the representation of the online music repertoire.



Revenues received from the Stichting Thuiskopie have fluctuated in recent years, mainly due to subsequent payments received under the settlement agreed between the foundation and the State of the Netherlands in 2014. The rates established for devices by Stichting Onderhandeligen Thuiskopievergoedingen (SONT) will ensure a regular revenue stream in the coming years.

The mechanical recording market continues to decline in CD sales. The sync market for commercials is a highly volatile market and therefore practically unpredictable. Even years, i.e. the years in which major sporting events take place, can result in peaks.

As for the collection of income from music use that we represent abroad, Stemra depends on the collaboration with its sister societies, with the exception of the Online market segment, in which we will be competing with the sister societies first. Repertoire from the Netherlands is still successful outside national borders, but the income varies per year. This requires more active monitoring of the use of music from our rights owners abroad and, where necessary, increasing the pressure on our sister societies, in order to ensure that our affiliates receive what they are entitled to.

## ICT

An effective ICT system is critical to Stemra's operations. The huge increase in data volumes and developments in the area of *big data* and *artificial intelligence* will place heavy demands on Stemra's ICT system in the coming years.

In 2019, following the implementation of a wide range of measures the year before aimed at guaranteeing the continuity of the IT system, a start has been made with an analysis of the requirements the successor to the current system must meet. Based on this, choices will be made in the course of 2020, after which the development of a new system can be started to replace the so-called AX 2012 system.

AX is the system Stemra uses to execute practically all of its processes and transactions. The system is outdated and is approaching the limits of its anticipated expansion. That is why we make choices to prevent a growing bottleneck in the realisation of Stemra's future plans. As a starting point for the replacement, we opt for the use of standard software for financial and commercial processes. A custom-made solution for Stemra will be developed for user processing and distribution, but in this instance too, standard tools will be used as much as possible to keep costs manageable.

The full transition is expected to take two and a half to three years.

## OUTLOOK

The corona crisis has major consequences for the composers, lyricists and publishers who are affiliated with Stemra. Stemra mainly collects copyright royalties in market segments where the corona crisis has less of a direct impact. Our income in 2020 so far is somewhat lower than budgeted and this trend is expected to continue throughout the year. The market segments Radio and TV and revenues from our foreign sister societies are under particular pressure. The full impact of the pandemic is not yet clear when preparing the annual reports and accounts. It will depend in part on how the outbreak of the coronavirus can be managed and on the widespread availability of a vaccine or medicines.

Stemra makes every effort to minimise the consequences for its affiliates. The accelerated distribution of copyright royalties offers relief in the short term and the Emergency Music Fund, set up by

Buma, Stemra and Sena and financially supported by Spotify, is designed to cushion the initial and worst losses. We have set up the Music Investment Fund using a financial contribution from the government, which allows us to support composers, lyricists and publishers in the form of work and production contributions.

Measures have been taken by Stemra to cut as much costs as possible in 2020, in order to meet the cost standard set under of the Supervision Act as much as possible. Stemra continuously assesses its liquidity position on the basis of the various scenarios. We estimate that Stemra's financing needs will be fully met in the coming period.

## TRANSPARENCY

Buma/Stemra strives for maximum transparency and therefore continues to build on improvements made in 2019, such as the MyBumaStemra portal and the financial information made available online. We are pleased to reach a larger group of stakeholders with the online annual report, in which the key figures are presented dynamically combined with a brief explanation. In the same online environment, we provide stakeholders with six-monthly reports and any adjustments in expectations for the entire year. The budget for the current financial year was published online in February 2020 and can be found here: <https://jaarverslag.bumastemra.nl/budget/#/>

Maximum transparency also means providing transparency about how decisions are made, for example in the field of distribution and about our policy with regard to radio and television and also Online. We show how we deal with collection issues in and from abroad, how we design our internal supervision and how Stemra represents the interests of rights owners.

## IN CONCLUSION

We are deeply indebted to the employees of Stemra, who have had to work from home since mid-March in line with the guidelines of the Dutch National Institute for Public Health and the Environment (RIVM), but who have managed to maintain our service level. The corona crisis casts a shadow over this annual report, but thanks to the joint effort of our employees Stemra can present positive financial results for 2019. We look forward to continuing to build on Stemra's mission with them, the Council of Rights Owners and all other stakeholders, i.e.: looking after the interests of our affiliates in the best possible way and ensuring they are fairly compensated for the use of their work.

Hoofddorp, 5 August 2020

The Management Board:

Bernard Kobes, Chief Executive Officer

Siebe van Elsloo, Acting Chief Financial Officer

## 1.2 FINANCIAL RESULTS, MARKET DEVELOPMENTS AND OUTLOOK

### 1.2.1 COPYRIGHT ROYALTIES (TO BE) RECEIVED

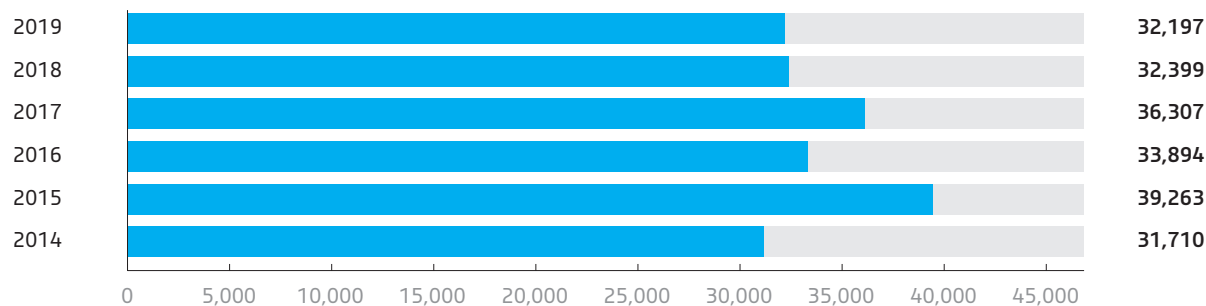
#### STEMRA

The copyright royalties were received from the following categories:

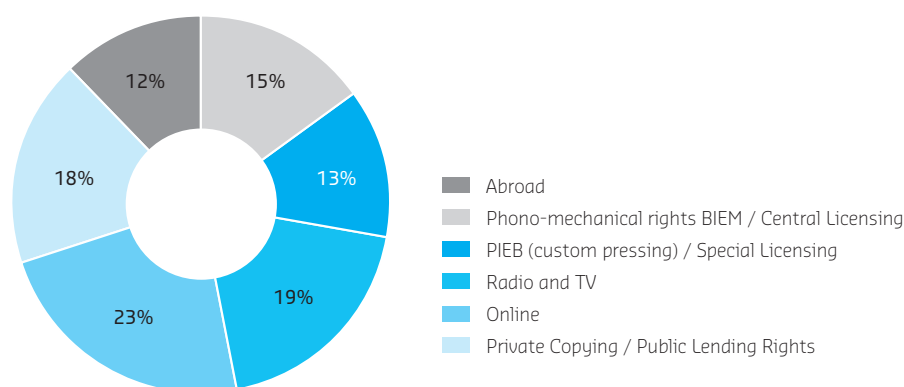
(x € 1,000)	2019	2018
Phono-mechanical rights BIEM / Central Licensing	4,946	5,610
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Radio & TV	6,140	6,579
Online	7,548	5,347
Private Copying / Public Lending Rights*	5,664	5,312
Reprographic rights	107	
Abroad	3,751	5,681
<b>TOTAL STEMRA</b>	<b>32,197</b>	<b>32,399</b>

\* the exploitation of the graphic reproduction rights for sheet music and song lyrics was discontinued with effect from 1 January 2016. The fees collected in 2019 concern a subsequent payment.

#### DEVELOPMENT OF COLLECTION (x € 1,000)



#### COMPOSITION OF COLLECTION



The table and bar chart show that Stemra collected € 32.2 million in 2019. Royalties collected by Stemra have remained relatively constant in 2019 compared to 2018 (-0.6%). The largest rise (€ 2.2 million) was realised from Online streaming, 25% of which was attributed to Stemra. Growth has also been achieved in the Online market thanks to Pan European licence agreements with major Digital Service Providers; however, the direct licensing of foreign music use does imply that Stemra will be collecting less through foreign sister societies.

Fees collected from abroad show a fall in 2019 (- € 1.9 million). However, 2018 included non-recurrent income of € 1.9 million related to the settlement of a number of disputes with foreign sister companies about rights from several years of use before. In 2019, royalties collected from the category of Phono-mechanical

rights BIEM/Central Licensing continued to fall compared to 2018 (- € 0.7 million). This was due to a shrinking market for mechanical rights, particularly for CDs.

Income at Radio & TV is under pressure too. In 2019, some of the royalties for 2018 had to be paid back to local and regional broadcasters due to the new regulations. On the other hand, in 2019, as in 2018, subsequent income from rights revenue was realised for the previous year. Total royalties in this category fell by € 0.4 million compared to 2018.

In 2019, a total of € 0.5 million more was collected from Private Copying, Lending Rights and Reprographic rights compared to 2018.

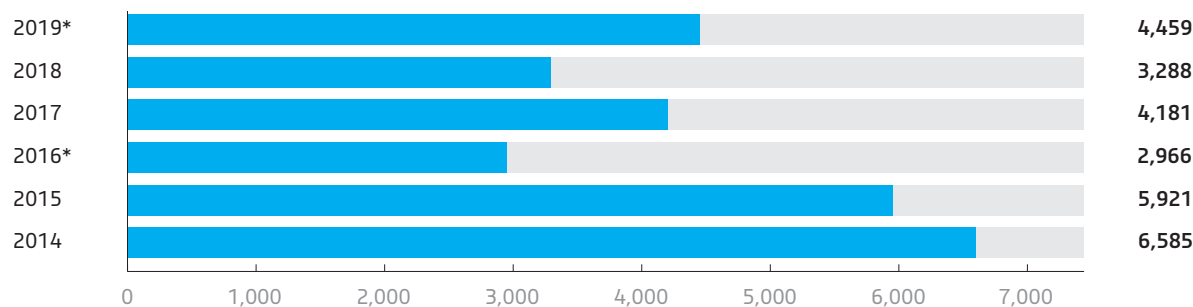
## 1.2.2 MANAGEMENT COSTS

Stemra's expenses can be specified as follows:

(x € 1,000)	2019	2018
Personnel costs	2,116	1,846
Accommodation costs	129	83
Amortisation and depreciation	-	20
Other expenses	2,214	1,339
<b>TOTAL STEMRA</b>	<b>4,459</b>	<b>3,288</b>

### DEVELOPMENT OF MANAGEMENT COSTS

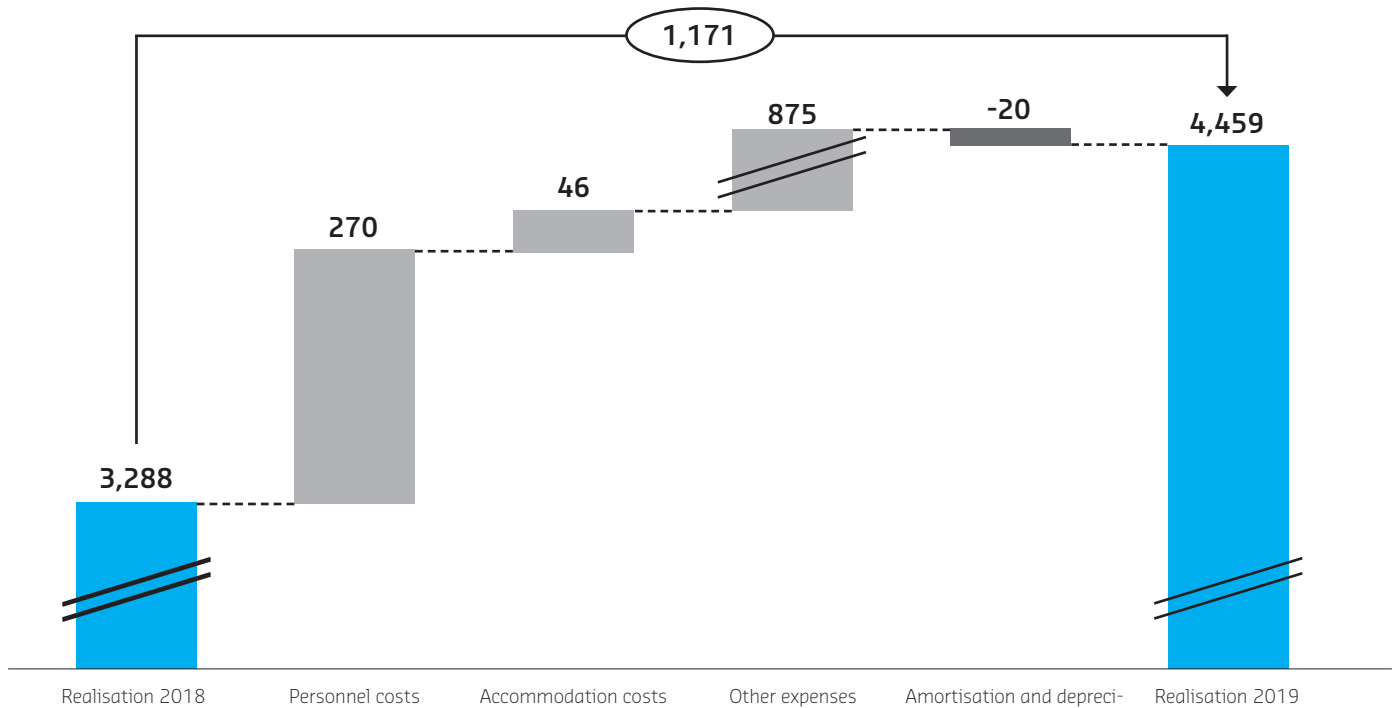
(x € 1,000)



\* In 2016, the development of the management costs decreases due to the fact that the allocation key for the costs between Buma and Stemra was adjusted from 75/25 to 90/10 in that year. In 2019, the percentage was set to 83/17.

The costs increased by € 1.2 million in 2019 compared to 2018. This can be explained by the changed allocation key of costs between Buma and Stemra: in 2019, joint costs fell by 10.2% (€ 3.1 million). In 2019, 17% of € 26.2 million was allocated to Stemra. In 2018, this was 11% of € 29.3 million. Personnel costs allocated to Stemra fell by € 0.3 million and other costs rose by € 0.9 million.

The changes per category of costs are shown in the table below.



### 1.2.3 COVERAGE OF MANAGEMENT COSTS

#### COVERAGE OF THE MANAGEMENT COSTS

(x € 1,000)

	2019	2018
<b>TOTAL EXPENSES</b>	<b>4,459</b>	<b>3,288</b>
(1) Entrance and annual fees	892	848
(2) Other income	4,099	3,510
Interest income/expenses and similar income	-98	17
<b>Coverage of costs from income</b>	<b>4,893</b>	<b>4,375</b>
<b>ADDITION TO / WITHDRAWAL FROM THE APPROPRIATED RESERVE</b>	<b>434</b>	<b>1,087</b>

Stemra uses a fixed administration fee and does not apply a variable administration fee. If the fixed administration fee plus other income exceeds the costs of Stemra, the surplus is added to the appropriated reserve; if it is lower than the operating costs, an amount will be withdrawn from the appropriated reserve. In 2019, € 0.4 million was added to the appropriated reserve. Despite the increase in costs as a

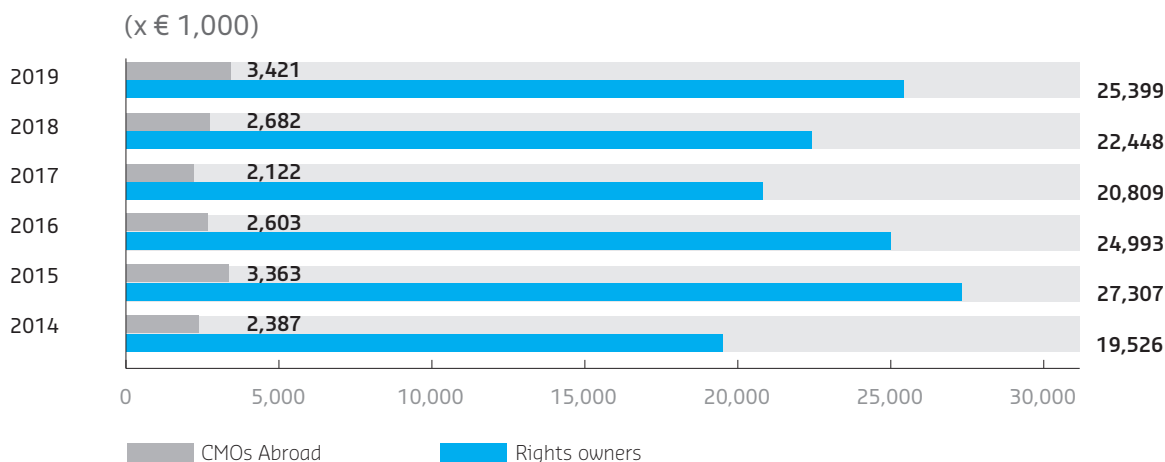
result of the adjustment in distribution, income amply covers the costs. Compared to 2018, administrative fees increased due to higher distributions.

## 1.2.4 FINANCIAL INCOME AND EXPENSES

Stemra does not invest its cash and cash equivalents but holds it in various demand deposit accounts. As the interest on deposits became

negative in 2019, financial income and expenses are, on balance, € 0.1 million negative.

## 1.2.5 DISTRIBUTIONS



In 2019, Stemra distributed € 28.8 million to rights owners and organisations with which it has reciprocal contracts. This is € 3.7 million more than in 2018, mainly driven by the distribution of Private Copying royalties from before 2015.

## 1.2.6 COST STANDARD

Since the introduction of the Supervision Act in July 2013, the government has imposed three cost standards for collective management organisations. If these cost standards are exceeded, the reasons for this must be explained. These cost standards are deemed to have been exceeded if:

- The (gross) management costs in the year to which the annual report pertains exceed 15% of the amount that was collected in that year (the collection/royalties);
- The (gross) management costs in the year to which the annual report pertains exceed 15% of the amount that was distributed in that year (the distribution);
- The increase in management costs in the year to which the annual report pertains compared to the management costs in the previous year exceeds the increase in the consumer price index for the year to which the annual report pertains.

*In conjunction with Section 1(1)(a-c) of the Decree implementing the Collective Management Organisations for Copyright and Neighbouring Rights (Supervision and Dispute Resolution) Act <http://wetten.overheid.nl/BWBR0033622/2016-12-21>*

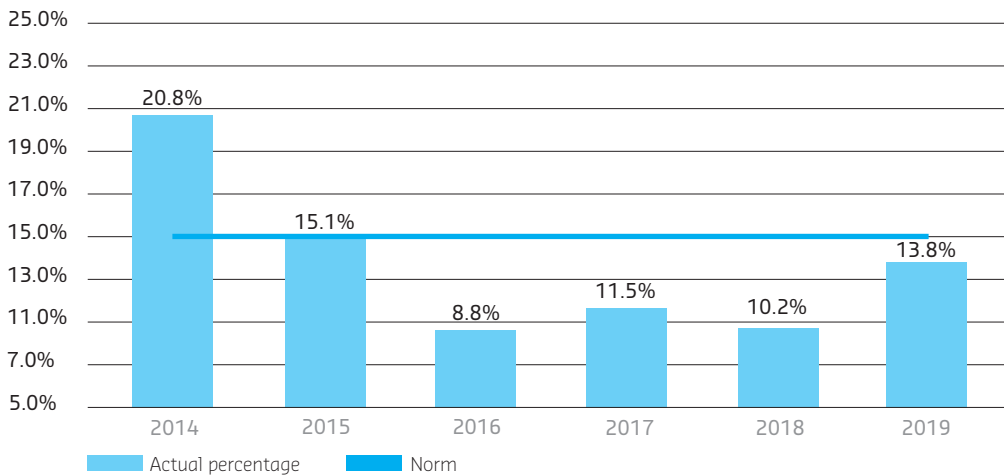
### COST PERCENTAGES

(x € 1,000)

	2019	2018
Collection by Stemra	32,197	32,399
Distribution by Stemra (gross)	28,820	25,129
Costs of Stemra	4,459	3,288
Costs of Stemra as % of the collection (gross)	13.8%	10.2%
Costs of Stemra as % of the distribution (gross) *	15.5%	13.1%
Changes in costs of Stemra compared to previous year	35.6%	-21.3%
Actual average percentage withheld by Stemra (net)	14.2%	14.0%

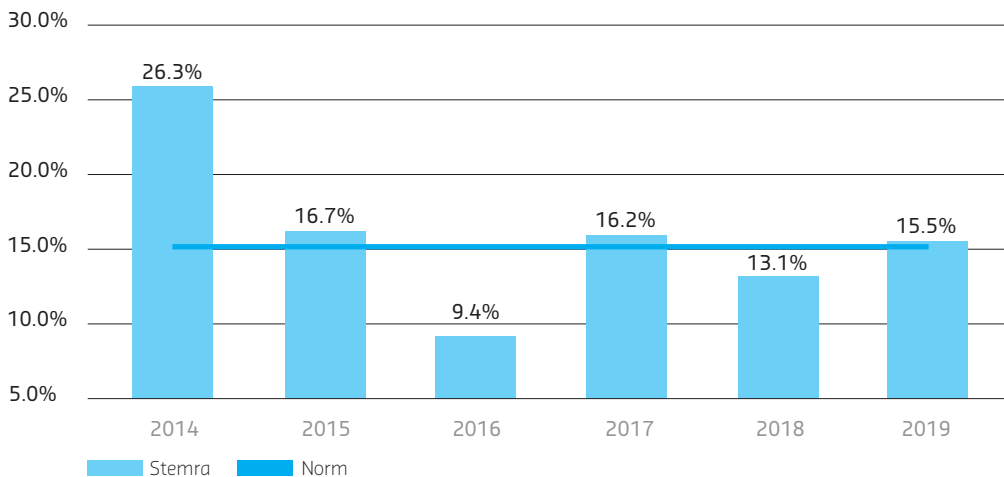
\* The cost percentage that is actually charged to the rights owners is lower than the gross management costs for which the norms of the CvTA have been set. This is because predefined fixed withholding percentages are applied for certain distribution categories, and also because a lower amount in costs is charged to rights owners thanks to the offsetting of costs against other income.

## COSTS AS PERCENTAGE OF THE COLLECTION



In 2019, Stemra's cost percentage came to 13.8%, meaning that we complied with the norm that costs as a rule may not exceed 15% of the collection.

## COSTS AS PERCENTAGE OF THE DISTRIBUTION



In 2019, the cost percentage came to 15.5%. Hence, Stemra no longer complied with the norm that specifies that the costs may not exceed 15% of the amount paid. Costs have increased as a result of the change in cost allocation between Buma and Stemra. At 14.2% on average, the actual administration fees withheld from distribution remain below the norm.

### INCREASE IN COSTS COMPARED TO THE CPI

The table shows that the costs of Stemra increased by 35.6% (€ 1.2 million) compared to 2018. The change in cost allocation between Buma and Stemra has a non-recurrent major impact. In 2019, joint costs fell by 10.2% (€ 3.0 million). In 2019, the consumer price index rose by 2.6%. The joint work organisation Buma/Stemra meets this norm.

### 1.2.7 ASSESSMENT OF FINANCIAL POSITION AND LIQUIDITY POSITION

Stemra's capital consists mainly of (appropriated) reserves. Calculating solvency based on capital divided by debts has no direct significance because effectively, there is no distinction between equity and loan capital. Stemra's balance sheet mainly reflects the activities

that Stemra carries out for its rights owners.

The liquidity ratio indicates to what extent the debts can be serviced in the short term from the cash and cash equivalents and receivables. On this basis, the liquidity ratio for Stemra is 1.20, which means that Stemra can fulfil its obligations in the short term.

### 1.2.8 CASH FLOWS AND THE FINANCING NEED

The key cash flows for Stemra are the copyright royalties collected and distributed during the year, as well as the management costs.

As Stemra distributes most of the copyright royalties received in the year after their receipt, and a large part of the copyright royalties is received at the beginning of the year, Stemra does not have any need for external financing. The above system leads to a 'base stock' of copyright royalties to be distributed, which can be used to finance the current expenses, as well as the investments.

## 1.2.9 RISK MANAGEMENT

Stemra focuses on managing the copyright of affiliated rights owners and issues licences for the use of music. This means that the organization is exposed to various risks, namely: strategic risks, compliance risks, operational risks and financial risks.

As befits a collective management organisation, Stemra is highly prudent in the performance of the tasks entrusted to it. Our risk appetite is low. Risks are managed by means of the *planning & control cycle*. This cycle ensures the annual updating of the strategic objectives and their translation into annual plans, the annual determination of the financial budget based on the annual budget, and the periodical reporting of the progress and state of affairs on the basis of financial and non-financial information. The monthly *Business Review Meetings* of the Board with the various business units, in which the progress and quality of the activities are thoroughly discussed, are an important part of the planning & control cycle. In addition, these risks are periodically discussed with the Audit Committee.

Below is a brief (non-exhaustive) overview of the main risks Stemra is exposed to and how we deal with these risks.

### STRATEGIC RISKS

At a strategic level, Stemra is exposed to various risks due to emerging market trends and technological developments. These strategic risks are identified, closely monitored and regularly discussed in management consultations.

A strategic reorientation process was started in 2019. The strategic plan following on from this reorientation will be completed mid-2020 and aims to respond to opportunities and threats arising from emerging market trends and technological developments.

### COMPLIANCE RISKS

Stemra has to deal with a variety of laws and regulations, such as the Supervision Act, legislation regarding financial statements and the Director's Report (*Part 9 of Book 2 of the Netherlands Civil Code*), relevant governance codes, the CMO guidelines and international agreements in the CISAC context (*Confédération Internationale des Sociétés d'Auteurs et Compositeurs*). These laws and regulations must be complied with regarding the primary processes (such as collection and distribution) and also the supporting processes (such as financial processes).

An internal *Compliance Officer* ensures compliance with the laws and regulations within our organisation. This is important because non-compliance would mean that we risk losing our licence and our quality mark. The unqualified auditor's report would not be issued and we would incur reputational damage. The main reason, however, is that Stemra aims to be a good *corporate citizen* who accepts its responsibility towards licensees and rights owners, its employees and also the society in which it operates.

For 2019, Stemra once again meets the norms of the CMO quality mark criteria. The associated CMO certificate will be renewed until 2020. Stemra's current governance model is in line with the VOI@E Guidelines for good governance and integrity of CMOs. An independent Supervisory Board is in place that supervises the Management Board and a Council of Rights Owners who provides the Management Board with solicited and unsolicited advice.

## OPERATIONAL RISKS

Operational risks can arise due to possible disruptions in the process of collection from users or in the process of distribution to rights owners. The functioning of IT systems is an important part of this. The operational risks are included in a so-called *Risk Management and Control Framework*. The set-up and operation of this framework are regularly tested by the Internal Audit department.

The Internal Audit department assesses the quality of procedures and the internal control of internal business processes on the basis of an annually adopted audit, and forms an objective opinion on the quality of the controls with regard to the primary and supporting business processes, including governance, risk management and internal control measures.

The Internal Audit department's audit plan is determined based on a risk analysis. The Internal Audit department reports hierarchically to the CFO and has a direct reporting line to the CEO and to the Audit Committee of the Supervisory Board. The Audit Committee discusses the progress made on the audit plan adopted for the relevant year and the performance of the audits with Internal Audit at least once a year.

### FINANCIAL RISKS

Stemra recognises as its main financial risks: risk of fraud, liquidity risk, currency and interest rate risk and investment risks.

A financial budget is drawn up by the Management Board each year. Based on pre-determined budgets, the financial report is discussed by the Management Board in monthly Business Review Meetings with the directors of the different business units, with a department manager present on a rotating basis for specific explanations. Healthy and transparent accounting for income and expenditure and strict internal control by the entire management (based on e.g. data analyses and detailed checks) reduce the risk of fraud and comparable irregularities within our organisation.

Stemra mitigates liquidity risks by means of a monthly liquidity forecast. The liquidity development is influenced mainly by the processing time between the collection and distribution of copyright royalties. Currency and interest rate risks are mitigated by striving for a *cash flow* (incoming and outgoing cash flows) in euros as much as possible.

### INFORMATION SECURITY

The proper security and availability of our information is crucial for Stemra. This applies to all data flows, both physical and digital. Information security is high on the agenda at Stemra and we work with a *General IT Control Framework* for all ICT-related processes. In 2019, a number of improvement projects were implemented: old servers were replaced and we modernised the backup method and it now includes both data and systems and is *cloud-based*.

### INSURANCES

In 2019, after making a *benchmark* (comparison) of different insurance brokers, Stemra switched to a new insurance broker. Our organisation has an insurance portfolio of effectively insurable risks that cannot be prevented by internal control measures. This portfolio includes a third-party liability insurance policy, a supervisory board and management board liability insurance policy, a cyber security policy and a group business travel and accident insurance policy.

## TAX MATTERS

Stemra operates exclusively in the Netherlands and is subject to the Dutch tax regime. Stemra is confronted with foreign withholding taxes for the collection of copyright royalties through foreign sister societies. Tax is levied at normal or reduced rate, depending on the existence of any tax treaties. Discussions are taking place with the Dutch Tax and Customs Administration about the applicability of corporation tax and the introduction of *horizontal monitoring*. This means that Stemra, based on transparency and mutual trust, enters into prior agreements with the tax authorities about work processes and tax issues, so that we obtain more certainty about our tax position quicker.

Discussions are taking place with the Dutch Tax and Customs Administration about the applicability of corporation tax and the introduction of horizontal monitoring.

## 1.3 VOI@E QUALITY MARK DISTRIBUTION AUDIT

The Association of Organisations that Collectively Administer Intellectual Property, i.e. VOI@E, is the trade association of CMOs for copyrights or neighbouring rights. Buma/Stemra is a member of this association. The condition VOI@E sets as a condition for membership is that the CMO meets the criteria of the CMO quality mark. This quality mark contains specific and verifiable norms for transparency and quality. Part of this quality mark is, among other things, that CMOs must continuously review the distribution regulations and board resolutions on the distribution, i.e. every three years. This review is performed by the Management Board within Stemra in various board and committee meetings, partly on the basis of advice from the Council of Rights Owners and the Distribution Committee. The results of the most recent review include that:

- the scheme with regard to Stemra Private Copying royalties Audio Visuals 2017 will be extended to Private Copying royalties Audio Visuals 2018,
- the distribution category Folk and the associated category Folk background mechanical are relabelled to RadioNL and RadioNL\_AM, and
- with regard to Dutch public broadcasters, the addition to regional radio will be discontinued.

## PRIVATE COPYING ROYALTIES AUDIO VISUAL

Acting on the advice of the Council of Rights Owners, the Management Board will extend the scheme with regard to Stemra Private Copying royalties Audio visuals 2017 to Private Copying royalties Audio visuals 2018.

## FOLK MUSIC

Within the framework of the review of the distribution regulations and board resolutions on distribution requested by VOI@E, the Council of Rights Owners advised the Management Board on 27 November 2019 to convert the distribution category Folk and the associated Folk category background mechanical (i.e. any form of background music played back by means of audio equipment) into RadioNL and RadioNL\_AM. In the past, the genre category Folk was created because a lot was collected and licensed for folk music. Nowadays, RadioNL is the only channel with direct collections and which also receives an addition from the AM budget. Fingerprintdata of RadioNL are available and by relabelling to RadioNL, the distribution becomes more transparent. Since both the money and the repertoire originate from RadioNL, maintaining a separate genre category Folk is no longer of interest. The Management Board adopted this advice on 6 January 2020.

## CABLE FEES RADIO

On 27 November 2019, The Council of Rights Owners advised the Management Board to discontinue the addition to regional radio with regard to Dutch public broadcasters. The cable fees from the foreign broadcasters are sent to the sister societies. They have applied a fixed percentage allocation television and radio of 35-65% for many years. The Distribution Committee has established that there was a 11.76% mark-down from the allocation radio to the regional channels. However, no board resolution on that percentage can be found in the records and with the disappearance of the region window, the basis for the mark-down has become redundant. Besides, regional radio is now fingerprinted. The Management Board adopted this advice on 6 January 2020.

## 1.4 PROVISIONS OF THE ARTICLES OF ASSOCIATION REGARDING THE SUPERVISORY BOARD AND THE BOARD

The Stemra Supervisory Board consists of nine persons. Only natural persons may be appointed members of the Supervisory Board. Six persons are appointed in the manner referred to in Article 17, paragraph 3, under a and b. Three independent persons, including the independent Chairman of the Supervisory Board, are appointed by the members in accordance with Article 17, paragraph 2. A member of the Supervisory Board of Stemra must also be a member of the Supervisory Board of Buma. The profiles of the members of the Supervisory Board are:

- A. Four music authors who are members or who are music authors within a company that is a member, which music authors are elected by the members/affiliates who are music authors, including:
  - composers of serious music,
  - composers of entertainment music,
  - composers of media music and
  - lyricists.
- B. Two persons who are participant publishers (Article 8, paragraph 1) or hold a managerial position in a publishing company that is a participant (Article 9, paragraph 1) and who are elected by the members/affiliates who are publishers.
- C. Three independent persons, including one independent Chairman, as referred to in Article 13, paragraph 2.

The Management Board consists of at least two Board members, one of which is the Chairman of the Board and one the Financial Director. Members of the Management Board must be natural persons who are not members or participants of Stemra and who do not sit on the Supervisory Board of Stemra. Members of the Management Board are appointed and dismissed by the General Members' Meeting on the recommendation of the Supervisory Board. On the recommendation of the Supervisory Board, the General Members' Meeting appoints one of the members of the Management Board as Chairman of the Board and one as Financial Director.

The complete provisions of the Articles of Association regarding the Supervisory Board are contained in Article 13 through to Article 19 of the Articles of Association of Stemra. The complete provisions of the Articles of Association regarding the Management Board are contained in Article 21 through to Article 24 of the Articles of Association of Stemra.



## 1.5 TRANSPARENCY REPORT

The Transparency Report (Collective Rights Management Directive) Decree came into effect on 1 January 2017. This resolution is a further implementation of Article 2q of the Supervision Act, under which the publication of a transparency report has been required from the 2017 reporting year. This annual report includes all components as described in this Act. Appendix 1 contains the reference table regarding the legal obligation to publish a transparency report. The purpose of this table is to make it easy for the reader to find the mandatory elements of the transparency report in this annual report.

### REFUSAL OF INFORMATION TO GRANT A LICENCE

Anyone who plays music belonging to the repertoire administered by Stemra must obtain prior permission for this from Stemra. Provided that certain standard conditions are met, including the payment of a fee, Buma grants this permission in the form of a licence. Stemra does not refuse to grant licences, however, it does have the option of suspending its permission if certain contractual obligations, including payment of the fee due, are not met. If music is published or about to be published without the necessary permission, Stemra exercises its right of prohibition.

### 1.5.2 DISTRIBUTION FREQUENCY

The table below shows the distribution frequency per type of use within Stemra.

	Q1	Q2	Q3	Q4
Phono-mechanical rights BIEM / Central Licensing		X		X
PIEB (custom pressing) / Special Licensing		X		X
Radio & TV				X
Online	X	X	X	X
Private Copying / Public Lending Rights*				
Abroad	X	X	X	X
Abroad	X	X	X	X

\* Will be distributed as soon as possible. This depends in part on the receipt of royalties and the decision-making on the distribution method

### 1.5.3 COMMENTS AND COMPLAINTS

Stemra regards the number of comments and complaints we receive as a measure of how well we have succeeded in identifying copyrighted work and carrying out the subsequent allocation and distribution. A higher success rate means fewer comments. Unresolved comments become complaints; this has not occurred in the 2019 reporting year.

# —2. REPORT SUPERVISORY BOARD

## 2. SUPERVISORY BOARD REPORT

The year 2019 was the first full year after the transition from the old governance structure to the new one, i.e. from the old management model to the Supervisory Board model. During this transition period, the Supervisory Board monitored intensively and fulfilled its role in close proximity of the members of the Management Board.

The Directors' Report describes the results, main events, market developments and the priorities of the Management Board of Stemra and accounts for the policy pursued. Following on from this, the report by the Supervisory Board reports on the supervision of this policy. To this end, the Supervisory Board provides insight into meetings and resolutions and into the interaction with the Management Board and Stemra's stakeholders.

### THEMES

Within the framework of general supervision and supervision based on the Supervisory Agenda, the Supervisory Board paid additional attention to a number of themes. One important item was, of course, the appointment of the new Chairman of the Board and the preparation of the selection of the new Financial Director. This involved close cooperation with the Council of Rights Owners, the Works Council and the appointments advisory committee. Additional attention has also been paid to all developments in the various markets of users, publishers and music authors, developments in copyright as well as technological developments, of course, specifically those in the field of data, and the importance of these developments in drawing up a new strategy. With a view to Stemra's continuity and its strategic developments, additional attention has also been paid to supervision in the run-up to replacing the ICT systems. The new rights owners' portal has also been subject to supervision.

### BASIC PRINCIPLE

In its supervision, the Supervisory Board always keeps in mind that Stemra has been set up by and for its affiliates. The Buma/Stemra organisation needs to serve this mission and be aware that the rights and royalties of our members and affiliates are our key concern. This is the basic principle of supervision and the Supervisory Board wants to make this tangible in its working methods, decision-making and advice and also wants to be accountable for this. The Supervisory Board also sees this awareness reflected among the members of the Management Board and, insofar as the Supervisory Board can observe this, among the employees.

### GRATITUDE

The Supervisory Board would like to thank the employees and the members of the Management Board for their commitment and dedication and for their contributions towards achieving the mission of Stemra. During the past year, they have managed to exceed the 2019 collection and distribution targets, while remaining well below the budgeted management costs. The Supervisory Board would further like to thank the Council of Rights Owners for their commitment and contributions to Stemra's objectives in 2019 and particularly also for their efforts in the selection of the new Chairman of the Board. The same gratitude is extended to the Works Council and the appointments advisory committee.

### NEW GOVERNANCE STRUCTURE AND SUPERVISORY BOARD MODEL

Since mid-2018, Buma/Stemra applies the Supervisory Board model set out in the Dutch Governance Code for the cultural sector and, more specifically, the Supervisory Board model of VOI@E.

Stemra distinguishes the following bodies in its structure: the General Members' Meeting, the Council of Rights Owners, the Management Boards, the Supervisory Board and the Works Council. The professional associations are also involved in governance within Stemra, because they have the right to nominate supervisory directors. The authorities vested in the professional associations are described in the Articles of Association and the Rules.

Stemra's policy is decided and its success assessed within this governance structure. This structure creates the necessary complexity, because a large number of people are active in the various bodies. Consequently, the effectiveness of this structure depends not only on the rules, but also on how everyone involved works together and how the various bodies actually use their powers.

In this structure, the Supervisory Board also supervises the interaction between the Council of Rights Owners and the Management Board. Of particular importance therein is that the Management Board involves the Council of Rights Owners in the relevant topics in a timely and sufficient manner, that the Council of Rights Owners provides the proper information in this respect and that the Management Board includes the input of the Council of Rights Owners in its decision-making process, in a manner that can be verified by both the Council of Rights Owners and the Supervisory Board. The Management Board will incorporate the topics discussed with the Council of Rights Owners in its report. Stemra is supervised by the Supervisory Authority for Copyrights. In addition to the Management Board, the Supervisory Board too periodically liaises with this Authority, partly driven by the Supervisory Agenda.

### MEETINGS

In Appendix 2.1, you will find an overview of the Supervisory Board meeting dates, the items discussed and the resolutions. The Supervisory Board supervises in line with the annual administrative calendar. This annual calendar follows the cycle from strategy to annual plan and budget and subsequently the accountability for the policy in the annual report. Throughout the year, the Supervisory Board monitors the implementation of the annual plan and the realisation of the budget, carefully examining the underlying factors that are relevant to the success of the strategy and its implementation.

Within that framework, the Supervisory Board discussed the quality of Stemra's core functions with the Management Board, namely the financial function, the ICT function and the legal function. The relevant managers gave presentations in which the issues that played a role in these functions were discussed. The Supervisory Board was given a detailed picture of the state of affairs in the three specific areas from the people responsible for these functions.

As regards the financial function, the Supervisory Board discussed the following items with the Management Board:

- the accuracy of the collection of copyright royalties,
- the principles, quantity, sources and speed of the collection of copyright royalties in connection with that accuracy and
- the amount and speed of the distribution of royalties.

In addition, the size and purpose of the investment portfolio was discussed in relation to the speed and frequency of distributions of copyright royalties.

As for ICT, the Supervisory Board discussed with the Management Board the structure, function and risks involved of the condition of the current ICT systems, among other things. Furthermore, it has become apparent to the Supervisory Board that the Management Board clearly understands the need for replacement. The current system is reliable, however, the exponential increase in the use of data means that the system is not guaranteed to be future-proof.

The Management Board and the Supervisory Board recognise that a new ICT structure must properly support Stemra's new strategy, for example, in terms of offering differentiated services or providing music authors with data-based products and services. A decision on the reorganisation and replacement of elements in the ICT structure and the structure as a whole will be taken in the course of 2020.

As regards the legal function, the influence of technological and contractual developments in the markets and in copyright law has been discussed.

In 2019, the Management Board of Stemra set up a process aimed at delivering the new Stemra strategy in 2020. In 2019, the Management Board met with external and internal stakeholders to map out all relevant developments for Stemra and to translate these into relevant issues for rights owners and users.

The Management Board has defined *operational excellence* as the first step towards a multi-year strategy. The Management Board involves the Supervisory Board in the deliberations in the run-up to the new strategy and the Supervisory Board challenges the Management Board in a positive and constructive manner in discussions about ICT-related themes, new data-based business models, customer value and international issues, among other things.

In 2019, the Supervisory Board also supervised the administrative implementation of the items that are still on the Supervisory Agenda. The Supervisory Board and the Management Board periodically report on this to the Supervisory Authority for Copyrights.

## COMMITTEES

The Supervisory Board distinguishes three committees, namely: the Audit Committee, the Stakeholders Committee and the Remuneration Committee. The function of these committees is to explore topics and make preparations so as to allow for a more extensive exchange of views within the Supervisory Board on dilemmas and in preparation of decision-making.

## COMPOSITION OF COMMITTEES

### Audit Committee

1. Ruud Hopstaken
2. Jolanda Messerschmidt
3. Marc Swemle
4. Niels Walboomers

### Remuneration committee

1. Jolanda Messerschmidt
2. Arriën Molema
3. Raymond van Vliet
4. Josephine de Zwaan

### Stakeholders Committee

1. Anthony Fiumara
2. Ruud Hopstaken
3. René Meister
4. Raymond van Vliet
5. Josephine de Zwaan

Appendices 2.2 and 2.3 provide an overview of the meeting dates and the items discussed in the committees. During the meetings, no items were discussed that could have led to a conflict of interest for the members of the Supervisory Board.

## INTERACTION SUPERVISORY BOARD - COUNCIL OF RIGHTS OWNERS

In 2019, a three-chair meeting took place between the Chairmen of the Supervisory Board, the Council of Rights Owners and the Chairman of the Board. A new periodic consultation is planned for 2020.

## INTERACTION SUPERVISORY BOARD - WORKS COUNCIL

In 2019, the Supervisory Board met with the Works Council three times, partly under Article 24(1) of the Works Councils Act. In a limited composition, part of the Supervisory Board met several times about the recruitment and selection of the members of the Management Board.

## THE EMPLOYER'S ROLE: APPOINTMENT OF TWO DIRECTORS UNDER THE ARTICLES OF ASSOCIATION

The Supervisory Board collectively participated in the recruitment and selection of the members of the Management Board. Based on the CEO profile, it has been decided to appoint Bernard Kobes as Chairman of the Board under the Articles of Association. This appointment was confirmed at the General Members' Meeting of 30 October 2019.

In 2019, based on the CFO profile, the recruitment and selection of the Financial Director under the Articles of Association was initiated, replacing the current interim CFO. On 26 August 2020, the Supervisory Board expects to be able to recommend to the GMM a candidate CFO for appointment.

## GENERAL MEMBER'S MEETING

The regular General Member's Meeting was held on 12 June 2019. In addition, the Management Board convened an additional Members' Meeting, which was held on 30 October 2019.

In addition to the standard items such as the adoption of the minutes of the previous General Members' Meeting, the agenda of the regular General Members' Meeting included:

- The transparency report including the 2018 financial statements of Stemra,
- The adoption and feedback of the Social and Cultural policy,
- Explanation of the strategic development,
- Motion to amend the Articles of Association, including the recording of joint authority of directors,
- Motion to amend the Distribution Rules, including the option of registration via the portal and an amendment regarding Private Copying and Lending Rights in connection with the HP-Retrobel ruling,
- Motion to reappoint a Board member at Buma Cultuur.

The General Members' Meeting has adopted the following resolutions:

- Ratification and extension of the appointment of Cees van Steijn as a Director under the Articles of Association, also acting Chairman of the Board, until 1 November 2019 and of the appointment of Siebe van Elsloo as a Director under the Articles of Association, also acting CFO, until mid 2020,
- Approval of the 2018 financial statements of Stemra,
- Discharging the Management Board and the former management of Stemra from all liability,
- Endorsement of the proposed amendment to the Articles of Association,
- Endorsement of the proposed amendment to the Distribution Rules,
- Reappointment of Jeff Hamburg as a Board member of Buma Cultuur.

In anticipation of this General Members' Meeting, the Management Board and Supervisory Board organised an informal evening to enable members and affiliates to obtain prior information for the benefit of the General Members' Meeting. Although attendance was very limited, the Management Board and Supervisory Board, given the importance for the individual members concerned, intend to always precede the regular GMM by such an informal evening.

The main items on the agenda of the additional Members' Meeting on 30 October 2019 were:

- Appointment of the Director under the Articles of Association, also Chairman of the Board,
- Explanation of the change in the cost allocation method for Buma and Stemra.

This Members' Meeting has resolved to appoint the nominated candidate, Bernard Kobes, as Director under the Articles of Association, also Chairman of the Board, as from 1 November 2019.

## DRAFT OF ANNUAL REPORT AND LETTER MANAGEMENT, ADOPTION BY THE SUPERVISORY BOARD

The 2019 draft annual report was discussed with the Audit Committee on 22 April 2020 and with the full Supervisory Board on 6 May 2020, both times in the presence of the auditor. The auditor's *management letter* was discussed with the Audit Committee on 18 March 2020, in the presence of the auditor.

## EDUCATION AND SELF-EVALUATION

Early 2020, the Council of Rights Owners, the Management Board, the Works Council and the Supervisory Board attended a joint training programme, partly on the basis of the self-assessment results held in 2019.

At the end of 2019, the Supervisory Board conducted a self-assessment led by an external facilitator, which assessment shared characteristics with a baseline measurement. One year after the introduction of the new governance model, the Supervisory Board wanted to form a picture of its current functioning within Stemra. In specific terms, the members have evaluated whether the Supervisory Board properly understands and fulfils its role and whether it is effective as a supervisory body. More in particular, the Supervisory Board wants to know whether the optimisation of its performance can be accelerated and whether that acceleration may be hampered by possible impediments. Within the framework of this self-evaluation, the Supervisory Board has also instructed the Management Board, the Council of Rights Owners and the Works Council to be interviewed.

In addition to the functioning of the Supervisory Board, the question was raised whether the governance as a whole works well. The results of this will become available in early 2020 and be discussed in the first half of 2020. The conclusion is that the Supervisory Board has made a positive start and has grown well in its role. In the period September 2018 to September 2019, the Supervisory Board was able to supervise the Management Board relatively closely, in which the Supervisory Agenda was guiding. The Supervisory Board is now gradually taking a greater distance, but will still formulate development goals in consultation with the Management Board.

Finally, it is clear that, from an agenda point of view, the implementation of the new governance model within Stemra has placed the necessary demands on the directors and supervisory directors within the organisation and continues to do so.

## RETIREMENT SCHEDULE

Early 2019, the Supervisory Board adopted a retirement schedule that provides for members taking office and retiring in phases.

### Members of the Supervisory Board:

Anthony Fiumara  
Ruud Hopstaken  
René Meister  
Jolanda Messerschmidt  
Arriën Molema, Vice-chairman  
Marc Swemle  
Raymond van Vliet  
Niels Walboomers  
Josephine de Zwaan, Chairman

# —3. REPORT FROM THE COUNCIL OF RIGHTS OWNERS

### 3. REPORT FROM THE COUNCIL OF RIGHTS OWNERS

While in 2018, the Council of Rights Owners mainly focused on the implementation of the new governance structure, 2019 was a year of action, during which there was sufficient room for a more in-depth analysis of the substantive issues and challenges. An example of such an issue was the different parts of the distribution rules, which are reviewed every three years. Developments in the online field and requests for advice on Stemra's Social and Cultural Policy too were given the necessary attention by the Council of Rights Owners.

In May 2019, the Council of Rights Owners elected from among its members Rita Zipora Verbrugge as permanent Chairman and Mark Bremer as Vice-chairman. In 2019, the Council of Rights Owners also appointed two permanent and two temporary committees from among its members. The permanent committees concern the Distribution Committee and the GMM Committee. All decisions concerning the distribution included in the rules are reviewed by the Distribution Committee every three years. This means that the Committee assesses whether the manner of distribution still fits within the current music practice or whether improvements can be made. The GMM committee provides the Management Board of Stemra with input to provide the General Members' Meeting with relevant content for the members. The temporary committees are the Cultural Funds Committee and the Appointments Advisory Committee.

#### COMMITTEES

The Distribution Committee meets once a month and deals with topics on the *review calendar*, i.e. the list containing the planning of distribution items to be discussed. The review calendar for 2019 was adopted by the Council of Rights Owners and the Management Board on 12 December 2018. The Distribution Committee includes one representative of each *section*, so music authors and publishers from media music, pop music and serious music (classical music and jazz). In 2019, the Distribution Committee issued seven recommendations that were adopted by the full Council of Rights Owners first, after which they were forwarded to the Management Board. The Management Board has adopted these recommendations, see the Directors' Report for an explanation.

The GMM committee provides input to the employees of Stemra who are involved in the organisation and planning of the General Members' Meeting. This committee started in the latter part of 2019. The committee met twice with regard to the General Members' Meeting of 30 October 2019. In addition, the GMM committee met once in 2019 to hold preliminary discussions on the General Members' Meeting of 26 August 2020.

Early 2019, the Management Board submitted a request for advice to the Council of Rights Owners regarding the future of Social Cultural Funds, which are distributed through the So-Cu Fund referred to earlier in this report. The Council of Rights Owners has divided the topics Social and Cultural and set up a separate Cultural Funds Committee with regard to the culture component. The full Council of Rights Owners has held a brainstorming session to clarify the main objectives of the Cultural Funds. Subsequently, the committee further elaborated these main objectives and issued a recommendation on this to the Management Board in 2020. The Social component regarding this topic will be discussed further in 2020.

Lastly, two members of the Council of Rights Owners have taken seat on the Appointments Advisory Committee in 2019. The purpose of this committee was to provide advice on the appointment of the new Director under the Articles of Association, also Chairman of the Board.

#### THEMATIC SESSIONS

The Council of Rights Owners held a total of seven plenary meetings and one strategy session. Appendix 2.4 provides an overview of the meeting dates of the Council of Rights Owners, the items discussed and the recommendations made.

In addition to the regular meetings, separate thematic sessions were held. These thematic sessions focused on topics with regard to which the Council of Rights Owners considered it necessary to obtain more information in order to act as a sounding board for the Management Board. The sessions discussed topics that included Radio & TV, Online and Abroad.

#### RECOMMENDATIONS

The Council of Rights Owners issues both solicited and unsolicited recommendations to the Management Board and the Supervisory Board. In 2019, the Council of Rights Owners issued twelve recommendations on request and one unsolicited recommendation. The unsolicited recommendation related to the topic Online. Given the rapid developments in this area, the Council of Rights Owners advised the Management Board to pay more attention to specific components within Online, such as the new method of payment by online providers. Not only are the deals made by Stemra important in this regard, but also how we can raise awareness that works must be registered faster than people were used to in order to be compensated for online use of works.

#### SELF-EVALUATION

In 2019, the Council of Rights Owners conducted a self-assessment and set to work on the resulting findings. For example, it turned out that several members were in need of further training, which need must be responded to further in 2020.

#### INTERACTION COUNCIL OF RIGHTS OWNERS - MANAGEMENT BOARD

The plenary meetings of the Council of Rights Owners are attended by the Management Board at the request of the Council itself. The Council of Rights Owners is very positive about the cooperation and in particular the provision of information, also during the thematic sessions, owing to open communications and a clear division of roles between the Council of Rights Owners and the Management Board.

## INTERACTION COUNCIL OF RIGHTS OWNERS - SUPERVISORY BOARD

The self-evaluation of the Council of Rights Owners identified a desire for more contact with the Supervisory Board. This will be responded to in 2020: Following the 2019 three-chair meeting between the chairmen of the Supervisory Board and the Council of Rights Owners and the Chairman of the Board, new periodic consultations are planned for 2020. A joint training session will be organised as well.

## GRATITUDE

The Council of Rights Owners thanks the employees, the Works Council and the members of the Management Board of Stemra for their efforts to properly manage the capital of the members, i.e. their copyrighted works, and to increase their use where possible.

In particular, the Council of Rights Owners wants to extend its gratitude to Siebe van Elsloo, the acting CFO for the very pleasant cooperation and his commitment to the rights owners. The Council of Rights Owners would also like to thank the Supervisory Board for the pleasant cooperation and their efforts in the recruitment and selection of the members of the Management Board.

### **Members of the Council of Rights Owners:**

Mark Bremer, Vice-chairman  
Iason Chronis  
Ben van den Dungen  
Hans Everling  
Monique Krüs  
Wim Kwakman  
Davo van Peursen  
Aafke Romeijn  
Martijn Schimmer  
Koen Vergouwen  
Johan van der Voet  
Rita Zipora Verbrugge, Chairman



# —4. ADOPTION OF THE **FINANCIAL STATEMENTS**

## 4. ADOPTION OF THE FINANCIAL STATEMENTS

After having audited the financial statements of Stichting Stemra, Mazars N.V. has issued an unqualified auditor's report in respect of the financial statements. We propose to adopt the financial statements 2019 of Stemra in accordance with Article 27, paragraph 7, of the Articles of Association and to grant discharge from liability to the members of the Board in respect of the performance of their duties in the financial year 2019.

Hoofddorp, 5 August 2020

### **SUPERVISORY BOARD**

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Ms Josephine de Zwaan	Chairman
Mr Anthony Fiumara	Member of the Supervisory Board
Mr Ruud Hopstaken	Member of the Supervisory Board
Ms Jolanda Messerschmidt CPA	Member of the Supervisory Board
Mr René Meister	Member of the Supervisory Board
Mr Arriën Molema	Member of the Supervisory Board
Mr Marc Swemle	Member of the Supervisory Board
Mr Raymond van Vliet	Member of the Supervisory Board
Mr Niels Walboomers	Member of the Supervisory Board

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### **BOARD**

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Mr Bernard Kobes	Acting Chief Executive Officer
Mr Siebe van Elsloo	Acting Chief Financial Officer

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# —5. FINANCIAL STATEMENTS

## 5.1 BALANCE SHEET AS AT 31 DECEMBER 2019

After appropriation of the result

(x € 1,000)

	31/12/2019	31/12/2018
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Tangible fixed assets (1)	-	-
<b>CURRENT ASSETS</b>		
<b>Receivables</b>		
Accounts receivable (2)	2,151	1,387
Other receivables (3)	120	3,791
Taxes and social security contributions	977	1,145
Prepayments and accrued income (4)	-	12
	<b>3,248</b>	<b>6,335</b>
<b>Cash and cash equivalents (5)</b>	<b>72,744</b>	<b>70,577</b>
<b>TOTAL ASSETS</b>	<b>75,992</b>	<b>76,912</b>

	31/12/2018	31/12/2017
<b>LIABILITIES</b>		
<b>Equity (6)</b>		
Foundation capital	1	1
Continuity reserve	5,760	5,760
Appropriated reserve	6,635	6,201
	<b>12,396</b>	<b>11,962</b>
<b>Provisions (7)</b>	<b>37</b>	<b>76</b>
<b>Non-current liabilities (8)</b>	<b>65</b>	<b>50</b>
<b>Current liabilities</b>		
Copyright royalties to be distributed (9)	58,931	59,653
Accounts payable	120	580
Taxes and social security contributions	26	26
Other liabilities (10)	525	305
Accruals and deferred income (11)	3,892	4,260
	<b>63,495</b>	<b>64,824</b>
<b>TOTAL LIABILITIES</b>	<b>75,992</b>	<b>76,912</b>

## 5.2 OPERATING STATEMENT FOR 2019

(x € 1,000)	2019	2018
<b>INCOME</b>		
Contributions and registration fees	4,099	3,510
Administration fee withheld upon distribution	892	848
<b>Total income</b>	<b>4,991</b>	<b>4,358</b>
<b>EXPENSES</b>		
Personnel costs (12)	2,116	1,846
Accommodation costs	129	83
Amortisation and depreciation	-	20
Other expenses (13)	2,214	1,340
<b>Total expenses</b>	<b>4,459</b>	<b>3,287</b>
<b>Balance of financial income and expenses</b>	<b>532</b>	<b>1070</b>
<b>Financial income and expenses</b>		
Interest income and similar income	-98	17
<b>Balance of financial income and expenses</b>	<b>-98</b>	<b>17</b>
<b>Result before taxes</b>	<b>434</b>	<b>1,087</b>
Taxes (14)	-	-
<b>Result after taxes</b>	<b>434</b>	<b>1,087</b>
<b>Appropriation of the result</b>	<b>2019</b>	<b>2018</b>
Addition to/withdrawals from:		
- Continuity reserve	-	-
- Appropriated reserve	434	1,087
	<b>434</b>	<b>1,087</b>

## 5.3 CASH FLOW STATEMENT FOR 2019

(x € 1,000)	2019	2018
<b>Result after taxes</b>	<b>434</b>	<b>1087</b>
<b>Adjustments for:</b>		
Depreciation tangible fixed assets (1)	-	20
Changes in operating capital	2,479	821
	<b>2,479</b>	<b>841</b>
<b>CASH FLOW FROM OPERATIONS</b>	<b>2,913</b>	<b>1928</b>
Changes in provisions (7)	-39	-262
Change in non-current liabilities (8)	15	50
Change in copyright royalties to be distributed (9)	-722	3,741
	<b>-746</b>	<b>3,529</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,167</b>	<b>5,457</b>
Investments in tangible fixed assets (1)	-	-
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>NET CASH FLOW</b>	<b>2,167</b>	<b>5,457</b>
Cash and cash equivalents as at 1 January (5)	70,577	65,120
Cash and cash equivalents as at 31 December (5)	72,744	70,577
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>2,167</b>	<b>5,457</b>

## 5.4 NOTES TO THE FINANCIAL STATEMENTS

### INFORMATION ABOUT THE LEGAL ENTITY

#### Business address and trade register number

Stemra's registered office under the Articles of Association is in Amstelveen, and its head office is located at Saturnusstraat 46-62 in Hoofddorp. The company is registered with the Chamber of Commerce in Amsterdam under file number 41198521.

### GENERAL INFORMATION

#### Key activities of the legal entity

The objective of Stichting Stemra (the Foundation or Stemra) is to promote both the tangible and the intangible interests of music authors and their successors in title, and of publishers and publishing companies as a non-profit institution. Stemra stands for Stichting tot Exploitatie van Mechanische Reproductierechten voor Auteurs (Foundation for Administration of Mechanical Reproduction Rights for Authors).

#### Period under review

These financial statements concern the financial year 2019, which ended at the balance sheet date of 31 December 2019.

#### Information about group structure

The financial statements of Stichting Stemra are separate financial statements. The financial data of Stichting Stemra are included in the financial statements in accordance with the Annual Reporting Guidelines.

Stichting Stemra Beleggingsfonds (SBF), a legal affiliate, was dissolved in 2019.

In accordance with the prevailing laws and regulations, there is no group relationship with related organisations. Although Vereniging Buma and Stichting Stemra collaborate in one staffing organisation, there is no intragroup relationship between them, as they are not part of the same economic entity under the relevant statutory provisions, because of the strict segregation between Vereniging Buma and Stichting Stemra.

#### Comparative figures

To provide better insight, a different presentation of the cash flow statement has been opted for.

#### Information about estimates

In the preparation of the financial statements, the Board uses estimates and assumptions when applying the accounting policies and determining the reported amounts for assets, liabilities, income and expenses. The estimates and underlying assumptions are based on past experience and various other factors which are considered to be reasonable given the circumstances, and which are assessed periodically. Actual results may differ from these estimates. Changes in estimates are recognised in the period affected by the change.

In the view of the Board, the following changes in accounting policies are the most critical to the presentation of the financial position and require estimates and assumptions:

- Valuation of receivables;
- Actuarially determined provisions, such as the provision for long service awards;
- Claims by licensees and/or rights owners related to the collection and distribution of copyright royalties.

### BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### Continuity of the activities

These financial statements have been prepared based on the going-concern assumption.

#### Applied accounting standards

The financial statements have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, as required by Section 2q(3) of the Collective Management Organisations for Copyright and Neighbouring Rights (Supervision and Dispute Resolution) Act ('Supervision Act'). In addition, the applicable quality mark criteria of VOI@E (Association of Organisations that Collectively Administer Intellectual Property) have been taken into account.

Unless stated otherwise in the explanation of the accounting policies, assets and liabilities are stated at historical cost. An asset is recognised in the balance sheet when it is probable that the future economic benefits will flow to the organisation and the asset can be measured reliably.

A liability is recognised in the balance sheet when it is probable that its settlement will result in an outflow of resources embodying economic benefits and the amount at which the settlement will take place can be measured reliably.

An asset or liability recognised in the balance sheet remains on the balance sheet when a transaction (with respect to the asset or liability) does not lead to a significant change in the economic substance with respect to the asset or liability.

An asset or liability is no longer recognised in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all risks associated with the asset or liability being transferred to a third party or being lost. Income is recognised in the operating statement when an increase in economic potential associated with an increase in an asset or a decrease in a liability has arisen that can be measured reliably. Expenses are recognised when a decrease in economic potential related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Income and expenses are allocated to the period to which they relate. Revenue is recognised when the services provided in respect of the copyright royalties can be determined reliably.

The functional currency of Stichting Stemra is the euro. Unless stated otherwise, all amounts are rounded to thousands of euros.

## Translation of amounts in foreign currency

Transactions denominated in foreign currency are translated into euros at the exchange rate applicable at the transaction date. Monetary assets and liabilities in foreign currency are translated into euros on the balance sheet date at the exchange rate applicable at this date. Exchange rate differences arising from the settlement of monetary items, or arising from the translation of monetary items into foreign currency, are recognised in the operating statement in the period in which they arise. Non-monetary assets and liabilities in foreign currency that are recognised at historical cost are translated into euros at the exchange rate applicable at the transaction date. The exchange rate differences arising from the translation are recognised in the operating statement.

## Leases

The organisation can enter into financial and operational lease contracts. A lease agreement where all or substantially all the risks and rewards associated with the ownership of the leased asset are transferred to the lessee qualifies as a financial lease. All other lease agreements classify as operational leases. The classification of a lease is determined based on the economic substance of the transaction, not its legal form.

## Operational leases

If the organisation acts as the lessee in an operational lease, the leased asset is not recognised. Fees received as an incentive to conclude an agreement are recognised as a reduction in the lease costs over the lease period. Lease payments and fees in respect of operational leases are debited and credited respectively to the operating statement using the straight-line method over the lease period, unless a different allocation system is more representative of the pattern of the benefits to be derived from the use of the leased asset.

## Pension plans

Stichting Stemra offers its employees a career average pension plan. This pension plan is administered by Stichting Bedrijfstakpensioenfondsvoor de Media, PNO (the industry-wide pension fund for the media sector). The pension contributions payable for the financial year are recognised as costs. A liability is recognised for unpaid pension contributions as at balance sheet date. As the liabilities in respect of the pension contributions have short terms, they are measured at their nominal value. The risks in connection with wage developments, price indexation and the investment returns on the pension plan assets could lead to future adjustments in the annual contributions to the pension fund. In the event of a shortfall at the industry-wide pension fund, Stichting Stemra is not obliged to pay additional contributions other than higher future pension contributions.

## Financial instruments

Financial instruments comprise primary instruments (receivables, cash and cash equivalents and liabilities). Financial instruments are initially recognised at fair value, with the directly attributable transaction costs being included in the initial recognition. If, however, financial instruments are subsequently measured at fair value with changes in value being recognised in the operating statement, the directly attributable transaction costs are recognised directly in the operating statement upon initial recognition.

After their initial recognition, financial instruments are measured as follows:

- Receivables are recognised at amortised cost using the effective interest rate method. Provisions deemed necessary for the risk of uncollectibility are withheld. These provisions are determined based on individual assessments of the receivables.
- Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not at the free disposal of Stemra, this is taken into account in their valuation. Cash and cash equivalents denominated in foreign currency are translated into the functional currency at the balance sheet date at the exchange rate applicable on that date. Please also refer to the pricing principles for foreign currency transactions;
- Liabilities are stated at amortised cost using the effective interest rate method. The effective interest is recognised directly in the operating statement. The repayment obligations for the non-current liabilities for the coming year are recognised under current liabilities.

Stemra does not hold a trading portfolio and does not have any derivative financial instruments.

## PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES

### Tangible fixed assets

Tangible fixed assets are stated at cost of acquisition or manufacture less cumulative depreciation and impairment. Amortisation charges are calculated as a percentage of the cost of acquisition or manufacture using the straight-line method based on the estimated useful life. Advance payments on tangible fixed assets and assets under construction are not depreciated. Tangible fixed assets are assessed at each balance date for indications that these assets are subject to impairment. If such indications are present, the recoverable amount of the asset is estimated. The recoverable amount is the higher of the value in use and the net realisable value. When the carrying amount of an asset is higher than the recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount.

The estimated useful life is as follows:

- hardware / computer equipment 3 - 5 years
- other operating assets 5 - 10 years

### Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost. Provisions deemed necessary for possible losses on account of uncollectibility are withheld. These provisions are determined based on individual assessments of the receivables.

### Cash and cash equivalents

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not at the free disposal of Stemra, this is taken into account in their valuation.

### Continuity reserve

One of the aims of the continuity reserve is to ensure the continuity of the performance of the activities and the fulfilment of obligations to third parties, also with regard to the distribution of copyright royalties that still have to be distributed according to the financial statements.



## Appropriated reserve

Because of the system of fixed administration fees to cover the costs, an operating result is expected each year. The operating result is recognised in the appropriated reserve.

## Provisions

A provision is recognised in the balance sheet for a legal or constructive obligation arising from a past event, when it is probable that an outflow of funds will be required for the settlement of this obligation, and the amount of the obligation can be estimated reliably. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation.

## Provision for long-service awards

The provision for future long-service awards is the provision for future long-service awards to active employees with a permanent employment contract. The provision concerns the estimated amount of the future long-service awards. The calculation is based on the commitments made, employee retention rates and ages.

## Non-current and current liabilities

Liabilities are initially recognised at fair value and subsequently measured at amortised cost.

## Copyright royalties

Stemra recognises a receivable in respect of copyright royalties when the amount can be determined reliably, it is probable that it will flow to Stemra, and it is enforceable as at balance sheet date. Copyright royalties received from other, mainly international, Collective Management Organisations (CMOs) are generally recognised on a cash basis, as the amount cannot be determined reliably at an earlier time. Copyright royalties are recognised in the balance sheet in the item 'Copyright royalties to be distributed'. The Distribution Rules set out the rules for the distribution and payment of music copyright royalties received by Stemra to the participants and other stakeholders. The Distribution Rules are reviewed by the Board every three years.

As part of the distribution process, reserves are formed for, among other things:

- works for which Stemra has insufficient information to be able to distribute royalties, for example because information on rights owners, copyright details or cue sheets for films, series or commercials is missing;
- works for which the cumulative revenue is lower than the threshold for distribution (non-distributed items)
- claims in respect of comments with regard to the distribution (also in view of the indemnification that Stemra provides to the paying licensee\*). The reserve is based on historical data regarding claims paid out per distribution section for comments that were deemed to be justified, and amounts to no more than 2%.

\* In the agreements that Stemra concludes with the licensee, Stemra indemnifies the licensee against claims of rights owners affiliated directly or via sister societies. Furthermore, we refer to Section 26 a-c of the Copyright Act, which sets out the provisions for mandatory collective management.

Reserves are periodically reviewed and distributed when the necessary information has been added or, in the case of a non-distributed item, when the threshold for distribution has been attained. Reserves that have not distributed within three calendar years after the year of collection are divided proportionally over the various distribution sections and distributed via the regular

distribution in the fourth calendar year after collection (in accordance with the Supervision Act). For works that are claimed by multiple rights owners (contradictory claims), no distribution takes place until it is clear who the rights owner is. A longer reserve period may be used for royalties received from sister societies for which insufficient information has been received to be able to distribute them.

## PRINCIPLES FOR DETERMINING THE RESULT

### Administration fee

The administration fee is recognised as income in the operating statement. A percentage of the collected copyright royalties is withheld from the distribution to rights owners as an administration fee. This administration fee is recognised as income in the year of distribution under 'Administration fee withheld upon'.

### Financial income and expenses

Interest income and expenses are recognised in the period to which they relate.

### Taxes

Taxes comprise the current income tax payable or recoverable for the reporting period. The taxes are recognised in the operating statement. Current tax comprises the expected tax payable or recoverable in respect of the taxable profit for the financial year, calculated on the basis of tax rates enacted as at balance sheet date.

In an advance tax ruling extended until 31/12/2019, the Dutch Tax and Customs Administration has determined that Stichting Stemra is subject to corporation tax. Deductible foreign withholding taxes may be deducted up to a maximum equal to the amount of tax due under this advance tax ruling. Consequently, no corporation tax is due for the financial year 2019. Stemra is in discussions with the Tax and Customs Administration about the entities' tax qualification from 2020 onward.

## PRINCIPLES FOR THE PREPARATION OF THE CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. Interest received is presented as cash flow from operating activities.

In the presentation of the cash flow statement, the copyright royalties received on behalf of the rights owners and the distributions made to rights owners are not recognised in the cash flow statement. The cash flows associated with the copyright royalties to be distributed by Stemra are disclosed separately.

## NOTES TO THE SPECIFIC ITEMS OF THE BALANCE SHEET

### (1) TANGIBLE FIXED ASSETS

The changes in tangible fixed assets are as follows:

(x € 1,000)	Plant and machinery
Balance as at 1 January 2019	
Cost of acquisition/manufacture	674
Cumulative depreciation and impairment	-674
<b>Carrying amount as at 1 January 2019</b>	<b>-</b>
<b>Changes</b>	
Investments	-
Depreciation	-
Disposals cost of acquisition/manufacture	-
Disposals, cumulative depreciation	-
<b>Total changes</b>	<b>-</b>
<b>Balance as at 31 December 2019</b>	
cost of acquisition/manufacture	674
Cumulative depreciation and impairment	-674
<b>Carrying amount as at 31 December 2019</b>	<b>-</b>

### (2) RECEIVABLES

(x € 1,000)	2019	2018
Accounts receivable	2,173	1,402
Provision for uncollectible amounts	-22	-15
<b>Total as at 31 December</b>	<b>2,151</b>	<b>1,387</b>

Receivables from debtors include an amount of € 0.4 million (2018: € 0.4 million) with a term of more than one year. All the other receivables have an expected term of less than one year. The carrying amount of the recognised receivables corresponds to their fair value, given the short-term nature of the receivables. Provisions for uncollectible amounts have been recognised where necessary.

The total provision for bad debts at year-end 2019 amounts to € 22k (2018: € 15k).

### (3) OTHER RECEIVABLES

(x € 1,000)	2019	2018
Stemra affiliates	120	2,049
Buma current account	-	1,742
<b>Balance as at 31 December</b>	<b>120</b>	<b>3,791</b>

The other receivables have a term of less than one year. The amount receivable from the Stemra affiliates at year-end 2018 concerns advance payments on Private Copying royalties for the period 2013-2014.

#### (4) PREPAYMENTS AND ACCRUED INCOME

(x € 1,000)	2019	2018
Prepayments and accrued income	-	12
<b>Total as at 31 December</b>	<b>-</b>	<b>12</b>

The prepayments and accrued income have a term of less than one year.

#### (5) CASH AND CASH EQUIVALENTS

(x € 1,000)	2019	2018
Various banks	72,744	70,577
<b>Balance as at 31 December</b>	<b>72,744</b>	<b>70,577</b>

The cash and cash equivalents are at the free disposal of Stemra. The cash and cash equivalents consist of cash held at Dutch system banks. Since autumn 2019, Stemra has been confronted with the fact that the negative policy interest rate of the European Central Bank is passed on by the Dutch banks. At Stemra, the impact of a negative interest rate on cash and cash equivalents is approximately € 0.1 million.

#### (6) RESERVES

(x € 1,000)	Foundation capital	Continuity reserve	Appropriated reserve	Total
<b>Balance as at 1 January 2019</b>	<b>1</b>	<b>5,760</b>	<b>6,201</b>	<b>11,962</b>
Change arising from distribution of the result	-	-	434	434
<b>Balance as at 31 December 2019</b>	<b>1</b>	<b>5,760</b>	<b>6,635</b>	<b>12,396</b>

Pursuant to Article 27, paragraph 6, of the Articles of Association of Stichting Stemra, the financial statements are adopted by the General Members' Meeting. The Management Board has proposed to the General Members' Meeting to add the surplus of € 0.4 million to the appropriated reserve. The appropriation of the result is included in the financial statements.

#### (7) PROVISIONS

(x € 1,000)	2019	2018
Provision for long-service awards	37	34
Other	-	42
	<b>37</b>	<b>76</b>

Changes in the provision for long-service awards are as follows:

(x € 1,000)	2019	2018
<b>Balance as at 1 January</b>	<b>34</b>	<b>38</b>
Interest payment	-	1
Distributions	-	-8
Change in staffing and regulations	2	3
Change in interest rate	1	-
<b>Balance as at 31 December</b>	<b>37</b>	<b>34</b>

This provision concerns future long-service awards to employees, and is largely long term.

#### (8) NON-CURRENT LIABILITIES

(x € 1,000)	2019	2018
Pension liability	65	50
<b>Total as at 31 December</b>	<b>65</b>	<b>50</b>

#### (9) COPYRIGHT ROYALTIES TO BE DISTRIBUTED

The composition of the copyright royalties that became available for distribution during the financial year is as follows:

(x € 1,000)	2019	2018
Accrued in financial year *	29,391	30,117
Royalties still in progress	7,979	8,821
Accrued in prior financial years *	21,560	20,714
<b>Total as at 31 December</b>	<b>58,931</b>	<b>59,653</b>

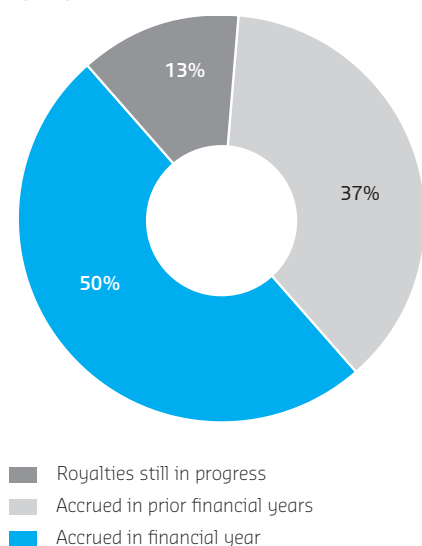
\* In the comparative figures of 2018, one adjustment has been made to match the accounting methodology in 2019. The adjustment concerns a shift from accrued in prior financial years to accrued in financial year.

Changes in the royalties to be distributed in the financial year were as follows:

(x € 1,000)	2019	2018
<b>Balance as at 1 January</b>	<b>59,653</b>	<b>55,913</b>
<b>Collection</b>		
Music use in the Netherlands	28,446	26,720
CMOs Abroad	3,751	5,681
	<b>32,197</b>	<b>32,401</b>
<b>Distributions to:</b>		
Directly affiliated rights owners	-25,399	-22,470
CMOs Abroad	-3,421	-2,682
<b>Distributions</b>	<b>-28,820</b>	<b>-25,152</b>
Administration fee withheld upon distribution	-4,099	-3,510
<b>Withholdings</b>	<b>-4,099</b>	<b>-3,510</b>
<b>Balance as at 31 December</b>	<b>58,931</b>	<b>59,653</b>

On balance, the copyright royalties to be distributed decreased by € 0.7 million compared to the previous year. The changes are explained in more detail in the tables and texts below.

#### COMPOSITION OF COPYRIGHT ROYALTIES TO BE DISTRIBUTED FOR 2019



The royalties to be distributed as at the balance sheet date can be specified as follows:

(x € 1,000)	2019	2018
<b>1. Accrued in financial year*</b>	<b>29,391</b>	<b>30,117</b>
<b>2. Royalties still in progress due to:</b>		
- As yet unallocated royalties	5,345	5,292
- Rome Rule	396	405
- Contradictory claims	1,786	2,609
- Claim differences	452	514
<b>Total royalties still in progress</b>	<b>7,979</b>	<b>8,821</b>
<b>3. Accrued in prior financial year*</b>	<b>21,560</b>	<b>20,714</b>
<b>Total as at 31 December</b>	<b>58,931</b>	<b>59,653</b>

\* In the comparative figures of 2018, one adjustment has been made to match the accounting methodology in 2019. The adjustment concerns a shift from accrued in prior financial years to accrued in financial year.

The balance of the royalties to be distributed can be divided into three categories. These categories indicate in which phase of the distribution process the royalties are.

The first category concerns the royalties accrued in the financial year. These became available for distribution in the financial year. Some of this was already paid out in 2019.

The second category concerns the royalties for which the distribution process could not be completed. Stemra is committed to ensuring the fair distribution of the collected royalties. The collected royalties must be allocated to the correct rights owners. Sometimes, it is not possible yet to distribute royalties to the correct rights owners, for example because the registration of the copyrights is incomplete, or because there is disagreement between the rights owners on the distribution of the copyright to their works.

The third category concerns royalties accrued in previous years that cannot yet be distributed to the correct rights owners.

The following sections provide further information on each category.

### 1. COPYRIGHT ROYALTIES ACCRUED IN THE FINANCIAL YEAR (€ 29.4 MILLION)

These royalties were accrued in the financial year and became available for distribution in the financial year. This section explains the composition of this category of royalties in more detail.

The composition of the copyright royalties that became available for distribution during the financial year is as follows:

(x € 1,000)	2019	2018
Revenue from copyright royalties	32,197	32,399
Addition from release of copyright royalty reserves	4,026	4,153
Distributed in financial year *	-6,832	-6,435
<b>Became available during the year for distribution</b>	<b>29,391</b>	<b>30,117</b>

\* This distribution partly consists of royalties accrued in previous years.

\*\* In the comparative figures of 2018, one adjustment has been made to match the accounting methodology in 2019. The adjustment concerns a shift from accrued in prior financial years to accrued in financial year.

In 2019, the copyright royalties made available for distribution during the financial year remained fairly stable compared to 2018. Despite a fall in fees collected of € 0.2 million, € 0.4 million more was paid out in the same financial year. In addition, € 4.0 million from the release of copyright royalty reserves will be added to the amount available for distribution (2017: € 4.2 million), regarding the lapsed reserves after expiry of the (legal) reserve period.

The copyright royalties were received from the following categories:

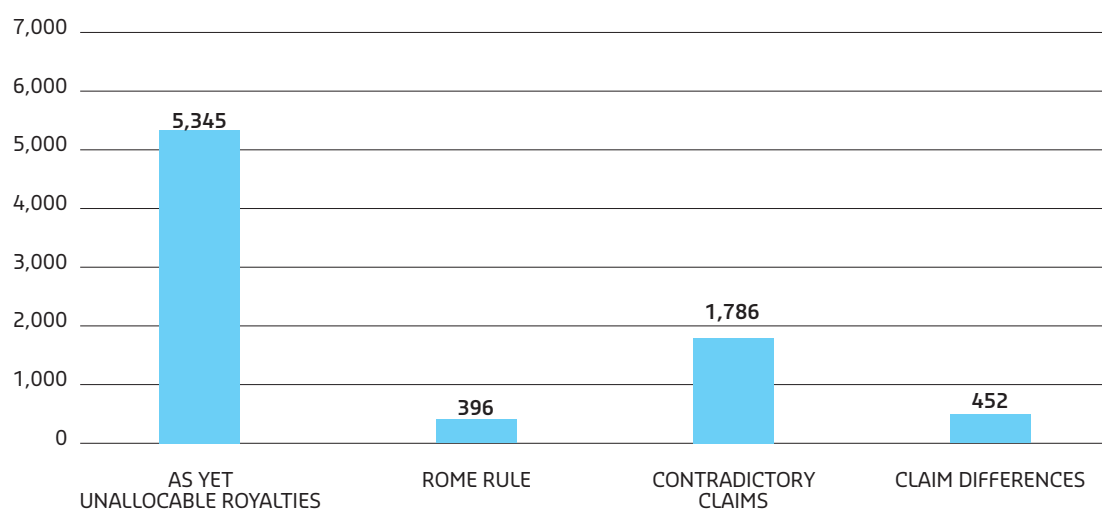
(x € 1,000)	2019	2018
Phono-mechanical rights BIEM / Central Licensing	4,946	5,610
PIEB (custom pressing) / Special Licensing	4,042	3,869
Radio & TV	6,140	6,579
Online	7,548	5,347
Private Copying / Public Lending Rights	5,664	5,312
Reprographic rights	107	-
Abroad	3,751	5,681
<b>Total</b>	<b>32,197</b>	<b>32,399</b>

## 2. ROYALTIES STILL IN PROGRESS (€ 8.0 MILLION)

The Supervision Act stipulates terms within which rights revenue received must be distributed by at the latest. The distribution period is set at 9 months after the end of the financial year in which the royalty revenues were received. An exception to this is the rights revenue received from other CMOs. This is subject to a period of 6 months after receipt of the rights revenue. In accordance with the Supervision Act, Stemra distributes the copyright royalties received to its rights owners within the stipulated periods, with the exception of a number of situations in which this is not possible. These royalties are referred to as royalties still in progress. The underlying reasons for these different royalties still in progress are explained in more detail in the relevant sections.

Royalties still in progress concern royalties for which the distribution process could not yet be completed. This section explains the composition of this category of royalties in more detail.

### Composition of royalties still in progress (x EUR 1,000)



There can be various reasons why royalties are included in the category 'Royalties still in progress'. This is explained in the sections below.

### As yet unallocable royalties (€ 5.3 million)

If data is missing or there is uncertainty about the received data, the use of music cannot be allocated to the correct rights owners. This item also includes a reserve for possible subsequent claims. There can be three reasons why music use cannot be allocated to the correct rights owner:

- No detailed data is available about broadcasts or this data is incomplete, which means no or only incomplete information about the musical works used.
- No copyright data is available or this data has not yet been fully processed, which means no active copyright is available that can serve as a

basis for the distribution. This data is submitted by the rights owner but is not always correct or complete.

- Assessment of royalties received from abroad. After receiving royalties and the associated use from the sister societies, Stemra checks the distribution of these royalties as specified by the sister society. Any anomalies must be examined. The royalties are distributed after the necessary checks have been completed.

#### Rome rule (€ 0.4 million)

This concerns a reserve that is recognised if some of the rights owners are not fully identifiable. The unidentifiable portion is distributed or reserved depending on the identifiable portion. This depends on the origin of the identified rights owners. If the majority of the known rights owners are affiliates of Stemra, the unidentified portion is reserved. If the majority of the known rights owners are affiliated with another society, the amount is distributed to the relevant society. In this way, Stemra also receives Rome rule amounts from other CMOs for unknown rights owners.

#### Contradictory claims (€ 1.8 million)

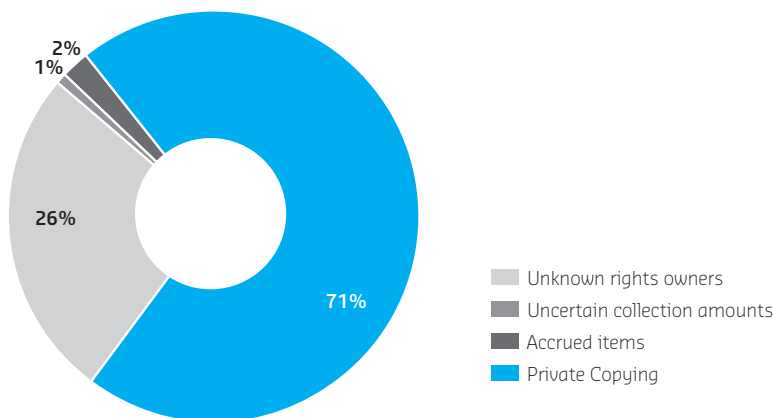
These amounts relate to copyrights for which the rights owners are still in consultation on how these rights should be distributed.

#### Claim differences (€ 0.5 million)

This item concerns reserves for claims against record companies submitted by Stemra where the estimates of the claim amounts were initially too high.

### 3. ACCRUED IN PREVIOUS YEARS (€ 21.6 MILLION)

In addition to the amounts accrued in the financial year and the royalties still in progress, there are also royalties that cannot yet be distributed due to other reasons. The graph below shows the distribution of these royalties.



#### Private Copying (€ 15.3 million)

These royalties cannot yet be distributed because discussions are still ongoing about the distribution of these royalties among rights owners.

#### 'Unknown rights owners' and 'Information still to be verified' respectively (€ 5.6 million)

The royalties recognised under this item concern royalties for which the rights owners to which the royalties must be distributed have not yet been identified, or for which the information submitted by the sister societies is still to be verified. When the rights owners can be identified or the information submitted by sister societies can be processed, these royalties are paid out.

This item partly concerns royalties for which the manual verification process could not be completed in time. It is expected that the processing of these royalties will be completed in 2020, so that they can be distributed.

#### Uncertain collection amounts (€ 0.2 million)

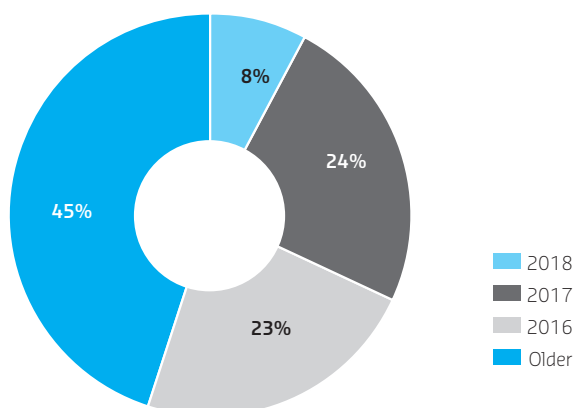
Regarding these amounts, there is uncertainty about the completeness of the collected amounts. As long as there is uncertainty about the completeness of the collection, these royalties are not distributed.

#### Accrued items (€ 0.4 million)

This concerns royalties which became available for distribution late in 2019 and which could therefore not be processed in 2019. Most of these royalties will be distributed in 2020.

## 4. AGE OF COPYRIGHT ROYALTIES TO BE DISTRIBUTED

### AGE OF COPYRIGHT ROYALTIES TO BE DISTRIBUTED



### DISTRIBUTABLE COPYRIGHT ROYALTIES BY ANNUAL TRANCHE:

(x € 1,000)	Total	2019	2018	2017	2016	Older
<b>Accrued in financial year</b>	<b>29,391</b>	<b>29,391</b>	-	-	-	-
<b>Royalties still in progress due to:</b>						
- As yet unallocable royalties	5,345	533	1,756	1,640	1,416	-
- Rome rule	396	25	88	103	89	91
- Contradictory claims	1,786	71	170	172	88	1,285
- Claim differences	452	32	101	143	176	-
<b>Accrued in prior financial years</b>	<b>21,560</b>	12	103	4,960	4,819	11,666
<b>Total as at 31 December</b>	<b>58,931</b>	<b>30,063</b>	<b>2,219</b>	<b>7,019</b>	<b>6,589</b>	<b>13,042</b>

Part of the copyright royalties to be distributed has a long-term character.

If royalties cannot be distributed upon the first attempt in the year of collection, they are taken to the item 'Royalties still in progress'. Stemra has, for a period of three years, the obligation to identify the rightful owner of these royalties and to distribute them. If Stemra is unable to do so, these royalties are distributed through the distribution of undistributed royalties. An exception to this rule applies to contradictory claims.

In addition to the contradictory claims reserve of € 1.3 million, the reserve for the collection for years prior to 2016 mainly consists of royalties received from sister societies for which the information required for a correct distribution is not yet available. Furthermore, € 11.7 million was recognised in relation to prior financial years. This mainly concerns Private Copying royalties to be distributed, which cannot be paid out due to ongoing liaison between the rights owners.

The royalties accrued in previous years are expected to be distributed in 2020. This depends, however, on the timely submission of data by third parties to Stemra.

### (10) OTHER LIABILITIES

(x € 1,000)	2019	2018
Buma current account	320	-
Stemra affiliates and participants	201	296
Foreign sister societies	4	9
<b>Total as at 31 December</b>	<b>525</b>	<b>305</b>

The other liabilities have a term of less than one year.



**(11) ACCRUALS AND DEFERRED INCOME**

(x € 1,000)	2019	2018
Dutch industry advance payment	2,583	2,995
To be settled with industry and custom pressers	237	236
Holiday allowance and annual leave	95	88
Invoices to be paid	16	93
Other	961	848
<b>Total as at 31 December</b>	<b>3,892</b>	<b>4,260</b>

'Dutch industry advance payments' include the invoiced advance payments on reproduction rights that have yet to be paid for the periods until year-end 2019. Advance payments are offset against the final payment.

The accruals and deferred income have a term of less than one year.

**NOTES TO THE OPERATING STATEMENT****(12) PERSONNEL COSTS**

	2019	2018
Salaries	806	777
Social security contributions	142	135
Pension costs	77	75
Other personnel costs	29	38
	<b>1,054</b>	<b>1,025</b>
Allocated by third parties	1,062	821
<b>Total as at 31 December</b>	<b>2,116</b>	<b>1,846</b>

In 2019, personnel costs rose by 2.8% to € 1.1 million, partly as a result of a small increase in the average number of FTEs. The additional costs allocated by Buma increased by € 0.2 million as a result of the change in cost allocation.

The coverage ratio of Pensioenfond PNO Media as at 31 December 2019 is 99.5% (31 December 2018: 106.0%).

During the 2019 financial year, the average number of employees converted to FTE was 14.3 (2018: 14.2). As shown in the table below, the workforce can be divided into the following personnel categories.

	2019	2018
Legal Affairs	1.0	1.0
General Affairs	1.0	1.0
Front office	5.1	5.0
Back office	7.2	7.2
<b>Total</b>	<b>14.3</b>	<b>14.2</b>

**REMUNERATION OF THE MANAGEMENT UNDER THE ARTICLES OF ASSOCIATION, THE SUPERVISORY BOARD (PART OF THE 2018 BOARD) AND THE COUNCIL OF RIGHTS OWNERS (PART OF THE 2018 COUNCIL OF MEMBERS)**

Under the Supervision Act, which came into force on 1 July 2013, a number of paragraphs in the Public and Semi-Public Sector Senior Officials (Standard Remuneration) Act (WNT) have been declared applicable to collective management organisations (CMOs). Vereniging Buma and Stichting Stemra work together in a personal union, as a result of which one work organisation is active under one Management and one Supervisory Board (in 2018 until the transition to the single Board supervisory model) and one Council of Rights Owners (in 2018 until the transition to the single Council of Members supervisory model).

The agreements with Management, the Supervisory Board and the Council of Rights Owners (until 2018 also with the Board and the Council of Members) were entered into jointly by Vereniging Buma and Stichting Stemra. The total remuneration of the senior officials of Vereniging Buma is specified in the tables below in accordance with Section 4.1 of the WNT 2018, where relevant. However, the costs for the Supervisory Board and the Council of Rights Owners (until 2018 also for the Board and the Council of Members) are accounted for by Vereniging Buma and by Stichting Stemra in the financial statements at 50% each. The remuneration of the Management under the Articles of Association is included in the financial statements of Vereniging Buma and Stichting Stemra based on 83% / 17% (2018: 90% / 10%). Reference is made to note (13) for a more detailed description of the cost allocation.

## 1. REMUNERATION OF SENIOR OFFICIALS

### 1A. SENIOR MANAGEMENT OFFICIALS WITH AN EMPLOYMENT CONTRACT, AS WELL AS THOSE WHO HAVE SERVED WITHOUT AN EMPLOYMENT CONTRACT FOR 13 MONTHS OR MORE.

The remuneration per individual for 2018 – as defined in the Supervision Act – can be specified as follows (in €)\*:

Name	Position	Employed	Total remuneration plus taxable expense allowance 2019	Post-contract benefits	Total WNT remuneration 2019	WNT maximum 2019	Total WNT remuneration 2018	WNT maximum 2018
<b>Senior official with an employment contract</b>								
B.H. Kobes	CEO	1 Nov - 31 Dec 100%	29,790	2,632	32,422	32,422	-	-
W.H.L. van Limpt	CEO**	-	-	-	-	-	188,997	189,000

\* This concerns the total remuneration received from Buma/Stemra.

\*\* W.H.L. van Limpt left the employment as of 31/12/2018. He carried out a consultancy assignment in 2019 and the remuneration is accounted for in the table 'Senior Management Officials without employment contract'.

The remuneration per individual for 2019 – as defined in the Supervision Act – can be specified as follows (in €)\*:

Name	Position	Employed	Total WNT remuneration 2019	WNT maximum 2019	Total WNT remuneration 2018	WNT maximum 2018
<b>Senior officials without an employment contract</b>						
C.J.J. van Steijn	Acting CEO**	" 1 Oct - 31 Oct 100% "	14,742	16,477	-	-
S.H. van Elsloo	Acting CFO***	" 1 Jan - 31 Dec 100% "	193,930	194,000	212,672	247,386
W.H.L. van Limpt	Consultancy assignment****	" 1 Jan - 31 Dec 96% "	154,773	185,554	-	-

\* This concerns the total remuneration received from Buma/Stemra; the directors do not have an employment contract.

\*\* The remuneration up to and including September 2019 of C.J.J. van Steijn is included in table 1b.

\*\*\* For comparison purposes, S.H. van Elsloo's total remuneration for 2018 is accounted for in table 1a instead of partly in table 1b.

\*\*\*\* W.H.L. van Limpt (former CEO) left the employment as of 31/12/2018. He carried out a consultancy assignment in 2019, the remuneration for which is accounted for in the table above. W.H.L. van Limpt's remuneration for 2018 is accounted for in the table 'Senior Management Officials with employment contract'.

The remuneration per individual for 2019 – as defined in the Supervision Act – can be specified as follows (in €)\*:

Name	Position	Employed	Total WNT remuneration 2019	WNT maximum 2019	Total WNT remuneration 2018	WNT maximum 2018
L.A.J.M. de Wit	Chairman of the Board	-	-	-	23,891	35,832
H.O. Westbroek	Board member	-	-	-	5,901	17,916
D. van Peursen	Board member	-	-	-	5,901	17,916
A.D.G. Fuimara	Board member	-	-	-	5,902	17,916
R. Meister	Board member	-	-	-	5,902	17,916
A.B. Molema	Vice-chairman of the Board	-	-	-	8,530	17,916
P.L. Perquin	Board member	-	-	-	5,902	17,916
A.A.L. de Raaff	Board member	-	-	-	5,901	17,916
M. Schimmer	Board member	-	-	-	5,901	17,916
M. Swemle	Board member	-	-	-	5,901	17,916
R. van Vliet	Board member	-	-	-	5,901	17,916
J. van der Voet	Board member	-	-	-	5,901	17,916
N.M. Walboomers	Board member	-	-	-	5,893	17,916

\* This concerns the total remuneration received from Buma/Stemra; these directors do not have an employment contract.

#### 1B. SENIOR MANAGEMENT OFFICIALS WHO SERVED WITHOUT AN EMPLOYMENT CONTRACT IN THE CALENDAR MONTHS 1 TO 12

The remuneration per individual for 2018 – as defined in the Supervision Act – can be specified as follows (in €)\*:

Name	Position	Employed	Total WNT remuneration 2019	WNT maximum 2019	Total WNT remuneration 2018	WNT maximum 2018
<b>Senior officials without an employment contract</b>						
C.J.J. van Steijn	Acting CEO**	" 1 Jan - 30 Sep 100% "	195,228	195,300	55,328	75,900
S.H. van Elsloo	Acting CFO***	-	-	-	-	-

\* This concerns the total remuneration received from Buma/Stemra; these directors do not have an employment contract.

\*\* From 1 Oct 2019, the remuneration of C.J.J. van Steijn is accounted for in table 1a.

\*\*\* The remuneration of S.H. van Elsloo for 2018 and 2019 is accounted for in table 1a.

## 1C. SENIOR SUPERVISORY OFFICIALS

### REMUNERATION OF THE SUPERVISORY BOARD

The remuneration per individual for 2019 – as defined in the Supervision Act – can be specified as follows (in €)\*:

Name	Position	Employed	Total WNT remuneration 2019	WNT maximum 2019	Total WNT remuneration 2018	WNT maximum 2018
<b>J. de Zwaan</b>	Chairman of the Supervisory Board	1 Jan - 31 Dec	<b>29,100</b>	29,100	14,025	17,398
<b>A. Fuimara</b>	Member of the Supervisory Board	1 Jan - 31 Dec	<b>19,400</b>	19,400	9,766	9,942
<b>R. Meister</b>	Member of the Supervisory Board	1 Jan - 31 Dec	<b>19,400</b>	19,400	9,766	9,942
<b>A.B. Molema</b>	Vice-chairman of the Supervisory Board	1 Jan - 31 Dec	<b>19,400</b>	19,400	9,766	9,942
<b>M. Swemle</b>	Member of the Supervisory Board	1 Jan - 31 Dec	<b>19,400</b>	19,400	9,766	9,942
<b>R. van Vliet</b>	Member of the Supervisory Board	1 Jan - 31 Dec	<b>19,400</b>	19,400	9,766	9,942
<b>N.M. Walboomers</b>	Member of the Supervisory Board	1 Jan - 31 Dec	<b>19,400</b>	19,400	9,760	9,942
<b>R.J.M. Hopstaken</b>	Member of the Supervisory Board	1 Jan - 31 Dec	<b>19,400</b>	19,400	3,314	3,314
<b>J. Messerschmidt</b>	Member of the Supervisory Board	1 Jan - 31 Dec	<b>19,400</b>	19,400	3,314	3,314

\* This concerns the total remuneration received from Buma/Stemra; these members of the Supervisory Board do not have an employment contract.

### REMUNERATION OF THE COUNCIL OF RIGHTS OWNERS

The remuneration per individual for 2019 – as defined in the Supervision Act – can be specified as follows (in €)\*:

Name	Position	Employed	Total WNT remuneration 2019	WNT maximum 2019	Total WNT remuneration 2018	WNT maximum 2018
<b>I.M. Chronis</b>	Member of the Council of Rights Owners	1 Jan - 31 Dec	<b>7,352</b>	19,400	2,687	9,942
<b>W. Kwakman</b>	Member of the Council of Rights Owners	1 Jan - 31 Dec	<b>7,502</b>	19,400	2,687	9,942
<b>M.A. Bremer</b>	Member of the Council of Rights Owners Vice-chairman of the Council of Rights Owners	1 Jan - 2 Jul	<b>7,650</b>	19,400	2,687	9,942
<b>J.M.F. Everling</b>	Member of the Council of Rights Owners	3 Jul - 31 Dec	<b>7,527</b>	19,400	2,687	9,942
<b>D.D. van den Dungen</b>	Member of the Council of Rights Owners	1 Jan - 31 Dec	<b>6,627</b>	19,400	2,687	9,942
<b>A. Romeijn</b>	Vice-chairman of the Council of Rights Owners Chairman of the Council of Rights Owners Vice-chairman of the Council of Rights Owners Member of the Council of Rights Owners	1 Jan - 27 Mar 28 Mar - 6 May 7 May - 2 Jul 3 Jul - 31 Dec	<b>7,780</b>	20,463	3,493	9,942
<b>M. Schimmer</b>	Member of the Council of Rights Owners	1 Jan - 31 Dec	<b>7,652</b>	19,400	2,687	9,942
<b>M. Krüs</b>	Member of the Council of Rights Owners	1 Jan - 31 Dec	<b>6,652</b>	19,400	2,687	9,942
<b>D. van Peursen</b>	Chairman of the Council of Rights Owners Vice-chairman of the Council of Rights Owners Member of the Council of Rights Owners	1 Jan - 27 Mar 28 Mar - 2 Jul 3 Jul - 31 Dec	<b>8,708</b>	21,685	3,841	12,091
<b>K. Vergouwen</b>	Member of the Council of Rights Owners	1 Jan - 31 Dec	<b>6,652</b>	19,400	2,687	9,942
<b>R. Zipora</b>	Vice-chairman of the Council of Rights Owners Chairman of the Council of Rights Owners	1 Jan - 6 May 7 May - 31 Dec	<b>10,674</b>	25,751	3,651	9,942
<b>J. van der Voet</b>	Member of the Council of Rights Owners	1 Jan - 31 Dec	<b>6,777</b>	19,400	2,687	12,919

\* This concerns the total remuneration received from Buma/Stemra; these members of the Council of Rights Owners do not have an employment contract.

## REMUNERATION OF THE COUNCIL OF MEMBERS

The remuneration per individual for 2019 – as defined in the Supervision Act – can be specified as follows (in €)\*:

Name	Position	Employed	Total WNT remuneration 2019	WNT maximum 2019	Total WNT remuneration 2018	WNT maximum 2018
I.M. Chronis	Chairman of the Council of Members	-	-	-	3,935	13,437
W. Kwakman	Vice-chairman and member of the Council of Members	-	-	-	3,196	8,958
M.A. Bremer	Member of the Council of Members	-	-	-	2,459	8,958
J.M.F. Everling	Member of the Council of Members	-	-	-	2,459	8,958
M.T. Felis	Member of the Council of Members	-	-	-	2,459	8,958
T. Kalksma	Member of the Council of Members	-	-	-	2,442	8,958
K. Vergouwen	Member of the Council of Members	-	-	-	2,465	8,958
M. Krüs	Member of the Council of Members	-	-	-	2,459	8,958
B. van de Lisdonk	Member of the Council of Members	-	-	-	2,459	8,958
B.N.A.D. van der Poel	Member of the Council of Members	-	-	-	2,459	8,958
R. Zipora	Member of the Council of Members	-	-	-	2,459	8,958
E. Severs	Member of the Council of Members	-	-	-	2,230	8,130

\* This concerns the total remuneration received from Buma/Stemra; these members of the Council of Rights Owners do not have an employment contract.

## 3. OTHER REPORTING OBLIGATIONS UNDER THE WNT

### 3A. REMUNERATION OF NON-SENIOR OFFICIALS

The titular directors with an employment contract in 2019 (and 2018) do not have a position implying (day-to-day) management of the entire organisation, nor do they have decision-making powers. This means the titular directors did not serve as senior officials in 2019 (and 2018) and their remuneration is therefore disclosed under the category of non-senior officials. With regard to non-senior officials whose remuneration exceeds the WNT maximum, Vereniging Buma and Stichting Stemra have the policy to scale this back in accordance with the statutory transitional scheme until the WNT maximum is no longer exceeded. Severance payments made fall outside the phase-out scheme but have been included in the remuneration.

The remuneration per individual for 2018 – as defined in the Supervision Act – can be specified as follows (in €)\*:

Position	Employed	Total remuneration plus taxable expense allowance 2019	Post-contract benefits	Total WNT remuneration 2019	WNT maximum 2019	Total WNT remuneration 2018	WNT maximum 2018
<b>Non-senior officials</b>							
Titular Director**	1 Jan - 31 Dec 100%	372,714	16,450	389,164	194,000	281,202	189,000
Titular Director	1 Jan - 31 Dec 100%	194,331	22,034	216,365	194,000	223,820	189,000

\* This concerns the total remuneration received from Buma/Stemra.

\*\* The remuneration partially includes severance payment. In 2020, the last part of the severance payment will be paid and accounted for.

<b>(13) GENERAL COSTS</b>	<b>2019</b>	<b>2018</b>
Advisory fees	89	192
Contributions and other fees	51	61
Other expenses	12	13
	<b>152</b>	<b>267</b>
Allocated by third parties	2,062	1,072
<b>Total as at 31 December</b>	<b>2,214</b>	<b>1,339</b>

In 2019, the costs allocated to Stemra increased by € 1.0 million. The outcome of the cost allocation model developed in 2019 leads to a distribution between Buma and Stemra of 83% / 17%. This takes into account that the costs for the Supervisory Board and the Council of Rights Owners will be distributed 50% / 50%, like in 2018. In the period 2016 - 2018, the other joint costs were distributed 90% / 10% on the basis of a board resolution: in 2018, this resulted in an 89% / 11% distribution of total management costs.

#### **(14) TAXES**

In an advance tax ruling extended until 31/12/2019, the Dutch Tax and Customs Administration has determined that Stemra is subject to corporation tax. Deductible foreign withholding taxes may be deducted up to a maximum equal to the amount of tax due under this advance tax ruling. Consequently, no corporation tax is due for the financial year 2019. Stemra is in discussions with the Tax and Customs Administration about the entities' tax qualification from 2020 onward.

## OTHER DISCLOSURES

#### **(15) FINANCIAL INSTRUMENTS**

The financial instruments under assets are receivables and cash and cash equivalents, which are valued at amortised cost and nominal value respectively. Receivables are generally non-interest-bearing. The interest payment on cash and cash equivalents is zero or even negative.

The maximum credit risk with regard to receivables and cash and cash equivalents equals the carrying amount. There is no concentration of the credit risk. The current financial liabilities represent 84% of the balance sheet total (2018: 84%). The main component of this are the copyright royalties to be distributed, which account for 78% (2018: 78%). These are measured at cost. The financial liabilities are non-interest-bearing. The fair value of all the financial instruments approximates the carrying amount. There are no financial instruments with a carrying amount exceeding the fair value.

#### **(16) RELATED PARTIES**

The following parties are considered to be related parties of Stichting Stemra: Vereniging Buma, Stichting Sociaal Fonds Buma, Stichting Service Centrum Auteurs- en Naburige rechten (SCAN) and the Management under the Articles of Association, Supervisory Board members and members of the Council of Rights Owners and the Management Board of Vereniging Buma and Stichting Stemra. For more information about remunerations to the Management under the Articles of Association, Supervisory Board members and members of the Council of Rights Owners, reference is made to the relevant notes in the corresponding section. Normal transactions relating to the administration of copyrights involving Supervisory Board members or members of the Council of Rights Owners, or involving related parties of Supervisory Board members or members of the Council of Rights Owners, are not explicitly disclosed in the financial statements.

Any distributions of copyright royalties to Supervisory Board members and members of the Council of Members, or to related parties of Supervisory Board members or members of the Council of Members, have been calculated in the same manner as the distributions to all members and have been paid out in accordance with the normal procedures within Stemra. Due to the close relationships within the sector, Supervisory Board members and members of the Council of Members can also be related parties as customers of Stemra, such as through a music-related service that Stemra uses. Transactions with these parties are carried out at arm's length and under conditions that are no different from the conditions that would have been agreed with other parties.

For reasons of transparency, the copyright royalties distributed to members of the Supervisory Board and their companies must be made public. This concerns copyright royalties which Supervisory Board members have received as an individual or through legal entities in which they have a majority interest. For reasons of privacy, only the categories into which the royalties received fall are disclosed.

**THE COPYRIGHT ROYALTIES RECEIVED FALL INTO THE FOLLOWING CATEGORIES:**

No distribution	A
Between 0 and 15,000	B
Between 15,000 and 50,000	C
Between 50,000 and 100,000	D
Between 100,000 and 500,000	E
More than 500,000	F

The Supervisory Board members have the following financial interests:

NAME	POSITION	BUMA
Josephine de Zwaan	Chairman of the Supervisory Board	A
Anthony Fiumara	Member of the Supervisory Board	B
Ruud Hopstaken	Member of the Supervisory Board	A
René Meister	Member of the Supervisory Board	B
Jolanda Messerschmidt	Member of the Supervisory Board	A
Arriën Molema	Member of the Supervisory Board	B
Marc Swemle	Member of the Supervisory Board	E
Raymond van Vliet	Member of the Supervisory Board	A
Niels Walboomers	Member of the Supervisory Board	B
Bernard Kobes	Director	A
Siebe van Elsloo	Director	A
Cees van Steijn	Director	A

**(17) OFF-BALANCE SHEET LIABILITIES**

As at 31 December, the off-balance sheet liabilities had the following terms:

(x € 1,000)	2019	2018
<b>Joint contracts with Stichting Stemra</b>		
Less than 1 year	1,415	1,617
Between 1 and 5 years	46	158
	<b>1,461</b>	<b>1,775</b>
<b>Contracts entered into independently</b>		
Less than 1 year	133	56
Between 1 and 5 years	570	211
Longer than 5 years	238	225
	<b>941</b>	<b>492</b>
<b>Total as at 31 December</b>	<b>2,403</b>	<b>2,267</b>

The long-term liabilities in the table above concern lease costs, rental costs and costs for outsourcing activities.

The allocation of costs between Buma and Stemra for each liability is specified in the notes. The rental and lease obligations have been entered into by Buma; costs are subsequently charged on to Stemra.

### Leasing and software

The operational lease costs for printers, lease cars and software have been assumed by Buma and will be divided between Buma and Stemra (in 2019: 83% / 17%). The costs are recognised over the lease period in the operating statement using the straight-line method. The obligation to Buma for less than one year is € 12k (2018: € 14k) and the obligations between one and five years are € 19k (2018: € 10k).

### Rent

As of 1 January 2018, a financial liability has been assumed for a period of ten years. The rental obligation has been entered into by Buma. The rental obligation has been entered into by Buma. The (annual) rental obligation is divided between Buma and Stemra (in 2019: 83% / 17%). The total rental obligation to Buma for the remaining term of the contract amounts to € 0.9 million (2018: € 0.5 million).

### Outsourcing of activities – ICE Copyright

Vereniging Buma and Stichting Stemra have jointly entered into the obligation to outsource their musical works database to ICE for an initial period of five years (as from March 2015) and extended by one year. The remaining financial liability resulting from this amounts to € 0.7 million (2018: € 0.7 million). The costs of ICE are divided between Buma and Stemra (in 2019: 83% / 17%).

### Outsourcing of activities – ICE Online

Vereniging Buma and Stichting Stemra have jointly entered into the obligation to outsource the processing of online music use to ICE for a period of five years (as from March 2015). The remaining financial liability resulting from this amounts to less than € 0.1 million (2018: € 0.2 million). The intention is to extend the expiring contract by two years. These costs divided between Buma and Stemra (in 2019: 83% / 17%).

### Accenture

Vereniging Buma and Stichting Stemra have jointly entered into the contractual obligation to outsource part of the back-office activities to Accenture until the end of December 2020. The remaining financial liability resulting from this amounts to € 0.6 million (2018: € 0.9 million, in addition to an amount paid in advance included on the balance sheet). These costs divided between Buma and Stemra (in 2019: 83% / 17%).

### Claims

A number of claims have been lodged against Stichting Stemra which it disputes, as well as a number of claims for which an outflow of funds is expected. A provision has been recognised for the claims for which an outflow of cash is expected that can be estimated reliably. Although the outcome of these disputes cannot be predicted with certainty, it is assumed – also based on legal advice – that these disputes will not have a significant negative effect on the reported financial position of Stemra.

## (18) SUBSEQUENT EVENTS

### Directors' Report

#### OUTLOOK

The corona crisis has major consequences for the composers, lyricists and publishers who are affiliated with Stemra. Stemra mainly collects copyright royalties in market segments where the corona crisis has less of a direct impact. Our income in 2020 so far is somewhat lower than budgeted and this trend is expected to continue throughout the year. The market segments Radio and TV and revenues from our foreign sister societies are under particular pressure. The full impact of the pandemic is not yet clear when preparing the annual reports and accounts. It will depend in part on how the outbreak of the coronavirus can be managed and on the widespread availability of a vaccine or medicines.

Stemra makes every effort to minimise the consequences for its affiliates. The accelerated distribution of copyright royalties offers relief in the short term and the Emergency Music Fund, set up by Buma, Stemra and Sena and financially supported by Spotify is designed to cushion the initial and worst losses. We have set up the Music Investment Fund using a financial contribution from the government, which allows us to support composers, lyricists and publishers in the form of work and production contributions.

Measures have been taken by Stemra to cut as much costs as possible in 2020, in order to meet the cost standard set under of the Supervision Act as much as possible. Stemra continuously assesses its liquidity position on the basis of the various scenarios. We estimate that Stemra's financing needs will be fully met in the coming period.



## IN CONCLUSION

We are deeply indebted to the employees of Stemra, who have had to work from home since mid-March in line with the guidelines of the Dutch National Institute for Public Health and the Environment (RIVM), but who have managed to maintain our service level. The corona crisis casts a shadow over this annual report, but thanks to the joint effort of our employees Stemra can present positive financial results for 2019. We look forward to continuing to build on Stemra's mission with them, the Council of Rights Owners and all other stakeholders, i.e.: looking after the interests of our affiliates in the best possible way and ensuring they are fairly compensated for the use of their work.

## Financial statements

### SUBSEQUENT EVENTS

Starting early March 2020, the Dutch government has taken measures to control the spread of the coronavirus. The consequences of the coronavirus outbreak are classified as events after the balance sheet date (subsequent events), which do not provide further information about the actual situation as at the balance sheet date. This means that the financial consequences have not been recognised in the 2019 financial statements. To date, the impact of these events on the fees collected in 2020 seems to be limited to the Radio and TV segment. In addition, a fall in the royalty payments received from our foreign sister societies can be noted. It is currently impossible to estimate the long-term impact of the corona crisis. The reasons for this are the high degree of uncertainty about the further spread of the coronavirus, the nature, scope and effectiveness of government measures and the large-scale availability of a vaccine or medicines.

## Signature

Hoofddorp, 5 August 2020

### SUPERVISORY BOARD

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Josephine de Zwaan	Chairman
Anthony Fiumara	Member of the Supervisory Board
Ruud Hopstaken	Member of the Supervisory Board
Jolanda Messerschmidt CPA	Member of the Supervisory Board
René Meister	Member of the Supervisory Board
Arriën Molema	Member of the Supervisory Board
Marc Swemle	Member of the Supervisory Board
Raymond van Vliet	Member of the Supervisory Board
Mr Niels Walboomers	Member of the Supervisory Board

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### BOARD

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Bernard Kobes	Chief Executive Officer
Siebe van Elsloo	Acting Chief Financial Officer

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# —6. OTHER INFORMATION

# INDEPENDENT AUDITOR'S REPORT

To the Affiliates of Stichting Stemra

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS  
2019 INCLUDED IN THE ANNUAL REPORT

## OUR OPINION

We have audited the financial statements 2019 of Stichting Stemra, based in Amstelveen.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Stemra as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code and section 25a of the Collective Management Organisations for Copyright and Related Rights (Supervision and Disputes Settlement) Act (hereafter: 'Supervision Act').

The financial statements comprise:

1. the balance sheet as at 31 December 2019;
2. the operating statement for 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

## BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Supervision Act. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Stemra in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## COMPLIANCE WITH ANTI-CUMULATION PROVISION OF WNT HAS NOT BEEN AUDITED

With regard to the provisions in Section 25a of the Supervision Act, our audit did not include a review of whether any senior management official exceeded remuneration standards due to being employed at another institution which is subject to the Standards for Remuneration Act (WNT), nor did we review the accuracy and completeness of the disclosures required in this respect.

## EMPHASIS OF MATTER: ASSESSING THE IMPACT OF THE CORONA CRISIS

We draw attention to the section "Events after the reporting period" in the notes to the financial statements where management describes its assessment of the effects of the Corona Crisis on the Stichting.

## REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- key figures Stemra;
- board report;
- supervisory board report;
- approval on the financial statements;
- other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code;
- contains the information as required by sections 2b through to 3.d.4 of the 'Besluit transparantieverlag richtlijn collectief beheer'.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board is responsible for the preparation of the other information, including the board report and supervisory board report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, sections 2b through to till 3.d.4 of the 'Besluit transparantieverlag richtlijn collectief beheer' and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

## RESPONSIBILITIES OF THE BOARD AND THE SUPER- VISORY BOARD FOR THE FINANCIAL STATEMENTS

The board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Supervision Act. Furthermore, the board is

responsible for such internal control as the board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board should prepare the financial statements using the going concern basis of accounting unless the board either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so.

The board should disclose events and circumstances that may cast significant doubt on the foundation's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

## OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board;
- concluding on the appropriateness of the board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt

on the foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a foundation to cease to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

Rotterdam, 5 August 2020

MAZARS N.V.

Signed on the original drs S. Boomman RA

# —APPENDICES

# 1. REFERENCE TABLE TRANSPARENCY REPORT

Section	Description	Part of the annual report	Page number
<b>Section 2</b>			
2a	Cash flow statement	Cash flow statement	31
2b	Information about refusals to grant a licence on the basis of Article 2l(3) of the Supervision Act;		18
2c	A description of the legal and governance structure of the collective management organisation;	Explanation by the Board	32
2d	Information on entities directly or indirectly owned or controlled, wholly or in part, by the collective management organisation;	Notes to the financial statements	32
2e	Information on the total amount of remuneration paid in the past financial year to the persons referred to in Section 2e(3) and Section 2f of the Supervision Act, and on other benefits granted to them;	Notes to the financial statements, Remuneration of the Board, Council of Members and Management	42-46
2f	The financial data referred to in Section 3 of the Transparency Report (Collective Rights Management Directive) Decree	See Section 3	
2g	A special report on the use of amounts withheld for the purposes of social, cultural and educational services, including the information referred to in Section 3 of the aforementioned Decree	See Section 3	
<b>Section 3</b>			
3a	Financial information on rights revenue per category of rights managed and per type of use, including information on the income arising from the investment of rights revenue and the use of this income;	Operating statement, coverage of the management costs, notes to the financial statements	11-15, 30
3b	Financial information on the costs of rights management and other services provided to rights owners by the collective management organisation, including a full description of at least the following items:		
	1. All operating costs and financial costs, with a breakdown per category of rights managed and, in the case of indirect costs that cannot be attributed to one or more categories of rights, an explanation of the method used for the allocation of these indirect costs;	Operating statement, coverage of the management costs, notes to the financial statements	11-15, 30
	2. Operating costs and financial costs, with a breakdown per category of rights managed and, in the case of indirect costs that cannot be attributed to one or more categories of rights, an explanation of the method used for the allocation of these indirect costs, to the extent that these costs relate to the rights management, including the management costs which were deducted from or offset against rights revenue or income arising from the investment of rights revenue in accordance with Section 2g(4) and Section 2h(1-3) of the Supervision Act;	Operating statement, coverage of the management costs, notes to the financial statements	11-15, 30
	3. Operating costs and financial costs for services other than rights management, including social, cultural and educational services;	Notes to the financial statements	
	4. Funds used to cover costs;	Coverage of the operating costs	13
	5. Amounts that were withheld from rights revenue, with a breakdown per category of rights managed and per type of use, and the purpose of the withholding;	Notes to the financial statements, coverage of the operating costs	13
	6. The percentages which the costs of the rights management and other services provided by the collective management organisation to rights owners represent compared to the rights revenue in the relevant financial year, per category of rights managed, and, in the case of indirect costs that cannot be attributed to one or more categories of rights, an explanation of the method used for the allocation of these indirect costs;	Key figures of Stemra	3-5
3c	Financial information on the amounts due to rights owners with a full description of at least the following items:		
	1. The total amount attributed to rights owners, with a breakdown per category of rights managed and per type of use;	Notes to the financial statements, copyright royalties to be distributed	37-41
	2. The total amount paid to rights owners, with a breakdown per category of rights managed and per type of use;	Key figures of Stemra	3-5
	3. The frequency of the payments, with a breakdown per category of rights managed and per type of use;		18
	4. The total amount collected but not yet allocated to rights owners, with a breakdown per category of rights managed and per type of use, and indicating in which the financial year these amounts were collected;	Notes to the financial statements, copyright royalties to be distributed	37-41

Section	Description	Part of the annual report	Page number
	5.The total amount allocated to but not yet distributed among rights owners, with a breakdown per category of rights managed and per type of use, and specification of the financial year in which these amounts were collected;	Notes to the financial statements, copyright royalties to be distributed	37-41
	6.If a collective management organisation has not carried out the distribution and payment within the period laid down in Section 2i(3) of the Supervision Act: the reasons for the delay;	Notes to the financial statements, copyright royalties to be distributed	37-41
	7.The total balance of undistributed amounts, with an explanation of the use of these amounts;	Notes to the financial statements, copyright royalties to be distributed	37-41
3d	Information on the financial relationship with other collective management organisations, with a description of at least the following items:		
	1. Amounts received from other collective management organisations and amounts paid to other collective management organisations, with a breakdown per category of rights managed, per type of use and per organisation;	Key figures of Stemra	3-5
	2. Management costs and other withholdings from the rights revenue due to other collective management organisations, with a breakdown per category of rights, per type of use and per organisation;	Key figures of Stemra	3-5
	3. Management costs and other withholdings from the rights revenue paid by other collective management organisations, with a breakdown per category of rights and per organisation;	Key figures of Stemra	3-5
	4. Amounts distributed directly to rights owners originating from other collective management organisations, with a breakdown per category of rights and per organisation.	Key figures of Stemra	3-5
<b>Section 4</b>			
4a	The amounts withheld in the financial year for the purposes of social, cultural and educational services, with a breakdown per type of purpose and, for each type of purpose, with a breakdown per category of rights managed and per type of use;		
4b	An explanation of the use of those amounts, with a breakdown per type of purpose including the costs of managing amounts withheld to fund social, cultural and educational services and of the separate amounts used for social, cultural and educational services.		

## 2. MEETINGS OF THE SUPERVISORY BOARD, COMMITTEES AND COUNCIL OF RIGHTS OWNERS

### 2.1 SUPERVISORY BOARD MEETING DATES, ITEMS DISCUSSED AND RESOLUTIONS

#### Overview of resolutions for the 2019 annual report

Date	Body	Topics	Decision-making
11 February	Supervisory Board	<ul style="list-style-type: none"> <li>- annual calendar 2019 Supervisory Board</li> <li>- CvTA: proposal model progress report</li> <li>- State of affairs outsourcing India</li> <li>- Provisional figures 2018</li> <li>- Proposal policy reserves</li> <li>- Planning recruitment and selection CEO and CFO</li> <li>- Update stakeholders</li> </ul>	None
8 April	Supervisory Board	<ul style="list-style-type: none"> <li>- CvTA: various documents</li> <li>- Reflection strategy afternoon 5 April 2019</li> <li>- Strategic agenda and progress</li> <li>- Preparation GMM 12 June 2019</li> <li>- Supervisory Board regulations</li> <li>- Amendment to the articles of association</li> <li>- Final planning for recruitment and selection of new permanent directors (CEO and CFO)</li> <li>- Supervisory Board retirement schedule</li> <li>- Supervisory Board remuneration proposal 2019</li> <li>- Update stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>- Annual calendar 2019 of the Supervisory Board</li> <li>- Audit Committee regulations</li> <li>- Amendments to the voting rights of the Supervisory Board chairman and correction of omission in the Articles of Association</li> <li>- Amendment to the Articles of Association of Buma and Stemra joint powers in the Management Board</li> <li>- Voice: working document Governance code</li> <li>- Final planning of recruitment and selection of new (permanent) directors</li> <li>- Remuneration proposal Supervisory Board 2019</li> <li>- Supervisory Board regulations (email resolution 29 April 2019)</li> </ul>
22 August	Supervisory Board	<ul style="list-style-type: none"> <li>- Feedback process, motivation and decision-making candidates recruitment and selection of new CEO</li> <li>- Proposal for recommendation of candidate to the BAC committee and formulation of consultancy assignment</li> </ul>	<ul style="list-style-type: none"> <li>- Intended decision regarding recommendation of new CEO to GMM on 30 October 2019 for appointment with effect from 1 November 2019</li> </ul>
23 May	Supervisory Board	<ul style="list-style-type: none"> <li>- 2018 annual report of Vereniging Buma and Stichting Stemra</li> <li>- Compensation non-recurrent costs 2017/2018</li> <li>- Selection of Fiduciary Manager</li> <li>- Progress and planning ABC cost accounting</li> <li>- Evaluation of organisational structure</li> <li>- GMM 12 June 2019: agenda and final notice of meeting</li> <li>- Council of Rights Owners regulations</li> <li>- Update stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>- 2018 annual report of Vereniging Buma and Stichting Stemra</li> <li>- Compensation for non-recurrent costs 2017/2018</li> <li>- Selection of Fiduciary Manager</li> <li>- Agenda and final notice convening GMM on 12 June 2019</li> <li>- Recommendation extension acting CEO and acting CFO- Council of Rights Owners regulations</li> <li>- Supervisory Board retirement schedule</li> </ul>
20 June	Supervisory Board	<ul style="list-style-type: none"> <li>- Evaluation GMM of 12 June 2019</li> <li>- Benchmarking within the framework of Voice working group</li> <li>- Strategic agenda and progress</li> <li>- Management Board regulations version 13 June 2019</li> <li>- State of affairs recruitment and selection of new CEO</li> <li>- Profile of CEO and CFO</li> <li>- Planning self-evaluation Supervisory Board and training of Supervisory Board/Council of Rights Owners/Management Board/Works Council</li> <li>- Update stakeholders</li> <li>- Works Council: request for advice appointment of acting CEO and acting CFO</li> <li>- Works Council: request for advice 2018 governance</li> <li>- Update stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>- Management Board regulations, version 13 June 2019</li> <li>- Profile CEO and CFO</li> <li>- Date, location and agenda of GMM in autumn 2019 and role of the Council of Rights Owners</li> </ul>
22 August	Supervisory Board	Discuss candidates new CEO.	
13 September	Supervisory Board	<ul style="list-style-type: none"> <li>- Request for advice and Advice from the Works Council and the Council of Rights Owners regarding CEO</li> <li>- Recommendation of new CEO to GMM with effect from 1 November as CEO/Director under the Articles of Association</li> </ul>	<ul style="list-style-type: none"> <li>- Final decision recommendation of new CEO to GMM on 30 October 2019 for appointment with effect from 1 November 2019</li> </ul>
23 September	Supervisory Board	<ul style="list-style-type: none"> <li>- Monthly report August incl. full year forecast</li> <li>- Evaluation of cost allocation 90/10</li> <li>- Strategic course: general and ICT</li> <li>- Developments in legislation and regulations</li> <li>- Annual planning Supervisory Board 2020</li> <li>- Proposal training (4 Boards/Councils) and self-evaluation Supervisory Board</li> <li>- Adjustment of Management Board regulations</li> <li>- Update stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>- Transfer of the investment portfolio and transfer of asset management</li> <li>- Evaluation of cost allocation 90/10</li> <li>- ICT strategy and replacement of AX</li> <li>- Annual planning Supervisory Board 2020</li> <li>- Adjustment of Management Board regulations</li> <li>- Notice convening GMM on 30 October 2019 and general agenda</li> </ul>



Date	Body	Topics	Decision-making
4 November	Supervisory Board	<ul style="list-style-type: none"> <li>- Evaluation GMM of 30 October 2019</li> <li>- Update IT</li> <li>- Monthly report September 2019</li> <li>- Analysis September figures with regard to payments / distribution</li> <li>- Update member portal</li> <li>- Normative return</li> <li>- Vacancy Director Licensees</li> <li>- Extension appointment acting CFO- Profile CFO</li> <li>- Update and planning recruitment and selection of CFO</li> <li>- Onboarding programme new CEO</li> <li>- Job-related compensation</li> <li>- Expenses schemes</li> <li>- Update stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>- Normative return</li> <li>- Extension of appointment acting CFO- Update and planning recruitment and selection of new CFO</li> <li>- Onboarding programme new CEO</li> <li>- Self-evaluation Supervisory Board</li> <li>- Planning 24.1 meetings in 2020</li> </ul>
9 December	Supervisory Board	<ul style="list-style-type: none"> <li>- Feedback first impression new CEO</li> <li>- Budget 2020</li> <li>- Investment plan 2020</li> <li>- Update member portal</li> <li>- Analysis Online</li> <li>- Multi-territorial licensing</li> <li>- BAC regulations</li> <li>- Update stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>- Budget 2020</li> <li>- Investment plan 2020</li> <li>- BAC regulations</li> </ul>

## 2.2 AUDIT COMMITTEE MEETING DATES, ITEMS DISCUSSED AND RESOLUTIONS

### Overview of resolutions for the 2019 annual report

Date	Body	Topics	Decision-making
5 February	Audit Committee	<ul style="list-style-type: none"> <li>- Monthly report December 2018</li> <li>- Provisional figures 2018 and status of the 2018 financial statements</li> <li>- Investments</li> <li>- Proposal policy reserves</li> <li>- Evaluation quality Finance</li> <li>- Audit plan 2019</li> <li>- Advanced tax ruling Dutch Tax and Customs Administration</li> <li>- IT</li> </ul>	None.
14 March	Audit Committee	<ul style="list-style-type: none"> <li>- Draft management letters Buma and Stemra</li> <li>- Letter CvTA regarding findings annual report 2017</li> <li>- Annual planner 2019</li> <li>- Policy on insurance</li> <li>- Monthly report February 2019</li> <li>- Draft annual report 2018</li> <li>- Audit committee regulations</li> <li>- Internal audit activity charter</li> </ul>	- The draft management letters Buma and Stemra are presented to the Supervisory Board with a positive recommendation from the Audit Committee.
9 May	Audit Committee	<ul style="list-style-type: none"> <li>- Annual report Buma and Stemra 2018</li> <li>- Compensation for non-recurrent costs 2017/2018</li> <li>- Selection of Fiduciary Manager</li> <li>- Progress and planning ABC cost accounting</li> <li>- Monthly report March 2019</li> </ul>	<ul style="list-style-type: none"> <li>- The Buma annual report, the Buma audit report, the Stemra annual report and the Stemra audit report are submitted to the Supervisory Board with a positive recommendation from the Audit Committee.</li> <li>- The selection proposal for a Fiduciary Manager is submitted to the Supervisory Board with a positive recommendation from the Audit Committee.</li> </ul>
9 September	Audit Committee	<ul style="list-style-type: none"> <li>- Monthly report July 2019</li> <li>- Action plan replacement of AX</li> <li>- Transfer of investment portfolio and transfer of asset management</li> <li>- Evaluation of 90/10 cost allocation</li> <li>- GMM of 30 October 2019: agenda and 1st notice of meeting</li> <li>- Extension of Accenture contract</li> </ul>	None
15 October	Audit Committee	<ul style="list-style-type: none"> <li>- Normative return</li> <li>- Follow-up IT document or recommendations from the Supervisory Board</li> <li>- The portal journey</li> <li>- Table of contents financial strategy</li> <li>- Agreement ABN-AMRO MeesPierson</li> <li>- Monthly report September 2019</li> </ul>	None

## 2.3 REMUNERATION COMMITTEE MEETING DATES, ITEMS DISCUSSED AND RESOLUTIONS

### Overview of resolutions for the 2019 annual report

21 March	Remuneration Committee	<ul style="list-style-type: none"> <li>- Recruitment and selection of new directors</li> <li>- Supervisory Board retirement schedule</li> <li>- Supervisory Board remuneration proposal 2019</li> <li>- Extension acting CFO contract</li> </ul>	<ul style="list-style-type: none"> <li>- The 2019 remuneration proposal is submitted to the Supervisory Board with a positive recommendation from the Remuneration Committee.</li> <li>- The contract of the acting CFO has been extended with positive recommendation from the Audit Committee.</li> </ul>
13 June	Remuneration Committee	<ul style="list-style-type: none"> <li>- Recruitment and selection of new directors</li> <li>- Self-evaluation Supervisory Board</li> <li>- Training of 4 Boards/Councils</li> <li>- Management Board regulations</li> <li>- Planning meetings for the latter part of 2019</li> </ul>	<ul style="list-style-type: none"> <li>- The Remuneration Committee decides to issue the Supervisory Board with a positive recommendation with regard to the Managements Board regulations.</li> </ul>
9 September	Remuneration Committee	<ul style="list-style-type: none"> <li>- Recruitment and selection of new directors</li> <li>- Training proposal (autumn 2019)</li> <li>- Annual planning Remuneration Committee 2020</li> <li>- GMM 30 October 2019: agenda and 1st notice of meeting</li> <li>- Preparation of self-evaluation Supervisory Board</li> </ul>	<ul style="list-style-type: none"> <li>- Training proposal will be forwarded to the other Boards/Councils.</li> </ul>
21 October	Remuneration Committee	<ul style="list-style-type: none"> <li>- Renewal contract for services current acting CEO and current acting CFO</li> <li>- State of affairs of the new CEO</li> <li>- Recruitment and selection of new CFO</li> <li>- Self-evaluation Supervisory Board</li> <li>- Training of 4 Boards/Councils</li> <li>- Expenses scheme</li> </ul>	<ul style="list-style-type: none"> <li>- The renewal of the contract for services with the current acting CEO and the current CFO will be submitted to the Supervisory Board with a positive recommendation from the Remuneration Committee.</li> <li>- The onboarding programme is submitted to the Supervisory Board with a positive recommendation from the Remuneration Committee.</li> <li>- The Remuneration Committee will issue a positive recommendation to the Supervisory Board regarding the proposal for self-evaluation of the Supervisory Board.</li> </ul>
18 November	Remuneration Committee	<ul style="list-style-type: none"> <li>- BAC regulations</li> <li>- Recruitment and selection of CFO (update)</li> <li>- Progress self-evaluation Supervisory Board (update)</li> </ul>	

## 2.4 COUNCIL OF RIGHTS OWNERS MEETING DATES, ITEMS DISCUSSED AND RECOMMENDATIONS MADE

### Overview of resolutions for the 2019 annual report

Date	Topics	Advisory
6 February 2019	<ul style="list-style-type: none"> <li>Financial reporting Q4 2018</li> <li>Budget 2019 Buma Cultuur</li> <li>Complaints Millward Brown</li> <li>Copyright Directive</li> <li>Feedback Distribution Committee</li> </ul>	
27 March 2019	<ul style="list-style-type: none"> <li>Monthly report February 2019</li> <li>Provisional figures 2018</li> <li>Feedback Distribution Committee</li> <li>Developments in RTV Market segment</li> <li>Structure of the Council of Rights Owners regulations / Management Board regulations and non-disclosure agreement</li> <li>Addition to professional associations 2019</li> <li>Preparation of General Members' Meeting 2019</li> </ul>	<p>Requested advice issued to the Management Board in preparation of the General Members' Meeting of 12 June 2019</p>
6 May 2019	<ul style="list-style-type: none"> <li>Annual report 2018</li> <li>Monthly report March 2019</li> <li>Preparation of General Members' Meeting 2019</li> <li>Amendments to the Articles of Association</li> <li>Council of Rights Owners regulations</li> <li>Changes to the Distribution Rules</li> <li>Election of Chairman</li> <li>Feedback Distribution Committee</li> </ul>	<p>Requested advice issued to the Management Board regarding the 2018 Annual Reports of Vereniging Buma and Stichting Stemra</p> <p>Requested advice issued to the Management Board regarding amendments to the Articles of Association</p> <p>Requested advice issued to the Management Board regarding mechanical background music</p> <p>Requested advice issued to the Management Board regarding the acceleration of payments for music use at Live Performances from 2020</p> <p>Requested advice issued to the Management Board regarding ballet music</p>

Date	Topics	Advisory
3 July 2019	<p>Election of Vice-chairman</p> <p>Evaluation of GMM 2019 and preliminary discussion GMM autumn 2019</p> <p>Appointment of members of Council of Rights Owners in BAC in connection with appointment of new CEO</p> <p>SoCu</p> <p>Representation of interest</p> <p>State of affairs Online</p> <p>Monthly report May 2019</p> <p>Addition to professional associations</p> <p>Remuneration of members of the Council of Rights Owners</p> <p>Budget Council of Rights Owners</p>	<p>Requested advice issued to the Management Board regarding the Online Process working group</p>
5 September 2019	<p>Proposal self-evaluation Council of Rights Owners</p> <p>Cultural Funds Commission</p> <p>Addition to professional associations</p> <p>Feedback Distribution Committee</p> <p>Annual calendar of the Council of Rights Owners 2020</p> <p>So from SoCu</p> <p>Request for advice CEO candidate</p>	<p>Requested advice issued to the Management Board regarding the distribution of Private Copying royalties</p> <p>Requested advice issued to the Management Board regarding Carillon music</p> <p>Requested advice issued to the Supervisory Board regarding the recommendation of the new CEO</p>
25 September 2019	<p>Adjustment of Council of Rights Owners regulations</p> <p>Feedback Distribution Committee</p> <p>Experiences new member portal</p> <p>So from SoCu</p> <p>State of affairs Online working group</p> <p>Strategic course</p> <p>Remuneration of members of the Council of Rights Owners</p>	
27 November 2019	<p>Budget 2020</p> <p>Feedback Distribution Committee</p> <p>So from SoCu</p> <p>Appointment of Council of Rights Owners committee in connection with preparation GMM 2020</p> <p>Update Music Use Abroad</p>	<p>Requested advice issued to the Management Board regarding the distribution of Folk music</p> <p>Requested advice issued to the Management Board regarding the distribution frequency for Live Performances (including non-recurrent cost allocation)</p> <p>Requested advice issued to the Management Board regarding cable fees radio</p>

### 3. OTHER POSITIONS OF THE SUPERVISORY BOARD, COUNCIL OF RIGHTS OWNERS AND BOARD

#### OTHER POSITIONS/OCCUPATIONS OF MEMBERS OF THE SUPERVISORY BOARD

<b>Ms Josephine de Zwaan</b>	Paid	Chairman of the Supervisory Board of Fairphone BV Chairman of the Supervisory Board of Stichting Cito Chairman of the Board of Stichting Administratiekantoor Aandelen Triodos Bank NV Vice-chairman of the Supervisory Board of Hogeschool Leiden Vice-chairman of the Supervisory Board of Stichting Vilans
	Unpaid	Board member of Stichting Academeia Chairman of the Board of Stichting Register Code Sociale Ondernemingen
<b>Mr Anthony Fiumara</b>	Paid	Composer Lecturer of Composition at Fontys School of the Arts in Tilburg Music journalist Partner at De Merkcultuur Board member of Stichting BREIN
	Unpaid	Board member of Stichting Temko Board member of Amstel Music Award Board member of Stichting AskolSchönberg Board member of Stichting Nieuw Geneco
<b>Mr Ruud Hopstaken</b>	Paid	Supervisory Board member of Central Agency for Reception of Asylum Seekers (COA) Supervisory Board member of Arthrogen BV
	Unpaid	Supervisory Board member of PharmAccess Group Amsterdam Treasurer of Stichting JDRF
<b>Mr René Meister</b>	Paid	Composer / Arranger Founder of BEAR project Owner of BEAR studio Producer Music compiler Performing musician
<b>Ms Jolanda Messerschmidt CPA</b>	Paid	Director / Owner of TB&E Advice BV Supervisory Board member of BMW Finance NV Supervisory Board member of BMW International Investments BV External adviser at Align Matters Owner of J. Messerschmidt Beheer BV Member of the Supervisory Board of NV Haagse Milieu Service with effect from 01/01/2020
	Unpaid	Treasurer of Benoordenhout residents' association (expense allowance)

## OTHER POSITIONS/OCCUPATIONS OF MEMBERS OF THE SUPERVISORY BOARD

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<b>Mr Arriën Molema</b>	Paid	Songwriter / Composer / Producer Guitarist and business manager of Room Eleven Vice-chairman of BAM! Member of the Visitation Committee for the Policy Document on Culture of the Municipality of Utrecht Stage Arts Fund Advisor
	Unpaid	Board member of CIAM (option to claim travel and accommodation costs through Buma Stemra) Board member of ECSA (European Composers & Songwriters Alliance)

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All members of the Supervisory Board of Vereniging Buma must also be a member of the Supervisory Board

## OTHER POSITIONS/OCCUPATIONS OF MEMBERS OF THE COUNCIL OF RIGHTS OWNERS

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<b>Mark Bremer</b>	Paid	Managing Director of Universal Music Publishing Benelux
	Unpaid	Chairman of Nederlandse Muziek Uitgevers Vereniging (NMUV)
<b>Iason Chronis</b>	Paid	Composer / producer / DJ Owner of Animal Language Recordings Event organiser
	Unpaid	Board member of Popauteurs.nl Board member of DDJF Affiliate of Popcoalitie
<b>Ben van den Dungen</b>	Paid	Musician / composer Lecturer at Rotterdams Conservatorium Codarts Producer at JWA Jazz Kunstenbond - Council of Members
<b>Hans Everling</b>	Paid	Director/owner of SOB Audio Imaging BV Production Director at Mall Voice Netherlands Director/owner of Haramitsu Holding BV
	Unpaid	Vice-chairman of BCMM
<b>Monique Krüs</b>	Paid	Composer / Producer Soprano / Conductor / Vocal coach
	Unpaid	Board member of Nieuw Geneco
<b>Wim Kwakman</b>	Paid	Music publisher (Director/Major Shareholder) of Pennies From Heaven BV
	Unpaid	Board member of Nederlandse Muziek Uitgevers Vereniging (NMUV)
<b>Davo van Peursen</b>	Paid	Managing Director and Director/Major Shareholder of Donemus Publishing BV Board secretary at Stichting Donemus Beheer
	Unpaid	Chairman of Vereniging van Muziekhandelaren en -uitgevers in Nederland (VMN) since June 2017

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## OTHER POSITIONS/OCCUPATIONS OF MEMBERS OF THE COUNCIL OF RIGHTS OWNERS

<b>Aafke Romeijn</b>	Paid	Musician / Composer / Producer Writer and journalist Treasurer of BAM! Representative of ECSA (European Composers & Songwriters Alliance)
	Unpaid	Commercial leader at Stichting Babi Pangang Producties
<b>Martijn Schimmer</b>	Paid	Director / owner of TFS Media Group
		Director / owner of Schimmer Music Productions
		Partner / owner of Scripted Music B.V.
		Director / owner of Talents for Brands B.V.
		Director / owner of Track Media Music Publishing
		Director / owner of SMP Copyrights BV Partner / owner of Online Cookie Collective BV
<b>Koen Vergouwen</b>	Paid	Tierolff Muziekcentrale BV
	Unpaid	Board member of VMN
<b>Johan van der Voet</b>	Paid	Composer / Songwriter / Producer Director / owner of SOUNDGRAM Music & Audio Post Production since 1996
		Unpaid
	<b>Rita Zipora Verbrugge</b>	Paid
Unpaid		Affiliate of Popcoalitie Member of Music committee of Amsterdam Arts Council (expense allowance) Monitoring Committee of Council for Culture (expense allowance) Supervisory Board of Popronde

All members of the Council of Rights Owners of Vereniging Buma must also be a member of the Council of Rights Owners of Stichting Stemra.

**OTHER POSITIONS/OCCUPATIONS OF MEMBERS OF THE BOARD UNDER THE ARTICLES OF ASSOCIATION**

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<b>Bernard Kobes</b>	Paid	Board member of Stichting Buma Beleggingsfonds* Board member of Stichting Stemra Beleggingsfonds* Board member and Vice-chairman of VOI@E Board member of Stichting SCAN Owner of Kobes Beheer B.V.
<hr/>		
<b>Siebe van Elsloo</b>	Paid	Member of the Supervisory Board and Chairman of the Audit Committee of Stichting Cito Instituut voor Toetsontwikkeling Board member of Stichting Buma Beleggingsfonds* Board member of Stichting Stemra Beleggingsfonds* Board member of Vereniging VOI@E Board member of Stichting SCAN Owner of SvE Beheer B.V.
	Unpaid	Treasurer of Stichting De Groene Beheer Treasurer of Stichting 1877 Member of the Supervisory Board and Chairman of the Audit Committee of Eye Filmmuseum Board member of Stichting Buma/Stemra Projecten Board member of Stichting Beheer Rechten Fingerprint Database
<hr/>		
<b>Cees van Steijn</b>	Paid	Non-executive director of Stak Bouwstate
	Unpaid	Board member of Stichting Buma Beleggingsfonds* Board member of Stichting Stemra Beleggingsfonds* Board member of Stichting SCAN Board member and Vice-chairman of VOI@E Member of the Advisory Board of Pink Nova BV

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All members of the Supervisory Board of Vereniging Buma are or have also been members of the Supervisory Board of Stichting Stemra.

\* Stichting Buma Beleggingsfonds and Stichting Stemra Beleggingsfonds were dissolved on 12 December 2019.

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