

ANNUAL REPORT
VERENIGING BUMA
2020

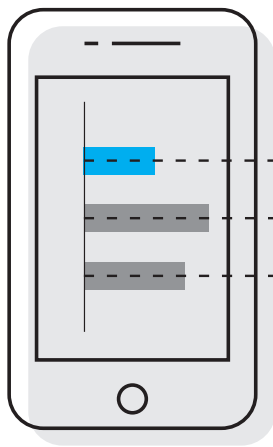
buma·stemra

CONTENTS

KEY FIGURES	3
1. DIRECTORS' REPORT	6
1.1 EXPLANATION BY THE MANAGEMENT BOARD	7
1.2 FINANCIAL RESULTS AND RISK MANAGEMENT	11
1.3 VOIC@E QUALITY MARK DISTRIBUTION AUDIT	20
1.4 PROVISIONS OF THE ARTICLES OF ASSOCIATION REGARDING THE SUPERVISORY BOARD AND THE BOARD	22
1.5 TRANSPARENCY REPORT	22
2. REPORT FROM THE SUPERVISORY BOARD	23
3. REPORT FROM THE COUNCIL OF RIGHTS OWNERS	27
4. APPROVAL OF FINANCIAL STATEMENTS	29
5. FINANCIAL STATEMENTS	31
5.1 BALANCE SHEET AS AT 31 DECEMBER 2020	32
5.2 OPERATING STATEMENT FOR 2020	33
5.3 CASH FLOW STATEMENT FOR 2020	34
5.4 NOTES TO THE FINANCIAL STATEMENTS	35
6. OTHER INFORMATION	62
INDEPENDENT AUDITOR'S REPORT	63
APPENDICES	65
1. REFERENCE TABLE TRANSPARENCY REPORT	66
2. MEETINGS OF THE SUPERVISORY BOARD, COMMITTEES AND COUNCIL OF RIGHTS OWNERS	68
3. OTHER POSITIONS OF THE SUPERVISORY BOARD, COUNCIL OF RIGHTS OWNERS AND MANAGEMENT BOARD	74

KEY FIGURES OF BUMA

FEES COLLECTED BUMA (x € 1,000)



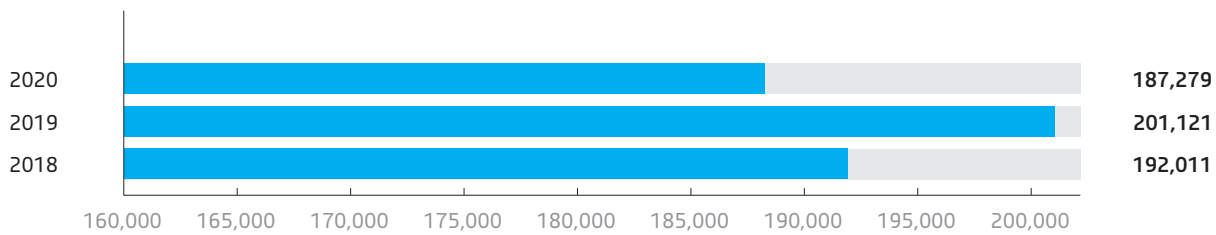
167,471 | 2020
 187,533 | 2019
 180,963 | 2018

NUMBER OF FTES

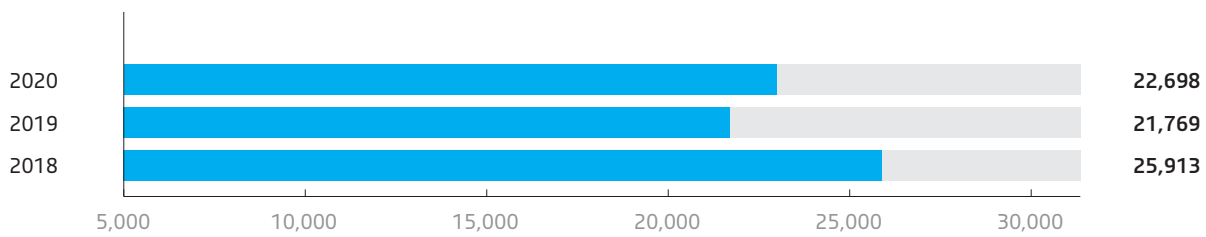


	BUMA	OUTSOURCING
2020	123.7	24.4
2019	122.3	25.3
2018	122.8	26.5

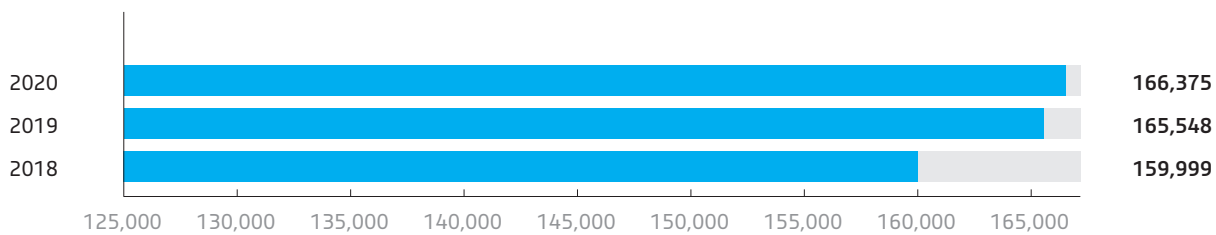
COPYRIGHT ROYALTIES TO BE DISTRIBUTED (x € 1,000)



MANAGEMENT COSTS (x € 1,000)



DISTRIBUTIONS (x € 1,000)



KEY FIGURES	2020	2019	2018	2017	2016	2015
(x € 1,000)						
COPYRIGHT ROYALTIES RECEIVED/RECEIVABLE						
Radio, TV and Network Providers	67,854	71,175	71,430	68,177	70,393	67,297
Live performances	16,045	35,179	34,065	30,698	29,799	27,146
Restaurants and bars	9,057	15,190	14,891	14,294	15,074	14,554
Work spaces	17,265	17,209	17,171	17,392	17,183	17,399
Shops and stores	12,159	13,450	13,234	13,509	13,179	13,436
Online	29,856	18,964	13,681	13,618	10,128	8,415
Music use in the Netherlands	152,236	171,166	164,471	157,688	155,756	148,247
Music use abroad	15,235	16,367	16,492	14,723	15,226	16,444
Total	167,471	187,533	180,963	172,411	170,982	164,691
DISTRIBUTIONS						
Rights owners	95,513	95,270	87,262	84,348	91,332	80,086
CMOs Abroad	57,468	55,025	57,855	53,503	54,535	53,657
Addition to Fund for Social and Cultural Purposes	8,593	10,863	10,456	9,896	10,368	10,201
	161,574	161,158	155,573	147,747	156,234	143,946
Administration fee withheld upon distribution	4,801	4,390	4,426	3,589	3,181	2,840
Total	166,375	165,548	159,999	151,335	159,415	146,786
COPYRIGHT ROYALTIES TO BE DISTRIBUTED						
Copyright royalties to be distributed at end of financial year	187,279	201,121	192,011	189,371	186,707	190,060
Fund for Social and Cultural Purposes						
Disbursements in financial year	9,198	11,530	10,587	9,704	11,863	11,581
Funds available at end of financial year	3,497	4,102	4,766	4,897	2,572	4,067
OPERATING STATEMENT						
Administration fee withheld upon distribution	4,801	4,390	4,426	3,589	3,181	2,840
Administration fee to be withheld in the year of collection	14,938	14,695	18,323	18,411	14,917	11,069
Other income	1,033	963	885	868	842	791
Total income	20,772	20,048	23,634	22,868	18,940	14,700
Management costs	-22,698	-21,769	-25,913	-26,418	-25,080	-21,237
Total expenses*	-22,698	-21,769	-25,913	-26,418	-25,080	-21,237
BALANCE OF TOTAL INCOME AND EXPENSES	-1,926	-1,721	-2,279	-3,550	-6,140	-6,537
Financial income and expenses	8,655	15,401	-7,908	10,408	8,371	1,169
Available for appropriated reserve	6,729	13,680	-10,187	6,858	2,231	-5,368

* In 2019, Stichting Buma Beleggingsfonds merged into Vereniging Buma. The 2018 key figures have been adjusted to the 2019 methodology for comparison purposes. Earlier years are in accordance with annual reports published previously.

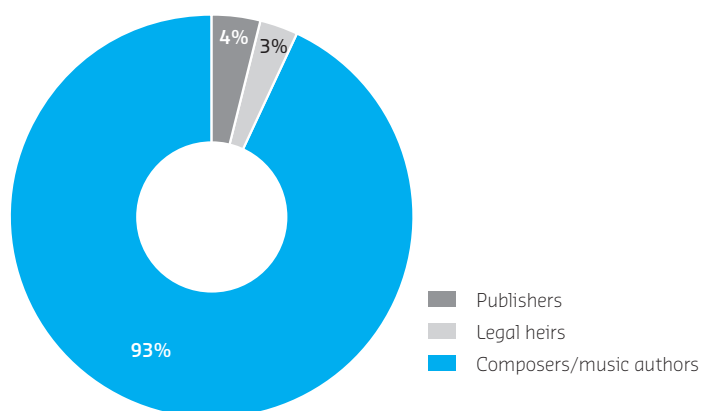
KEY FIGURES	2020	2019	2018	2017	2016	2015
Actual cost percentage withheld for Online	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Actual cost percentage withheld for Abroad	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Actual cost percentage withheld for Foreign Network Providers	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Actual cost percentage withheld for Other categories.	12.2%	9.7%	12.2%	12.8%	10.2%	7.9%
Average actual percentage withheld (administration fees as a percentage of fees collected)	11.8%	10.2%	12.6%	12.8%	10.6%	8.4%
Management costs (gross) as a percentage of total royalties received/receivable	13.6%	11.6%	14.3%	15.3%	14.7%	12.9%
Management costs (gross) as a percentage of total copyright royalties distributed (including administration fees withheld)	12.5%	11.8%	14.5%	15.9%	14.7%	13.5%
Annual change in operating costs	4.3%	-16.0%	-1.9%	5.3%	18.1%	1.7%
Derived consumer price index	1.3%	2.6%	1.7%	1.4%	0.3%	0.6%
Number of members and participants	33,255	31,237	29,761	28,386	26,531	25,151
Number of invoiced licensees	100,738	106,580	108,495	109,200	107,500	103,000
Number of employees in FTEs*	123.7	122.3	122.8	141.3	146.8	151.0

*The employees also work on behalf of Stemra

Members and affiliates in 2020

Composers/music authors	30,811
Publishers	1,542
Legal heirs	902

TOTAL **33,255**



LIVE PERFORMANCES

More than 36,000 locations were licensed.

SHOPS AND STORES, RESTAURANTS AND BARS AND WORK SPACES

150,000 locations were licensed.

ONLINE

Distributions were made for 8.4 million downloads.

Distributions were made for 46.8 billion streams.

RTV

In total, 238 licences were concluded.

Distributions were made for 1.6 billion seconds.

— 1. DIRECTORS' REPORT

1. DIRECTORS' REPORT

1.1 EXPLANATION BY THE MANAGEMENT BOARD

INTRODUCTION

Buma is managing copyrights for its members, grants appropriate licences for music use, advocates fair and sustainable compensation for musicians and supports a wide variety of collective ambitions of its members. In 2020, we did that amid special and challenging circumstances. On 12 March, the first national Covid-19 measures were announced. Restaurants and bars, live performances and shops were closed for a large part of the year and festivals and events were first postponed and later cancelled. Radio and TV stations struggled with shrinking advertising revenues and the music sector was hit hard by the loss of performances. The exact impact of Covid-19 can only be determined in retrospect, but it is clear that the consequences are enormous for the world in general and the Netherlands and the Dutch music industry in particular. In 2020, based on the conviction that the impact of the virus will diminish in the foreseeable future, we launched our new strategy. Although the short-term future is still uncertain, we are getting ready nonetheless.

RESULTS

In 2020, Buma collected € 167.5 million in copyright royalties, a fall of 10.7% compared to the previous year. This fall mainly occurred in the market segments that were hit hardest by the Covid-19 measures: Live performances, Restaurants and Bars and Shops and Stores. Revenues also fell in the other market segments, for example, in Radio and TV, where advertising revenues initially declined sharply. The exception was Online, within which fees collected rose by no less than 57%. On balance, the conclusion is that income per musician varied greatly. Many members lost income due to the restrictive Covid-19 measures and will receive a second blow in 2021, because we can pay out less in 2021 as we collected fewer copyright royalties in 2020.

In 2020, Buma distributed € 161.6 million to affiliated rights owners and organisations with which we have a reciprocity contract: an increase of € 0.4 million. This increase is explained by the fact that, in addition to the copyright royalties that Buma still had to distribute at the end of 2019, an acceleration was also achieved in the distribution of copyright royalties for RTV and Live Performances, as a result of which we, as a one-off, were able to pay out over five quarters instead of four.

Management costs increased by € 0.9 million, partly due to necessary investments in IT. The investment result was positive: in 2020, the investment portfolio achieved a net return of € 8.7 million, which corresponds to a return of 4.9%. That was higher than the predetermined normative return, a term we will explain in the next chapter. What's important is that we have been able to add an amount of € 6.7 million to the appropriated reserve.

The year 2020 was challenging, but there were also positive results to report AND we launched our new strategy. For a large part of the year we were unable to attend live concerts, but the importance of music as a connecting factor in a distancing society has rarely been greater.

AID FOR MUSICIANS

Buma and Stichting Stemra, together forming the Buma/Stemra work organisation, have made a strong commitment to helping distressed members and affiliates. This includes accelerated distribution of copyright royalties for the RTV and Live Performances segments; in addition, in collaboration with Sociaal Fonds Buma and Buma Cultuur, we contributed € 2.8 million to the Emergency Music Fund in the first months of the crisis. In addition, an Investment Fund of € 2.5 million has been formed with the cooperation of the Ministry of Education, Culture and Science. While the Emergency Fund is aimed at relieving initial distress, this Investment Fund focuses on stimulating new initiatives in the creation of music.

AID FOR LICENSEES

Agreements have been made with licensees via VNO/NCW, in collaboration with the industry organisations, about how parties interact during the lockdown. The principle agreement is that no copyrights have to be paid during the period that an organisation has been closed. The starting point is that we are collectively facing difficulties and will therefore collectively have to find solutions.

THE EMPLOYEES OF BUMA/STEMRA

In addition to the musicians and licensees, Covid-19 has also had an impact on the employees of Buma/Stemra. From mid-March, our entire organisation switched to fully working from home. The good news was that our workflow and systems were already set up for that contingency. The downside was that, for example, employees with children were confronted with practical challenges. Employees missed the social contact with colleagues and the digital interaction was a blessing in some cases, but led to inefficiency or ineffectiveness in others. Workplaces were not always ergonomically designed and all these changed circumstances may have a long-term effect that is still difficult to foresee. In 2020, we conducted two staff surveys to better understand the well-being of our people and better meet their needs. In view of the results, we conclude that we got through the first Covid-19 year reasonably well, but that there is a great need for perspective for the second Covid-19 year.

NEW STRATEGY: TO THE BEAT OF THE DRUM

We believe the Covid-19 crisis is temporary, which is why Buma/Stemra is preparing for the future. We have formulated a new strategy called: *To the Beat of the Drum*. The world will be up and running again and we will be keeping pace.

Important long-term trends such as internationalisation, digitisation, the rise of tech giants and higher demands from musicians and licensees means change and adaptation to the new reality are at the heart of our vision. Buma/Stemra wants to contribute to achieving a sustainable balance between making music and using it, with the ultimate objective that our members are satisfied.

We will make four important strategic choices:

- 1) our services will be future-proof,
- 2) we aim for growth,
- 3) we promote collectivity and
- 4) we are strengthening business operations.

Our mission is to enable musicians and publishers to collectively contribute to a healthy musical ecosystem, administering their copyrights and creating a world of music. BUMA/STEMRA has the ambition to permanently establish itself in the top 10 of collective management organisations globally.

MARKET DEVELOPMENTS

Online streaming and subscription services are becoming increasingly popular and both musicians and licensees are placing higher demands on the service. Tech giants are forcing existing players to modernise the organisation and corporate culture.

There is a strong suspicion that the lockdown has boosted online music use, leading to new revenue models within that market segment. The consequences of Covid-19 for the music industry are enormous, but as stated earlier, there are major differences between them, which are exacerbated by this ongoing trend.

Streaming music has quickly become commonplace and watching linear TV is increasingly making way for video on demand.

When the piano roll was introduced at the end of the nineteenth century, it was feared that it would usher in the end of live music. When music downloads became popular more than a century later, there was a fear that no one would want to pay for music anymore. With regard to streaming, it is sometimes thought the minimum amounts paid per stream will never lead to a viable revenue model. However, as volumes continue to increase, that picture is beginning to change and income from online music use is for some of our members compensating for lost income from live performances and music use in shops, restaurants and bars. This is certainly not the reality for all musicians: the picture is inconsistent.

Another development in the market that started as early as 2019 is that the relationship with our sister societies abroad is changing. Due to globalisation and accelerated growth of online music use, the playing field is becoming more international and musicians are increasingly concluding multi-territorial licences with online providers. Musicians do not think in terms of existing structures, but on the basis of new needs and look for a collective management organisation to suit. So-called carve-outs are occurring more and more, as part of which musicians no longer have the use abroad represented by a sister society, but simply by BUMA/STEMRA, or vice versa. In turn, the collective management organisations go in search of valuable repertoire to represent. Whereas our and our sister organisations' work used to be complementary, more and more overlap is beginning to emerge now and we are starting to compete with each other in places.

THE DEMANDS PLACED ON US BY THE RAPIDLY CHANGING MUSIC INDUSTRY

The music industry is changing rapidly and BUMA/STEMRA is changing with it. Because we want to, but also because we have to. The strong increase in the use of online music, streaming in particular, places new demands on a collective management organisation such as BUMA. The strategic choices for growth, future-proofing our services and strengthening business operations stand or fall with the modernisation of our digital infrastructure. Online music use means that high volumes must be processed quickly, correctly and transparently. In a highly competitive market, consumers set high standards in terms of ease of use and price.

IT - In the field of IT, we are starting to replace our old ERP system in phases. This system is at the end of its life and replacement is urgent. This conclusion was confirmed in a study by Software

Improvement Group. This consultancy also tested the project plan and mapped out what parts of the new IT system will have to be specially designed. Maintenance of the old environment can only be discontinued after the transition, but is kept to a minimum during the transition period. Over the next two years, we will be working towards a modern, modular network: flexible and cloud-based. The new system will be simpler, more efficient and more accurate and be better suited to handle the increasing flow of data. We made the decision for this investment in November 2020. The investment involved with this modernisation is substantial, but also necessary to safeguard the continuity of our services and our position in the market. The timing in terms of the Covid-19 impact may seem unfortunate, but we believe the impact of the virus to be temporary and a long-term focus is therefore warranted. If we were not to innovate, the total fees collection and distribution flow and thus a large part of the musical ecosystem in the Netherlands would be endangered. Besides, we want to become a global top 10 player in a changing market that strongly focuses on online use, requiring an excellent IT infrastructure.

CULTURE - To compete with the major providers of online and streaming music on the international playing field, we will have to bring about a change of mentality within BUMA/STEMRA. In view of the disappointing collection as a result of the lockdown and given the well-being of our people, we are adjusting the pace of this change, but the fact remains that as an organisation, we will transform from task-oriented to customer-oriented and from reactive to proactive. Customer-driven will increasingly become sales-driven. New, more volume-oriented markets require customisation and a more transparent operating method. Effectiveness and efficiency are key words, also to keep our costs at acceptable levels and to be able to compete on quality AND price.

We want a simple and clear collection and distribution process to collect and distribute copyright royalties quickly and clearly. Integrity goes hand in hand with transparency. Existing and new employees must feel safe in order to be able to be transparent. Excellence in working methods does not mean people are not allowed to make mistakes. It does mean, however, that mistakes are communicated and lessons learned from them. This ensures that we work professionally and that we are really connected with each other and our members and affiliates.

COSTS

Management costs increased by € 0.9 million, partly due to the investments in IT. The growth in Online also resulted in higher costs of outsourcing usage processing within this specific market segment. In Chapter 1.2, we will elaborate on the three cost standards that we must comply with as a collective management organisation in the context of the Supervision Act. If the standards are exceeded, the cause must be stated. In 2020, despite the fall in fees collected, STEMRA's cost percentage came to 13.6%, meaning that we complied with the norm that costs as a rule may not exceed 15% of the collection. With a cost percentage of 12.5%, BUMA also complied with the norm that costs may not exceed 15% of copyright royalties distributed.

In 2020, management costs rose faster than the consumer price index, as a result of which BUMA does not meet the standard that states that these may not rise faster than the consumer price index compared to the same period of the previous year. If we assess the period from 2015 to now, BUMA's management costs have not risen faster than the consumer price index.

Thanks to cost savings, management costs did remain below the 2020 budget. We introduced a recruitment freeze and saved on the costs of hiring external parties by replacing them with internal employees as much as possible. Travel expenses were also significantly lower. In other areas, savings were not so extensive: for example, we extended contracts for facility services at more favourable rates and we saved on catering, coffee machines and photocopiers. That doesn't make for huge gains, but it helps. Besides, even making small savings improves terms of cost awareness within the organisation.

On the date of reporting, it is unclear whether Buma/Stemra is eligible for the Temporary Emergency Bridging Measure for Sustained Employment (NOW) and the resulting compensation in wage costs. If granted, that compensation will lead to a reduction in management costs, to be specified in more detail.

LAWS AND REGULATIONS

In 2020, in close consultation with the Ministry of Justice and Security, we ensured that the Temporary Act governing the COVID-19 Measures was adjusted in such a way that foundations too could hold their annual meetings digitally. This required an additional amendment to the Civil Code, which was organised in a very short period of time. As regards laws and regulations, the Copyright Directive has been implemented, which has improved the negotiating position of copyright owners on the Internet, especially on platforms where user-generated content is shared. This directive entered into force on 1 January 2021, with the exception of the main article (Article 17), which will come into effect on 1 June 2021. The Online Broadcasters Directive will be implemented in 2021. These legislative amendments were preceded by about six years of negotiations.

An amendment to the Supervision Act gives the Supervisory Authority for Copyrights more options to intervene directly. Another change is that collective management organisations must from now on request prior written permission for the unilateral introduction of new rates, where this was previously only necessary in the event of rate increases. If new or amended contracts are concluded with representative organisations of users (industry organisations in particular), this must be reported to the Supervisory Authority, although requesting permission is not necessary in that case. On the cost side, it is important to report that, from now on, Buma/Stemra will have to contribute to the supervision of the sector. Lastly, the Supervisory Authority will be given the opportunity to test directors, board members and supervisors of CMOs for their reliability and suitability.

Furthermore, Buma/Stemra has become a member of the Alliance of Event Builders, which negotiates with the Ministry of Education, Culture and Science about experiments with organising events in a publicly responsible and safe manner in the period until society as a whole opens again. We also set up Encore, a lobby organisation that consults with the Ministry of Economic Affairs and Climate Policy and the Ministry of Education, Culture and Science about leniency measures in the field of laws and regulations, such as making the TOGS and TOZO schemes applicable to those we represent. These schemes are necessary to help the creative sector get through the crisis.

GOVERNANCE

Marleen Kloppers, the new Chief Financial Officer, took office on 1 July, completing the Management Board, which further consists of Chief Executive Officer Bernard Kobes. Kloppers brings more than 25 years of experience as a financial director and supervisor. With her

appointment, Buma/Stemra also contributes to the wish of more women in senior positions. In the coming years, we will further improve the male-female ratio and the degree of diversity throughout our organisation. Buma/Stemra expresses its gratitude to Siebe van Elsloo, former interim CFO, for everything he has done for Buma/Stemra.

The year 2020 was the second full year in which we worked with the new governance structure. All decisions in the field of strategy and investments have been taken in close consultation with the Supervisory Board and the Council of Rights Owners. The involvement of the Council of Rights Owners means that those represented by Buma/Stemra feel more involved in the organisation. Due to the multitude of topics on the agenda in 2020, the various bodies discussed twice as much as had been planned in advance. The collaboration has been experienced as very positive by the Management Board.

RISKS

Buma/Stemra distinguishes strategic risks, compliance risks, operational risks and financial risks. A major strategic risk is a scenario in which Covid-19 is not temporary and continues to disrupt our society and therefore the music industry and our organisation. Another strategic risk is that, as a result of organisational or technical reasons, Buma/Stemra will not be able to cope with the dominant position of the tech giants that have started to play an increasingly dominant role in the global music industry in recent years. If we don't get our IT systems in order or don't change our task-oriented and process-oriented culture to a customer-oriented culture quickly enough, there is a risk that our negotiating position will deteriorate. To overcome this risk, as an organisation we will change along with the market, aim for growth, promote collectivity and strengthen our business operations.

Compliance risks arise in the event of tensions in complying with all kinds of laws and regulations, including the Supervision Act. Complying with these laws and regulations is vital to be the reliable social player (corporate citizen) we aspire to be and to not incur reputational damage.

Operational risks can arise due to possible disruptions in the process of collection from users or in the process of distribution to rights owners. Due to Covid-19, several licensees, including catering establishments, shops and event organisers, have run into financial difficulties, as a result of which collecting copyright royalties has been more difficult in a number of cases. These receivables may turn out to be irrecoverable. The functioning of IT systems plays an important part in ensuring the continuity of the collection and distribution process, which once again justifies the decision to invest in replacing the current IT system now.

Investment in IT is also necessary to hedge one of the main financial risks, viz. fraud risk. Proper security of our information and all our data flows is vital. Liquidity risk, currency and interest risk and investment risk are three other important financial risks. In terms of investments, we emphasise that we managed to achieve a positive result at the end of the 2020 financial year, but that return fluctuated violently throughout the year. One financial risk would be that we become over-optimistic with regard to investments for the next financial year, something we will obviously guard against.

In Chapter 1.2.10, we will discuss in more detail the different types of risks that Buma/Stemra takes into account in its business operations.

OUTLOOK

We believe the impact of the Covid-19 virus is temporary, but we also know we will never return to the way things were before. More working from home will be a trend that is here to stay, as are far-reaching digitisation and a continued advance of streaming services and video on demand. We will not comment on the prospects for shops, restaurants, bars and events, because these depend entirely on developments in the coming months.

The Covid-19 crisis has major consequences for the musicians and publishers affiliated to Buma and also for Buma itself, for example, when it comes to the success of the collection. While we postponed expanding the workforce in 2020 due to the economic reality, we do want to recruit new people in 2021 in order to be able to give substance to the strategic choices made, including replacing the IT system and strengthening the commercial team. This is expected to lead to additional costs in 2021. If the collection of royalties is disappointing, this will lead to a higher cost ratio, the percentage in which the costs are related to fees collected.

Buma has set fixed withholding percentages for the administration fee for 2021; in 2020, these were partly fixed and partly dependent on the results (see 1.2.3). Compared to the method prior to 2021, we will not increase these withholding percentages. As regards withholding from the fees collected for online music streaming, we will even be lowering that withholding: from 15 to 10 percent. Buma expects to be able to make up for any funding deficit in the 2021 operation from existing reserves.

In 2020, distribution showed a slight increase, but we expect a decrease for Buma in 2021, because we collected fewer copyright royalties in 2020 AND because we accelerated the one-off distribution of copyright royalties for the RTV and Live Performances segments in 2020.

MUSIC IS NOT A LUXURY ITEM

Music connects and brings people together. At a time when we have to keep a physical distance from each other and are confronted with many uncertainties, there is a strong need for comfort and connection. Music plays a major role in this, in fact: it is part of our essential infrastructure. People cannot live without music, a healthy musical ecosystem is of the utmost importance and secures Buma/Stemra continuity. We monitor where and by whom music is listened to, collect the copyright royalties and distribute them among the rights owners who can then make more music. We have been monitoring and boosting that musical cycle for over a hundred years and we are happy to continue doing so for at least another hundred years.

IN CONCLUSION

Each year, but this year in particular, we thank our employees. Working from home has its advantages, but also puts a heavy strain on some of our people. Despite the distance we are forced to keep from each other, we have managed to maintain the level of our service, together. At a time when everyone was asked to stay indoors, we managed to provide our members and customers with the best possible support as an outward-looking organisation. We are looking forward to contributing in 2021 and beyond to ensure that music continues to be the connecting factor in a society that needs this more than ever.

Hoofddorp, 5 May 2021

The Management Board:

Bernard Kobes, Chief Executive Officer

Marleen Kloppers, Chief Financial Officer

The table and bar chart show that Buma collected € 167.5 million

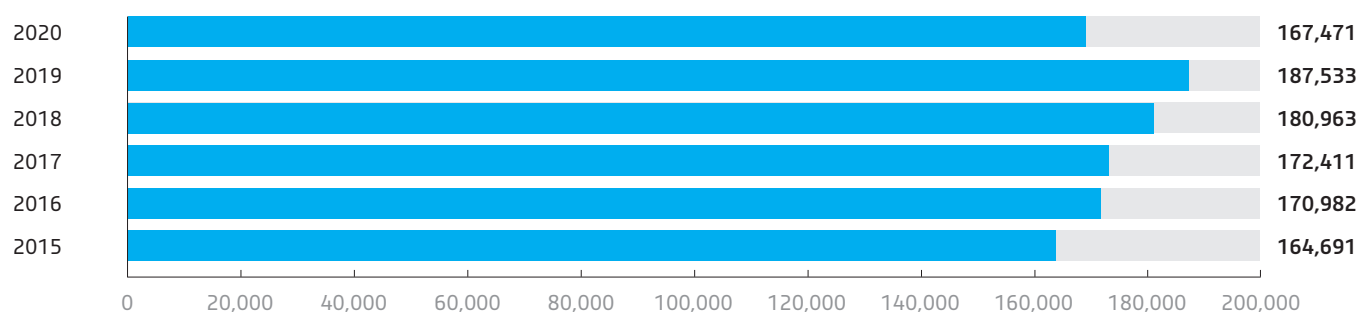
1.2 FINANCIAL RESULTS AND RISK MANAGEMENT

1.2.1 COPYRIGHT ROYALTIES (TO BE) RECEIVED

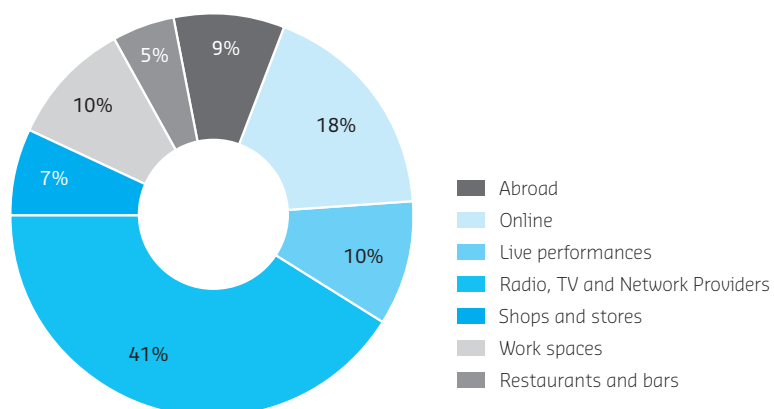
The copyright royalties were received from the following categories:

(x € 1,000)	Realisation 2020	Realisation 2019
Restaurants and bars	9,057	15,190
Work spaces	17,265	17,209
Shops and stores	12,159	13,450
TOTAL GENERAL LICENCES BUMA	38,481	45,849
Radio, TV and Network Providers	67,854	71,175
Live performances	16,045	35,179
Online	29,856	18,964
Abroad	15,235	16,367
TOTAL	167,471	187,533

DEVELOPMENT OF COLLECTION
(x € 1,000)



COMPOSITION OF COLLECTION



in 2020, which for the first time in years is a fall compared to the previous years: € -20.1 million, or 10.7%. This fall in royalties was realised in the market segments that were hit hardest by the measures taken to contain the Covid-19 pandemic: Live Performances (€ -19.1 million) and Restaurant and Bars (€ -6.1 million). Royalties from other market segments also fell, with the exception of the Online market segment. Royalties from Online rose by € 10.9 million (57%) slightly offsetting the total Covid-19 impact of approx. € 32 million.

In 2020, royalties from the Live Performances market segment fell by 54% because, due to Covid-19, almost all performances and events had to be cancelled from March onward. The number of licensed performances and events fell by 65%, from over 101,500 in 2019 to over 36,000 in 2020. At the time of publication of this annual report, it is not yet clear to what extent this market can recover in 2021. It cannot be ruled out that it may take a few more years before 2019 levels are reached again.

Compared to 2019, the collection level for general licences in 2019 fell by € 7.4 million. Especially in the Public Use in restaurants and bars market segment (€ -6.1 million or 40%) and shops and stores (€ -1.3 million or 10%), the collection of fees fell due to compensation for the periods when these sectors were forced to be closed. In 2020, income from Radio, TV and Network Providers fell by

€ 3.3 million or 5%. This industry saw a sharp drop in advertising revenues shortly after the outbreak of the Covid-19 pandemic, but recovered to more normal levels during the year, especially in TV.

Royalties from abroad fell by € 1.1 million in 2020 compared to 2019. This was less substantial than expected; for 2020 we had taken into account a greater carve-out effect of pan-European direct licensing of Digital Service Providers. This effect AND the Covid-19 impact on the collection of fees by sister organisations are expected to be more apparent in the royalties that Buma will receive from abroad in 2021. In addition, Buma is still confronted in the international market with varying discussions and positions from local tax authorities regarding withholding taxes to be withheld. Buma has obtained external tax advice on this point and this international discussion is not expected to be concluded in the short term.

The increase in royalties from the Online market segment exceeded expectations in this important growth market. Online music use increased strongly, both in terms of *streaming* and *video on demand*. Buma concluded new licence agreements with a number of large parties, which contributed to further growth. In addition, additional royalties for previous usage years were collected. In 2020, management costs rose by € 0.9 million compared to the

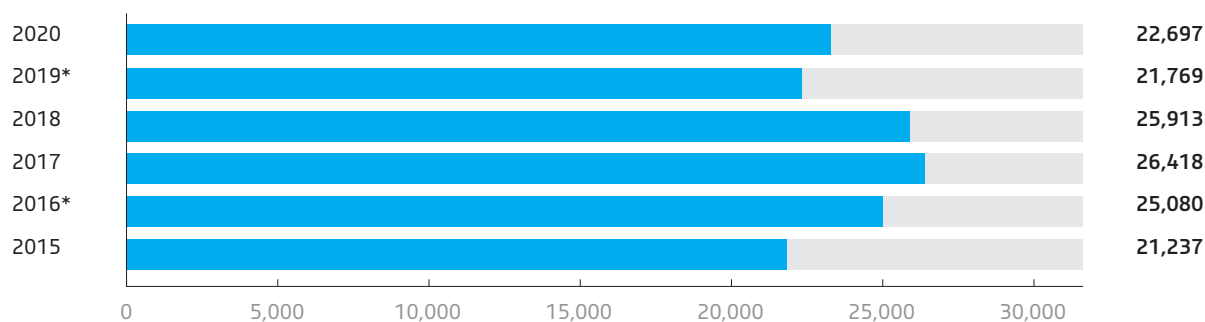
1.2.2 MANAGEMENT COSTS

Buma's expenses can be specified as follows:

(x € 1,000)

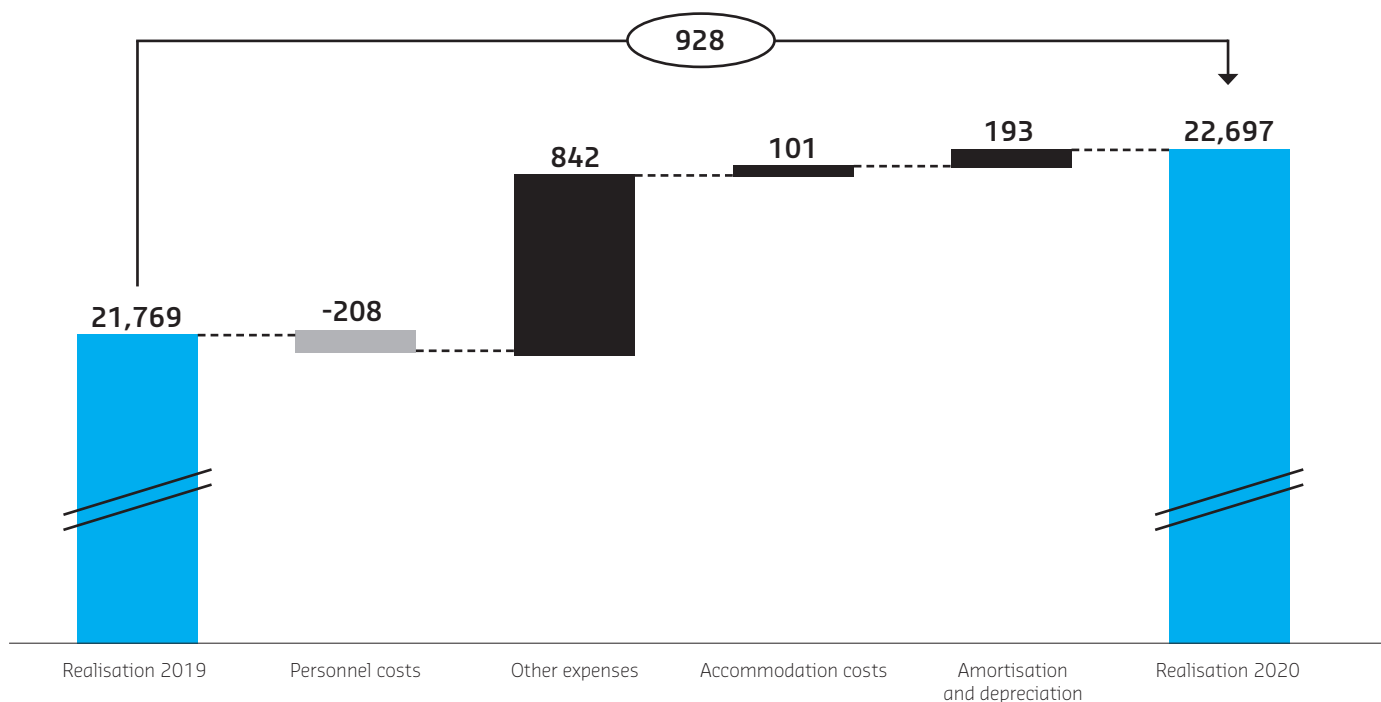
	Realisation 2020	Realisation 2019
Personnel costs	10,122	10,330
Other expenses	10,014	9,172
Accommodation costs	729	628
Amortisation and depreciation	1,832	1,639
TOTAL BUMA	22,697	21,769

DEVELOPMENT OF MANAGEMENT COSTS (x € 1,000)



* In 2016, the development of the management costs showed an increase 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 ratio was set to 83/17 based on a cost allocation model.

previous year. Of this, € 0.5 million related to IT system replacement programme initiated in 2020. Thanks to cost control measures, including a recruitment freeze, Buma's management costs remained € 1.3 million below the 2020 budget. As in 2019, an allocation key of 83/17 (Buma/Stemra) has been applied. In 2020, joint costs rose by 4.3% or € 1.1 million, from € 26.2 million to € 27.3 million. Personnel costs allocated to Buma fell by € 0.2 million and other general costs fell by € 0.8 million. Accommodation costs were € 0.1 million higher and amortisation and depreciation rose by € 0.2 million.



In 2020, Buma had an average of 123.7 FTEs (2019: 122.3 FTEs).

As a result of indexation and the increase in the average number of FTEs in 2020, salaries, plus social security contributions and pension charges, were € 0.9 million higher than in 2019. The hiring of temporary staff was reduced, saving € 0.5 million compared to 2019. In addition, € 0.7 million was saved on travel expenses and other personnel costs. Costs charged on to Stemra and other parties fell by € 0.1 million. As a result, total personnel costs for 2020, after allocation to Stemra and other parties, will remain € 0.2 million below the level of 2019.

The € 0.8 million increase in other expenses was largely due to higher outsourcing costs. Variable costs for outsourcing the processing of online music use rose in line with growth in this market segment. In addition, outsourcing costs for IT maintenance increased and the design phase of the IT system replacement programme was completed.

In 2020, amortisation and depreciation rose by € 0.2 million, mainly in connection with the commissioning of the MyBumaStemra portal functionalities.

1.2.3 COVERAGE OF MANAGEMENT COSTS

The costs of Buma are covered from six sources of income:

1. contributions and registration fees,
2. other income,
3. fixed administration fees on the collection from the categories Online (15%), Abroad (5%) and Foreign Network Providers (10%),
4. normative return on investments,
5. balance of other financial income and expenses,
6. the remaining costs are divided into all rights categories, with the exception of Online, Abroad and Foreign Network Providers.

COVERAGE OF THE MANAGEMENT COSTS

(x € 1,000)

	2020	2019
TOTAL EXPENSES	-22,698	-21,769
TOTAL COVERAGE		
(1) Contributions and registration fees	975	893
(2) Other income	58	70
(3) Administration fee withheld upon distribution	4,801	4,390
Coverage of costs from income	5,834	5,353
(4) Normative return	1,993	2,188
(5) Balance of other financial income and expenses	-67	-467
Coverage from the financial result and/or appropriated reserve	1,926	1,721
(6) Variable administration fee for other rights categories	14,938	14,695
TOTAL COVERAGE	22,698	21,769

Cost coverage from income was € 0.5 million higher in 2020 than in 2019, mainly as a result of an administration fee withheld from the increased collection of Online royalties. Cost coverage from the normative return and other financial income and expenses was € 0.2 million higher. Following the rise in management costs by more than € 0.9 million in 2020, higher coverage of more than € 0.2 million was required from variable administration fees compared to 2019. This variable administration fee has been withheld from a diminished collection basis in the relevant rights categories, as a result of which the withholding percentage rose from 9.7% in 2019 to 12.2% in 2020.

1.2.4 FINANCIAL INCOME AND EXPENSES

Investment policy

Since the 1990s, royalties that cannot yet be distributed to rights owners are invested. The aim is to responsibly achieve a return that partly covers the management costs and that allows Buma to charge lower administration fees, thus placing less pressure on the copyright royalties to be distributed. This way, the return that is achieved ultimately benefits the rights owners. Our investment profile is risk-averse and thus our portfolio is characterised by a wide spread and a limited position in equities.

Asset management was entrusted to ABN AMRO MeesPierson (AAB) in 2019, changing our Asset Liability Management (ALM). The Strategic Asset Allocation (SAA) determined upon transition is still in effect as from 31 December 2020.

The SAA can be deviated from as a result of market movements, after which the portfolio will be rebalanced if it moves outside the stated bandwidth.

At the end of 2020, the fixed-income portfolio had a strategic weighting of approximately 69%, comprising government bonds with a credit rating of AA or higher (14%), a fund investing in emerging market government bonds (10%), a corporate bond fund (33%) and a mortgage fund (12%). At the end of 2020, the equities portfolio weighed approximately 21% and was invested through an equity fund in a globally diversified portfolio, with due observance of the criteria for corporate social responsibility under the United Nations Global Compact principles.

The investment portfolio largely consists of directly tradeable securities and/or funds and is mainly held in euros. Investments made outside the emerging markets other than in euros are hedged in said currency. Buma also uses several deposit facilities.

The composition of investments can be presented as follows:

	Strategic Asset Allocation (SAA) 2020	Bandwidth
Cash and cash equivalents	10%	0% - 20%
Equities	20%	15% - 25%
Fixed-income securities	70%	65% - 75%

Part of Buma's management costs is covered from the return on investments. Since that return fluctuates from year to year, the aforesaid normative return is used, which is determined objectively, in advance. If the ultimate return is higher than the normative return, the difference will be added to the appropriated reserve. This appropriated reserve is used to compensate for unforeseen future financial setbacks, or can be used for the purposes of the association. If the ultimate return is lower than the normative return, it works the other way around and the difference will be withdrawn from the appropriated reserve, provided that it is sufficient. The normative return methodology ensures consistency in the (full or partial) coverage of the management costs. In years with high investment income (higher than the normative return), we create a buffer in the appropriated reserve that can be used in years with lower investment income (lower than the normative return).

In 2020, the investment portfolio achieved a net return of € 8.7 million, a yield of 4.9%. In 2020, positive results were again achieved in all investment categories; in particular, investments in equities (+13%) and emerging markets (+8%) ultimately realised positive returns with 31 December 2020 as a reference date. However, it was a turbulent year, with the value of our investments falling sharply after the outbreak of the Covid-19 pandemic in March. After that, the value rose steadily again. After a modest decline in the first part of the autumn, the value rose sharply again at the end of October when it became known that successful test results had been achieved with various Covid-19 vaccines and after the results of the American presidential elections were announced.

Income was higher than the normative return, as a result of which an amount of € 6.7 million was added to the appropriated reserve.

CHANGES IN APPROPRIATED RESERVE

(x € 1,000)

	2020	2019
Investment result	8,722	15,868
Less: Normative return	1,993	2,188
ADDITION TO/WITHDRAWAL FROM APPROPRIATED RESERVE	6,729	13,680

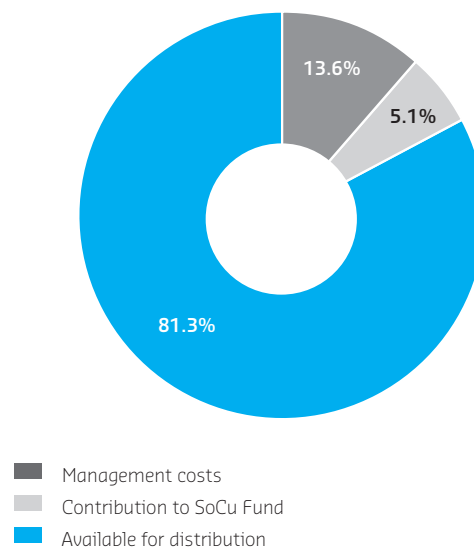
1.2.5 USE OF COLLECTED COPYRIGHT ROYALTIES

After deduction of expenditure to cover the management costs and the annual addition to the Fund for Social and Cultural Purposes (or "SoCu Fund"), the collected copyright royalties are made available for distribution. The annual addition to the SoCu Fund concerns funds that, on the one hand, aim to provide rights owners with a social scheme such as the old-age provision and, on the other, to invest in the music sector in general in the form of education and (once this is possible again) organising events. We do this because a thriving music world is of great importance to all rights owners, as well as to Buma/Stemra itself.

In 2020, due to the fall in copyright royalties collected and the relatively fixed cost level, lower net copyright royalties were available for distribution by Buma.

The graph below shows the distribution of the collected royalties.

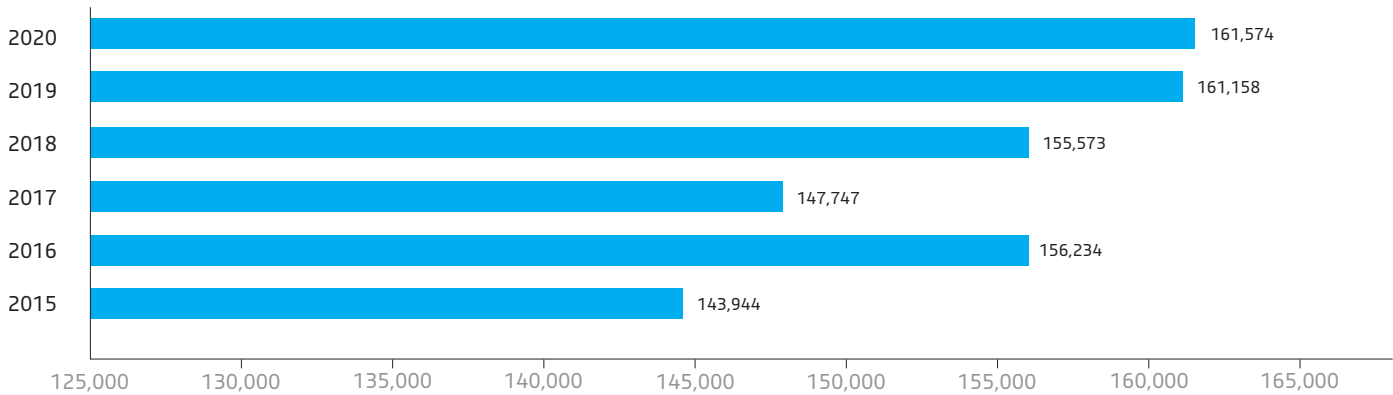
DISTRIBUTION OF ROYALTIES COLLECTED IN 2020



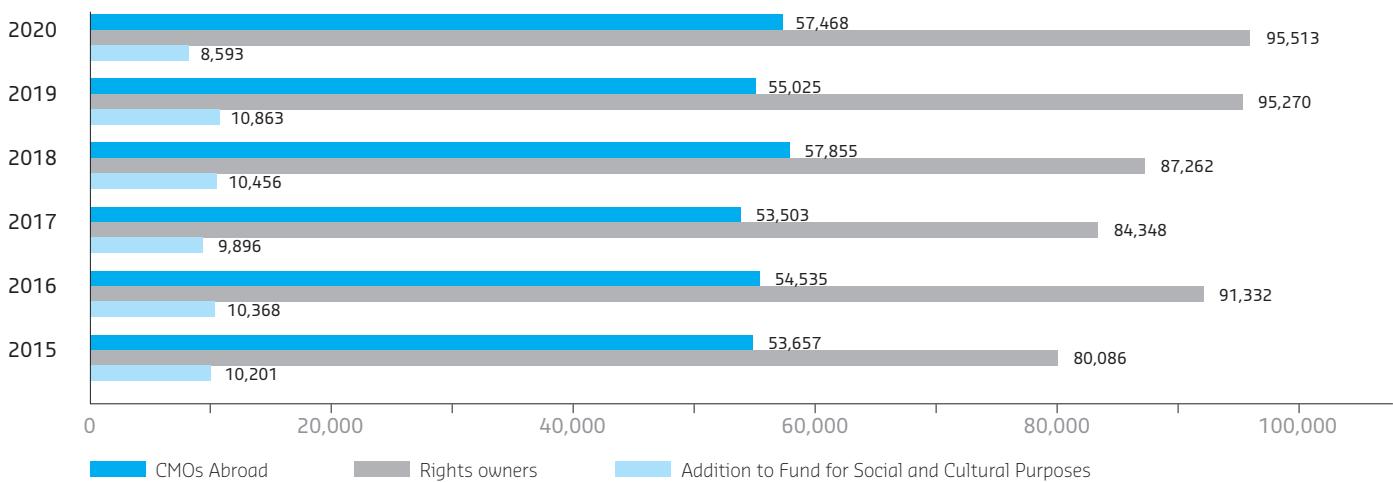
1.2.6 DISTRIBUTIONS

To limit the major consequences of the Covid-19 crisis for the affiliated rights owners as much as possible, Buma has made every effort to pay out as many copyright royalties as possible, as quickly as possible. As a result, distributions for 2020 were slightly above 2019 levels:

DEVELOPMENT OF DISTRIBUTIONS TOTAL (x € 1,000)



DEVELOPMENT OF DISTRIBUTIONS (x € 1,000)



in 2020, Buma distributed € 161.6 million to affiliated rights owners and organisations with which it has a reciprocity contract. This was an increase of € 0.4 million compared to 2019, the year in which the continuity reserve was drawn from for compensation. Disregarding this use of the continuity reserve, the increase compared to the record year of 2019 was as high as € 2.2 million. This was partly due to the relatively high copyright royalties that Buma had to distribute at the end of 2019, but is mainly accounted for by an accelerated distribution of RTV and Live Performances copyright royalties, as a result of which an extra quarter could be paid out. An important acceleration was also achieved during the 2020 calendar year: almost € 50 million was distributed several months earlier than usual.

In addition to the accelerated distribution of copyright royalties, Buma/Stemra has initiated campaigns to support affiliated rights owners, resulting in the Emergency Music Fund and the Music Investment Fund.

Buma/Stemra, together with Sena, set up the Emergency Fund Music and jointly contributed € 3.8 million to it. Supplemented by private donations and contributions from Spotify and the Ministry of Education, Culture and Science and that of Economic Affairs and Climate, almost € 5 million was raised for the worst affected rights owners. The € 2.8 million contribution from Buma/Stemra was drawn from grants through Buma Cultuur and Social Fonds Buma and from Stemra's reserves.

The Music Investment Fund was formed at the initiative of Buma/Stemra and with the cooperation of the Ministry of Education, Culture and Science. Nearly € 2.5 million has been made available through this fund to contribute to the continuity of the creative process and the creation of new cultural productions.

1.2.7 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

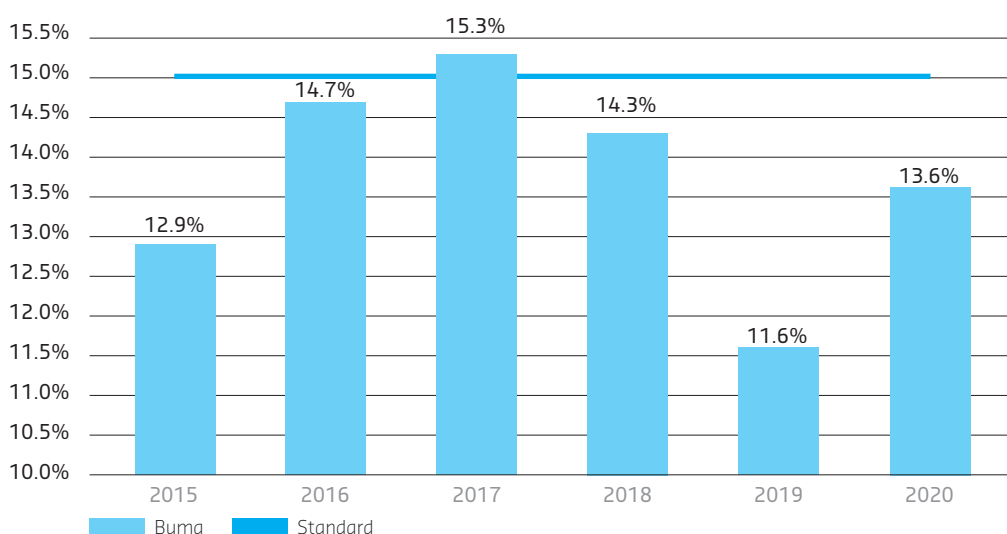
(x € 1,000)

	2020	2019
Collection by Buma	167,471	187,533
Distribution by Buma	161,574	161,158
Costs of Buma	22,698	21,769
Costs of Buma as % of the collection (gross)	13.6%	11.6%
Costs of Buma as % of the distribution (gross)*	12.5%	11.8%
Changes in costs of Buma compared to previous year	4.3%	-16.0%
Average actual percentage withheld by Buma (net)**	11.8%	10.2%

* As Buma applies a system of settlement of the administration fee upon collection, the distributed royalties presented in the financial statements concern the net distribution. In order to determine the costs as a percentage of the distribution, the corresponding balance of the administration fee to be withheld in the year of collection (that of the previous year) and the administration fee upon distribution are added to the distributed royalties.

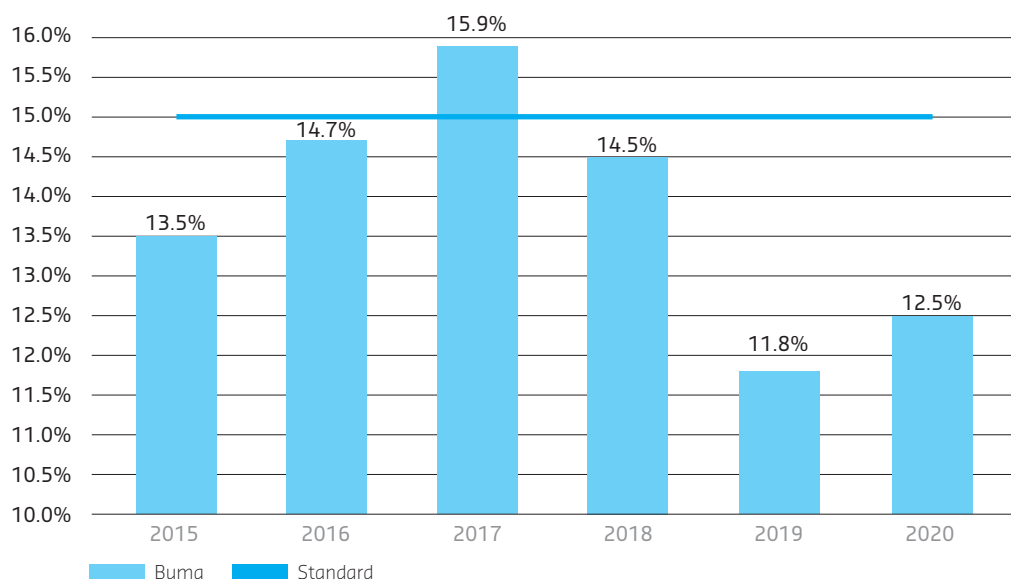
** The withholding percentage that is effectively charged to the rights owners is below the cost percentages for which the standards of the Supervisory Authority for Copyrights (CvTA) have been set. This is because predefined fixed withholding percentages are applied for certain distribution categories, 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 2020, despite the fall in fees collected, Stemra's cost percentage came to 13.6%, meaning that we complied with the standard that costs as a rule may not exceed 15% of the collection.

COSTS AS PERCENTAGE OF THE DISTRIBUTION



Buma also complied with the standard that costs may not exceed 15% of the distributed amount.

INCREASE IN COSTS COMPARED TO THE CPI

The table shows that the costs of Buma increased by 4.3% (€ 0.9 million) compared to 2019. In 2020, the consumer price index rose by 1.3%.

Buma therefore does not comply with this standard. This is partly due to the strong increase in collected copyright royalties for Online music use and the corresponding increase in costs for outsourcing the processing. On the other hand, maintenance costs of the outdated IT system and the initiated IT transition increased.

Compared to 2015, Buma's management costs increased by 6.9%, from € 21.2 million to € 22.7 million. The cumulative increase in the consumer price index in the years 2016 to 2020 is 7.5%.

Over a timespan of several years, Buma still complies with the standard that management costs have not increased beyond the consumer price index.

1.2.8 ASSESSMENT OF FINANCIAL POSITION AND LIQUIDITY POSITION

Buma's capital consists of the appropriated reserve, which is related to the investment portfolio. Calculating solvency based on capital divided by debts has no direct significance in our case because effectively, no distinction can be made between equity and loan capital. By this we mean that both the reserve and the vast majority of debts on Buma's balance sheet at some point concern an obligation between Buma and its rights owners.

The liquidity ratio indicates to what extent the debts can be serviced in the short term from cash and cash equivalents. For a representative calculation of the liquidity ratio, Buma's investment portfolio is added to the cash and cash equivalents, because this is in direct relation to the copyright royalties to be distributed and because the investment portfolio is kept highly liquid. On this basis, the liquidity ratio for Buma is 1.12, which means that Buma can fulfil its obligations in the short term.

1.2.9 CASH FLOWS AND THE FINANCING NEED

The key cash flows for Buma are the copyright royalties collected and distributed during the year, as well as the management costs. Furthermore, purchases and sales are made for the investment portfolio.

Since Buma largely collects the copyright royalties at the beginning of the year, but only distributes it in the next, we have no external financing needs. This is because the above system leads to what is called a base stock of copyright royalties to be distributed, which can be used to finance current expenses and investments.

1.2.10 RISK MANAGEMENT

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

As befits a collective management organisation, Buma 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 Buma is exposed to and how we deal with these risks.

STRATEGIC RISKS

At a strategic level, Buma 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.

In 2020, the strategic course up to and including 2025 was set. It anticipates external opportunities and threats, taking into account internal strengths and weaknesses. The changing market and technology play a major role in this.

The strategic course reflects Buma/Stemra's mission and vision, what our objectives are and what choices we make to achieve them. In the coming period, we will further develop our objectives in consultation with all those involved and our stakeholders.

COMPLIANCE RISKS

Buma is subject to a variety of laws and regulations, such as the Supervision Act, Title 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 Buma aims to be a reliable partner who accepts its responsibility towards musicians and licensees, its employees and the society in which it operates.

For 2020, Buma once again met the norms of the CMO quality mark criteria. The associated CMO certificate will be renewed up to and including 2021. Buma'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 and 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. Partly for this reason, the decision was taken in 2020 to replace the IT system. In 2020, special attention was paid to the far-reaching, forced situation of working from home. The operational risks were taken within 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.

ASSESSMENT OF THE DESIGN AND OPERATING EFFECTIVENESS OF INTERNAL CONTROL

Buma has an Internal Audit department. Internal Audit systematically assesses the quality of procedures and the internal control of internal business processes on the basis of an annual audit plan. The department forms an objective opinion on the quality of the control measures with regard to the primary and supporting business processes, including governance, risk management and internal audit measures. In 2018, the first steps were taken to improve the effectiveness of the deployment of Internal Audit through an approach based on 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 Supervisory Board 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

Buma 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 predetermined budgets, the financial reporting is discussed monthly by the Management Board in Business Review Meetings with the directors of the business units. A department manager attends on a rotating basis for specific explanations.

The measures taken to control the COVID-19 pandemic have had a huge impact on the music industry and therefore also on Buma. The vaccination programme offers prospects of reopening the economy, but it is unclear when and at what pace this will take place. The (expected) developments and their effect on the collection of copyright royalties for 2021 are uncertain. Buma has roughly calculated a few possible scenarios in a scenario analysis. These scenarios will be closely monitored throughout the year and updated if necessary. Based on this, Buma can make adjustments in the operation, where desired.

Healthy and transparent accounting for income and expenditure and strict internal control by the whole of management (based on e.g. data analyses and detailed checks) reduce the risk of fraud and comparable irregularities within our organisation.

The fraud risk is mitigated through a proactive, structured and focused approach in which the Internal Audit department plays a key role. In addition, various measures are in place to manage fraud risks, such as segregations of duties and authorisation matrices. These measures apply to actions that create obligations (including purchasing), payment transactions and contract management.

Buma 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.

In 2019, we switched to a new asset manager for our investments: ABN AMRO MeesPierson.

On average, an Asset Liability Management (ALM) study is conducted every five years on behalf of the Management Board. This was revised in 2019 and, on that basis, the current investment strategy has been reconsidered and continued. As stated previously, we opt for

a risk-averse profile in terms of investment policy, applying the principle of basic, passive and cost-efficient investing in order to mitigate financial risks. As a main rule, investments are made in euros to limit currency risks. If investments must be made in other currencies, these investments are covered with euros by means of hedges within the relevant fund.

The equities portfolio is invested passively through a diversified investment fund, in which exclusion conditions are applied in line with sustainable ESG criteria (Environment, Social and Governance). In terms of government bonds, investments are made in individual bonds; more specifically, in European government bonds. We opt for collective investments as regards other bonds.

INFORMATION SECURITY

The proper security and availability of our information is crucial for Buma. This applies to all data flows, both physical and digital. Information security is high on Buma's agenda; we use a General IT Control Framework for all IT-related processes. In 2019 and 2020, 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.

REPLACEMENT IT SYSTEM

In 2020, a start was made on the programme to replace the current IT system for Usage Processing & Distribution including components for Finance and CRM. The programme will take more than two years to complete. An analysis of potential risks was made in advance, including strategic risks, technological risks, operational risks and financial risks. Control measures have been identified and included in the programme. Within the governance of the entire programme, in which the Supervisory Board and the Council of Rights Owners are involved as well, each sub-project has its own project manager and steering group.

INSURANCE

Buma has an insurance portfolio in which effectively insurable risks have been placed 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

Buma operates exclusively in the Netherlands and is subject to the Dutch tax regime. Buma 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 held with the Tax and Customs Administration about the applicability of corporation tax.

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 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 that CMOs must continuously review the distribution rules and board resolutions on the distribution, i.e. every three years.

This review is performed by the Management Board within Buma/Stemra in various board and committee meetings, partly on the basis of advice from the Council of Rights Owners and the Distribution Committee. The advice and decisions in 2020 with regard to distribution concerned the following topics:

- the method of distribution of Protestant church music,
- processing of Symphonic Music (CE) and Chamber Music and Recitals (CR),
- adaptation procedure fingerprinting of radio and TV channels,
- expansion of scope and assessment framework Distribution Committee,
- structural acceleration of RTV distribution,
- changes in category Mechanical Background Music,
- customised arrangement Surcharge Serious,
- working method live streams,
- provision of information to publishers with regard to Private Copy,
- adoption of the review calendar for the year 2021.

PROTESTANT CHURCH MUSIC

On 2 March 2020, the Management Board adopted the advice of the Council of Rights Owners and decided that the method of distribution for Protestant church music will be maintained. Based on the analyses made, no indications were found that gave cause to deviate from this method.

PROCESSING OF SYMPHONIC MUSIC (CE) AND CHAMBER MUSIC AND RECITALS (CR)

On 2 March 2020, the Management Board adopted the advice of the Council of Rights Owners and decided that the processing of Symphonic Music (CE) and Chamber Music and Recitals (CR) will move from general to a special category. This will be processed on a one-to-one basis, starting in usage year 2021. This change is necessary to enable quarterly payments for these categories. This decision follows on from an outstanding agenda item following the earlier decision to move Amusement Special (AS) and Amusement Live (AL) to quarterly distribution*. All performances with a collection value above € 50 are settled in the category Amusement Special Serious (ASE), whereas all other performances are charged at the standard AL amount in the new category Amusement Live Serious (ALE).

ADAPTATION PROCEDURE FINGERPRINTING OF RADIO AND TV CHANNELS

On 2 March 2020, the Management Board endorsed the advice of the Council of Rights Owners to step away from the current way of fingerprinting (full one-to-one identification and processing of radio and TV channels), with the aim of identifying and processing more as a whole. To make this possible, a new channel list has been drawn up. All radio and TV channels are classified into categories. For each category, it is determined whether full processing of the channel will take place, or only partial (for example, during prime time only). By working with channel lists and categories, ultimately a larger reach can be fingerprinted without investing more. By applying a fingerprint technique per channel/category, the way of submitting comments changes also. This has been adjusted per channel/category.

* See paragraph 1.3 of the 2019 annual report

EXPANSION OF SCOPE DISTRIBUTION COMMITTEE COUNCIL OF RIGHTS OWNERS

In recent years, it has become apparent that the Distribution Committee cannot properly advise the Council of Rights Owners if the process steps from collection to distribution are skipped. For this reason, the scope of the Distribution Committee has been adjusted and included in the regulations of the Council of Rights Owners (Article 7, paragraph 1): In accordance with the provisions of the Articles of Association, a Distribution Committee has been set up, which deals with the substantive principles and rules regarding the allocation of distribution funds, including the collection of data. This includes the entire chain from collection to distribution, so that the Council of Rights Owners can see and understand when, how and why money and information flows have been processed. The Management Board approved this change on 2 March 2020.

STRUCTURAL ACCELERATION OF RTV DISTRIBUTION

On 6 July 2020, the Management Board adopted the advice of the Council of Rights Owners to structurally accelerate RTV royalties. With regard to the RTV sections, the decision has been made to switch from an annual payment method to one in which we make quarterly pre-payments, starting the current year of usage. A final settlement will take place annually in retrospect, in the month of September. There will also be a transition period during which two intervening quarters will be used in the current and coming year of usage. Subsequently, after an evaluation, work will be carried out on the intended end goal, viz.: one intervening quarter. The quarterly distribution will not be a full distribution, but the largest possible advance on the final settlement.

MECHANICAL BACKGROUND MUSIC

On 6 July 2020, the Management Board adopted the advice of the Council of Rights Owners to distribute the collection on the basis of the Media Market Share Survey specified by origin per sector, from the moment that payment was made in the Buma General Rights and Film 2019 category (to be paid in September 2020). This change makes it clearer from which sector the royalties that are distributed in this category originate.

In the coming years, this advice will form the basis for moving towards one-to-one distribution per sector even further, which is a precondition for the larger objective to be realised later: a more detailed distribution of the collection in the category Mechanical Background Music. In addition, the specification by origin per sector instantly offers more transparency in the origin and distribution of background music royalties. This specification also offers the possibility of creating a clear overview per sector of the impact of the reduced collection for background music in restaurants and bars, shops and workspaces (as a result of COVID-19) and explaining this to the rights owners.

CUSTOMISED ARRANGEMENT SURCHARGE SERIOUS (HAFABRA)

On 9 November 2020, the Management Board adopted the advice of the Council of Rights Owners and decided to maintain the current arrangement.

LIVE STREAMS

On 9 November 2020, the Management Board adopted the advice of the Council of Rights Owners and opted for a method that can be implemented quickly with regard to the licences that Buma/Stemra offers for live streams of music events. As regards the distribution of collected licence amounts, the method for Online is combined with

that for Events. These are live streams that took place before 1 January 2021. For these streams, it doesn't matter which platform was used (e.g. YouTube or Facebook), as long as the minimum duration of the stream is ten minutes and there are at least 1000+ views.

This is subject to the condition that a set list has been supplied via the portal or via the set lists app. If a stream meets the conditions, an amount of € 150 will be paid per set list supplied. Lastly, it has been decided that a cost percentage of 15% will be applied, without socio-cultural deductions. The approach will be one-to-one processing based on set lists. The distribution will then be divided into a General section on the one hand and, on the other, a Special section. In the General section, music use is charged on the basis of point value instead of second value. The point value is determined based on the duration of a work and the number of times the work has been used.

PROVISION OF INFORMATION TO PUBLISHERS WITH REGARD TO PRIVATE COPY

Following the decision at the General Members' Meeting of 26 August 2020 to change the distribution rules for the Private Copy levy and Public Lending Right levy in connection with the implementation of the legislative change (known as Repobel fix), the publishers requested to review the information provided.

The Management Board has adopted the advice of the Council of Rights Owners and decided that publishers will be given insight into what a musician has received in copyright royalties. The reason for this was that with the new way of distributing Private Copy royalties, one hundred percent of the BIEM* repertoire is paid out to the musicians. With this new method, publishers no longer have insight into the royalties, while they've often made agreements about this in the contracts with those musicians. It has therefore been decided that publishers are given an insight into these royalties. This of course only concerns the royalties of musicians in which publishers missed out on a share.

Furthermore, the General Data Protection Regulation does not apply, because Buma/Stemra does not provide the publishers with income information about musicians. They will only be able to see the share they missed out on.

DISTRIBUTION REVIEW CALENDAR 2021

The Management Board and the Council of Rights Owners have adopted the 2021 Review Calendar (list with planning of distribution topics to be achieved). The necessary leeway has been factored into this on account of the consequences and impact of Covid-19.

* BIEM (Bureau International des sociétés gérant les droits d'enregistrement et de reproduction mécanique) is the umbrella organisation of mechanical law organisations across the globe.

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

The Buma Supervisory Board consists of nine persons. Only natural persons may be appointed to 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 Buma must also be a member of the Supervisory Board of Stemra. The profiles of the members of the Supervisory Board are:

A. Four musicians who are members or who are musicians within a company that is a member, which musicians are elected by the members/affiliates, 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 whom 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 Buma and who do not sit on the Supervisory Board of Buma. 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 in the Articles of Association regarding the Supervisory Board are contained in Article 13 through to Article 19 of the Articles of Association of Buma. The complete provisions in the Articles of Association regarding the Management Board are contained in Article 21 through to Article 24 of the Articles of Association of Buma.

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 Section 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 Buma must obtain prior permission for this from Buma. Provided that certain standard conditions are met, including the payment of a fee, Buma grants this permission in the form of a licence. Buma does not refuse to grant licences; however, Buma 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, Buma exercises its right of prohibition.

DISTRIBUTION FREQUENCY

The table below shows the distribution frequency per type of use within Buma. Distribution of royalties from Online and Abroad will be quarterly. In 2020, accelerated quarterly distributions of RTV and Live performances royalties started. The other categories were previously paid annually, in September; in 2020, this has been partially accelerated to June.

	Q1	Q2	Q3	Q4
Restaurants and bars		X	X	
Work spaces		X	X	
Shops and stores		X	X	
Radio, TV and Network Providers		X	X	X
Live performances		X	X	X
Online	X	X	X	X
Abroad	X	X	X	X

COMMENTS AND COMPLAINTS

Buma regards the number of comments and complaints we receive as a measure of how we have performed in identifying copyrighted work and in the subsequent allocation and distribution of royalties. Not all royalties can be distributed immediately, for example, because work cannot be identified (yet) or because the rights owner is not known (yet). The lower that number of undistributed royalties, the fewer negative comments and complaints. In 2020, a total of 10,998 comments were submitted to Buma, compared to 11,493 in 2019. One complaint was filed, compared to two in 2019. This complaint was resolved satisfactorily, even before the official complaints procedure was started.

— 2. REPORT SUPERVISORY BOARD

2. REPORT OF THE SUPERVISORY BOARD

INTRODUCTION

The Directors' Report describes the results, main events, market developments and the priorities of the Management Board of Buma/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 stakeholders of Buma/Stemra.

The year 2020 was overshadowed by the Covid-19 crisis. The topics of short-term supervision were urgent issues surrounding the safety and mental resilience of our people and the impact of Covid-19 on rights owners and licensees.

The Management Board managing the continuity of Buma/Stemra's operations was another special topic. The medium and long-term themes were strategic and investment issues. Last year, these were mainly the new strategic course of Buma/Stemra and the necessary IT transition.

In addition, the Supervisory Board's attention was focused on the extra support offered by Buma/Stemra to musicians. This support was provided, among other things, by paying out part of the copyrights early and by setting up a Music Emergency Fund and a Music Investment Fund. These funds were set up by Buma/Stemra in collaboration with other collective management organisations in the Netherlands and with the support of the Ministry of Education, Culture and Science. The Supervisory Board encouraged these initiatives and, where possible, supported them.

A WORD OF THANKS

The Supervisory Board is mindful that Buma/Stemra was set up by *and for its members and affiliates*. Everything revolves around the rights and royalties of its members and affiliates. We want to see this principle of supervision reflected in the organisation, our working method and decision-making, as well as in the advice we provide. The Supervisory Board would like to thank the employees and members of the Management Board for their huge dedication to the members and affiliates in this exceptional year. Despite the Covid-19 crisis, they have managed to reasonably stabilise the collection and distribution targets and control the cost percentages.

The Supervisory Board likes to thank Siebe van Elsloo, the interim CFO, for his important contribution to Buma/Stemra and fortunately was able to say goodbye to him personally, even though it was at a distance of one and a half metres. We also said goodbye to Anja Kroeze, General Counsel, and would like to thank her for her unique contribution to Buma/Stemra for many years. The Supervisory Board also thanks the Council of Rights Owners for its huge efforts and contributions to the objectives of Buma/Stemra in 2020. The same gratitude is extended to the Works Council and the Appointments Advisory Committee.

GOVERNANCE

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. Buma distinguishes the following bodies in its structure: the General Members' Meeting, the Council of Rights Owners, the Management Board, the Supervisory Board and the Works Council. The professional associations are also involved in governance within Buma,

because they have the right to nominate supervisory directors. The powers vested in the professional associations are described in the Articles of Association and the Rules.

The policy of Buma/Stemra is decided and its success assessed within this governance structure. This structure involves the necessary complexity and is time-consuming, 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. All those involved have made an extra effort in 2020 to remain connected with each other and with Buma/Stemra.

Within the governance 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 adequate manner, that the Council of Rights Owners provides sound 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 has incorporated the topics discussed with the Council of Rights Owners in its report.

Buma/Stemra is supervised externally 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 AND CONSULTATIONS

Appendix 2.1 includes 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. It follows the cycle from strategy to annual plan and budget and subsequently to the policy and accountability rendered for it in the annual report. The Supervisory Board closely examines the underlying factors that are relevant to the success of the strategy and its implementation.

In 2020, the Supervisory Board, like everyone else, largely worked from home. Meetings were attended via video conferencing. The three chairmen of the Supervisory Board, the Council of Rights Owners and the Management Board met a total of three times. New periodic consultations are planned for 2021.

In addition to the regular meetings, a more informal and intensive consultation cycle has been set up between the Supervisory Board and the Management Board. In a number of cases, the Council of Rights Owners attended these meetings as well, in which the impact of the Covid-19 crisis on Buma/Stemra and the musicians and users was always the main point of discussion. The Supervisory Board, Management Board and Council of Rights Owners were represented in these meetings by the chairmen and vice-chairmen. During a joint walk, the Supervisory Board discussed everyone's individual motives for supervising Buma/Stemra, inquired about each other's motives and arrived at a shared vision on that supervision.

At the meeting of the Council of Rights Owners of 25 November, a delegation from the Supervisory Board explained how the

Supervisory Board oversees the IT transition and how the self-evaluation of its members works. The Board met twice with the Works Council, as prescribed in Section 24(1) of the Works Councils Act.

STRATEGY - In the midst of the Covid-19 crisis, the Management Board announced a new strategic course. This was necessary, because developments in the field of music use and music carriers and the associated consequences for licences and distributions required a strategic response. Globalisation, digitisation AND Covid-19 together create a market in which developments can quickly shift in the right or the wrong direction for all players concerned. As a regulated collective management organisation, Buma/Stemra faces increasing competition from non-regulated players in parts of the chain and market. The rules that a regulated collective management organisation must adhere to, protect rights owners and users and guarantee transparency, participation, quality and cost control. However, to achieve that, Buma/Stemra must combine these advantages with best practice services for musicians and licensees. The IT transition is necessary and vital for this, because the current IT system is technically very outdated and cannot support the strategic ambition.

IT TRANSITION - In November 2020, the Management Board took the decision to proceed with the IT transition. This involves the step-by-step replacement of the existing IT system, thereby working towards a flexible and future-proof IT environment. The Supervisory Board has performed its supervisory task and conducted in-depth discussion on the dilemma of whether or not to make such investments in times of economic and social uncertainty. The final conclusion was that the IT transition **MUST** take place: in the short term, to keep our operations stable and, in the longer term, to lead the way in services to musicians and licensees.

APPOINTMENTS

In 2020, the Supervisory Board selected and recruited Marleen Kloppers as the new financial director, in close collaboration with Bernard Kobes (CEO), the Works Council and the Council of Rights Owners. After the appointment during the General Members' Meeting, Bernard Kobes, supported by the Supervisory Board, welcomed her, insofar as possible in these of times of lockdown, and helped her find her feet within the organisation.

In 2020, the terms of Anthony Fiumara, René Meister and Raymond van Vliet expired; they retired from the Supervisory Board. We would like to extend our gratitude for their contributions over many years. It was the first time we said goodbye to members of the Supervisory Board who were part of the Board of Buma/Stemra in the governance structure until 2018. Alexander Beets, Monique Krüs and Edith Severs were appointed by the General Members' Meeting and joined as new members.

A new aspect was that professional associations nominated new candidates for the Supervisory Board on the basis of a previously shared profile. The Appointments Advisory Committee and the Supervisory Board conducted introductory interviews with the candidates, who also entered into discussions with the Supervisory Authority for Copyrights. To get off to a good start, the new members of the Supervisory Board were offered an onboarding programme. As part of this programme, they were further introduced to Buma/Stemra, its operations and its people, and gained further insight into the responsibilities and role of the internal supervisor.

SELF-EVALUATION

The Supervisory Board evaluates its own performance annually. Every other year, the Supervisory Board is supervised in that process by an external supervisor. In all self-evaluations, the Supervisory Board uses '360 degree feedback' from the Management Board, the Works Council and the Council of Rights Owners. The Supervisory Board regarded its 2020 self-evaluation as a 'baseline measurement'.

In 2020, the focus of the evaluation was on the functioning of the new governance structure. Extra attention was paid to the question as to whether rights owners who previously held an administrative role in the Board of Buma/Stemra were able to make the step to the supervisory role or to a sufficient extent. That was certainly the case. A second topic was the collaboration between the Supervisory Board and the Management Board in an exceptional year like 2020. In 2020, this collaboration was characterised by interaction, in which the Supervisory Board aimed to support and at the same time explicitly challenge the Management Board to think through the IT transition and the new strategic course both broadly and in depth. On 22 September 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.

COMMITTEES

The Supervisory Board has two committees: the Audit Committee and the Remuneration Committee. These committees explore and prepare important topics prior to a broader exchange of views and where relevant advise on decision-making within the Supervisory Board as a whole.

The Audit Committee spoke intensively with the Management Board about the IT transition. The expertise of external parties was engaged therein, including the Software Improvement Group (SIG). Given the impact of the Covid-19 crisis, the Management Board and Audit Committee jointly examined the phasing of the IT transition. It was considered whether the pace of the transition could be or perhaps would even have to be slowed down, if circumstances so dictated. Spreading the overall investment more would somewhat slow down the deployment of funds. At the same time, the vital parts of the transition must go ahead in order not to fall behind. In consultation with the auditor, the Audit Committee also considered tax matters and the financial continuity of the organisation.

As stated earlier, the Remuneration Committee took on the recruitment and selection of the financial director under the Articles of Association in 2020, which efforts included drawing up and discussing the CFO profile in conjunction with the Works Council and the Council of Rights Owners.

COMPOSITION OF COMMITTEES

Audit Committee

1. Ruud Hopstaken
2. Jolanda Messerschmidt
3. Marc Swemle
4. Niels Walboomers
5. Monique Krüs (from 1 January 2021)
6. Alexander Beets (from 1 January 2021)

Remuneration committee

1. Jolanda Messerschmidt
2. Arriën Molema
3. Raymond van Vliet (until 26 August 2020)
4. Josephine de Zwaan
5. Edith Severs (from 1 January 2021)

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

GENERAL MEMBER'S MEETING

Due to Covid-19, the regular General Members' Meeting was held later than usual, namely on 26 August 2020. In addition to adopting the minutes of the previous General Members' Meeting, the following items were on the agenda:

- the transparency report including the 2019 financial statements of Buma,
- the adoption of and feedback on the social and cultural policy,
- a preview of the strategy session on 15 September,
- motion to amend the Articles of Association, including to fix the voting rights of English members after Brexit,
- motion to change the Distribution Rules, which involved the introduction of fixed cost percentages at Buma, among other things,
- motion to appoint Marleen Kloppers as a director under the Articles of Association and CFO at Buma,
- motion to appoint five new members for the Council of Rights Owners,
- motion to appoint three new members for the Supervisory Board and lastly,
- motion to appoint two board members at Buma Cultuur.

The General Members' Meeting adopted the following resolutions:

- adoption of the 2019 financial statements of Buma,
- discharging the Management Board and the Supervisory Board of Buma from all liability,
- endorsement of the proposed amendments to the Articles of Association,
- endorsement of the proposed change to the Distribution Rules,
- appointment of Marleen Kloppers as a director under the Articles of Association and CFO at Buma,
- appointment of Wiboud Burkens, David Dramm, Gregor van Offeren and Jitze de Raaff and re-appointment of Mark Bremer as members of the Council of Rights Owners,
- appointment of Edith Severs, Monique Krüs and Alexander Beets as members of the Supervisory Board and
- appointment of Dennis Braunsdorf and Noëlla Jansen as board members of Buma Cultuur.

In anticipation of the General Members' Meeting, the Management Board and the Supervisory Board organised an informal evening with the chairmen of the professional associations and a delegation from the Council of Rights Owners, to give them the opportunity to obtain information prior to the General Members' Meeting.

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

The 2020 draft annual report was discussed with the Audit Committee on 19 April 2021 and with the full Supervisory Board on 5 May 2021, both times in the presence of the auditor. The management letter of the auditor was discussed with the Audit Committee on 15 March 2021 and on 31 March 2021 with the full Supervisory Board, in the presence of the auditor.

RETIREMENT SCHEDULE

Early 2019, the Supervisory Board adopted a retirement schedule that provides for members taking office and retiring in phases. This schedule was adhered to in 2020, resulting in the current composition:

Alexander Beets (from 27 August 2020)
Anthony Fiumara (until 26 August 2020)
Ruud Hopstaken
Monique Krüs (from 27 August 2020)
René Meister (until 26 August 2020)
Jolanda Messerschmidt
Arriën Molema, Vice-chairman
Edith Severs (from 27 August 2020)
Marc Swemle
Raymond van Vliet (until 26 August 2020)
Niels Walboomers
Josephine de Zwaan, Chairwoman

— 3. REPORT FROM THE COUNCIL OF RIGHTS OWNERS

3. REPORT FROM THE COUNCIL OF RIGHTS OWNERS

INTRODUCTION

The COVID-19 crisis has been very dramatic for the members of Buma/Stemra and therefore also for the members of the Council of Rights Owners. The Council has been actively involved in the organisation of various support schemes that Buma/Stemra set up in collaboration with the Ministry of Education, Culture and Science. In addition, sufficient time and space was left to provide advice on many other current cases. The Council has extensively considered its own role within the governance structure and the nature and scope of its activities. In 2020, Rita Zipora Verbrugge was re-elected as chairwoman and Mark Bremer as vice-chairman. In addition, a number of committees were continued and new committees established.

COMMITTEES

In 2020, the Council of Rights Owners included three permanent committees and a number of temporary committees. In addition, the chairman and vice-chairman took part in the meetings about the Music Emergency Fund and the Music Investment Fund.

The permanent committees concerned the Distribution Committee, the GMM committee and (new for 2020) the Communication Committee.

- The Distribution Committee is concerned with the distribution rules, with a number of elements scheduled for review each year. These elements are listed on the review calendar. In 2020, the Distribution Committee issued ten recommendations to the Council of Rights Owners (see section 1.3 of the Directors' Report). These have been adopted and forwarded to the Management Board, which endorsed them. In addition, the Distribution Committee was involved in the preparation of several amendments to the distribution rules. The Council of Rights Owners subsequently issued a positive advice to the General Members' Meeting, where the amendments were approved.
- The GMM committee, together with Buma/Stemra, prepares the annual General Members' Meeting, which in 2020 was held in a different format due to the COVID-19 virus. The intention still is for the Council of Rights Owners to continue to play a major role in these preparations.
- The Communications Committee was formed to review communications from Buma/Stemra to its members and the media, together with the Communications Department.

In addition to these permanent committees, a number of temporary committees were active:

- The Foreign Affairs Committee was set up to gain insight into the problems involved in obtaining and distributing foreign royalties. The committee is examining how this process can be organised differently and more effectively. We are also looking at the collaboration with ICE (International Copyright Enterprise), our supplier for the IT system that determines and records the distribution of copyright royalties.
- The Cultural Funds Committee is examining the issue of how best to use the Buma/Stemra cultural budget from the Fund for Social and Cultural Purposes.
- The US Mechanical Rights Committee is concerned with the changes in the field of mechanical rights in US legislation (Music Modernisation Act) and the arrival of the Mechanical Licensing Collective and the consequences this has for Buma/Stemra and its members.
- The Role Committee of the Council of Rights Owners has

examined the nature and scope of the work of said Council, to gain a better understanding of its role within the organisation as a whole.

- A number of members of the Council of Rights Owners have taken a seat on the Appointments Advisory Committee. Its purpose was to provide advice on the appointment of the new financial director under the Articles of Association, CFO Marleen Kloppers.
- Lastly, the Council of Rights Owners, as part of a smaller set-up, participated in the discussion about personalisation and differentiation of services provided by Buma/Stemra towards its members and contributed ideas about various new licensing forms.

MEETINGS AND ADVICE

The Council of Rights Owners held ten regular meetings in 2020 and completed one self-evaluation session. The Council took part in a number of strategy sessions and issued advice on request to the Management Board a total of fourteen times. The Council, together with Buma/Stemra and acting in a short period of time, looked at the accelerated disbursement of copyright royalties and at the licensing of a model for the live streaming of concerts, to provide some compensation to members after the loss of income from live performances. Appendix 2.4 includes an overview of the meeting dates of the Council of Rights Owners, the items discussed and the advice issued.

SELF-EVALUATION

The self-evaluation of 2019 showed that the Council of Rights Owners felt a need for stronger interaction with the Supervisory Board and also for supplementary training. In 2020, that need will be addressed: periodic consultations were held between the Council, the Management Board and the Supervisory Board and a joint onboarding session was organised for the new members. The Council of Rights Owners, as well as the Management Board and the Supervisory Board, took part in a training session.

GRATITUDE

The Council of Rights Owners would like to extend its gratitude to the Management Board, the Supervisory Board, the Works Council and all Buma/Stemra employees. The year 2020 was special in many respects, and everyone made every effort to represent the interests of members and licensees as best as possible in these times of crisis. All have shown themselves to be creative, flexible and resourceful in their efforts, and we are grateful for that.

Members of the Council of Rights Owners:

Mark Bremer, Vice-chairman
Wiboud Burkens
David Dramm
Hans Everling
Gregor van Offeren
Davo van Peursen
Jitze de Raaff
Aafke Romeijn
Martijn Schimmer
Koen Vergouwen
Johan van der Voet
Rita Zipora Verbrugge, chairwoman

4. ADOPTION OF FINANCIAL STATEMENTS

4. ADOPTION OF FINANCIAL STATEMENTS

After auditing the financial statements of Vereniging Buma, Mazars N.V. issued an unqualified auditor's report in respect of the financial statements. We propose to adopt the Buma 2020 financial statements in accordance with Article 27, paragraph 7, of the Articles of Association and to grant discharge from liability to the members of the Management Board in respect of the performance of their duties in the 2020 financial year.

Hoofddorp, 5 May 2021

MEMBERS OF THE SUPERVISORY BOARD:

Josephine de Zwaan	Chairwoman
Alexander Beets	Member of the Supervisory Board
Ruud van Hopstaken	Member of the Supervisory Board
Monique Krüs	Member of the Supervisory Board
Jolanda Messerschmidt	Member of the Supervisory Board
Arriën Molema	Member of the Supervisory Board
Edith Severs	Member of the Supervisory Board
Marc Swemle	Member of the Supervisory Board
Niels Walboomers	Member of the Supervisory Board

MEMBERS OF THE MANAGEMENT BOARD:

Bernard Kobes	Chief Executive Officer
Marleen Kloppers	Chief Financial Officer

— 5. FINANCIAL STATEMENTS

5.1 BALANCE SHEET AS AT 31 DECEMBER 2020

After appropriation of the result

(x € 1,000)

	31/12/2020	31/12/2019
ASSETS		
FIXED ASSETS		
Intangible fixed assets (1)	4,463	3,102
Tangible fixed assets (2)	2,293	2,193
CURRENT ASSETS		
Receivables		
Accounts receivable (3)	8,966	10,935
Other receivables (4)	1,243	1,262
Taxes and social security contributions	1,060	960
Prepayments and accrued income (5)	505	496
	11,774	13,652
Securities (6)	170,664	163,306
Cash and cash equivalents (7)	63,970	75,064
TOTAL ASSETS	253,164	257,317

(x € 1,000)

	31/12/2020	31/12/2019
LIABILITIES		
Equity (8)		
Continuity reserve	-	-
Appropriated reserve	33,839	27,110
	33,839	27,110
Provisions (9)	6,912	7,519
Non-current liabilities (10)	3,497	4,240
Current liabilities		
Copyright royalties to be distributed (11)	187,279	201,121
Accounts payable	1,997	310
Taxes and social security contributions	368	342
Other liabilities (12)	13,856	13,053
Accruals and deferred income (13)	5,416	3,622
	208,916	218,448
TOTAL LIABILITIES	253,164	257,317

5.2 OPERATING STATEMENT FOR 2020

(x € 1,000)	2020	2019
INCOME (14)		
Administration fee withheld upon distribution	4,801	4,390
Administration fee withheld in the year of collection	14,938	14,695
Contributions and registration fees	975	893
Other income	58	70
Total income	20,772	20,048
EXPENSES		
Personnel costs (15)	10,122	10,330
Accommodation costs	730	628
Amortisation and depreciation (1+2)	1,832	1,639
Other expenses (16)	10,014	9,172
Total expenses	22,698	21,769
Balance of financial income and expenses	-1,926	-1,721
FINANCIAL INCOME AND EXPENSES		
Investment result (17)	8,722	15,868
Interest income and similar income	2	-
Interest expenses and similar expenses	-69	-467
Balance of financial income and expenses	8,655	15,401
Result before taxes	6,729	13,680
Taxes (18)	-	-
Result after taxes	6,729	13,680
Appropriation of the result	2020	2019
Addition to/withdrawal from:		
- Continuity reserve	-	-
- Appropriated reserve	6,729	13,680
	6,729	13,680

5.3 CASH FLOW STATEMENT FOR 2020

(x € 1,000)	2020	2019
Result after taxes	6,729	13,680
Adjustments for:		
Amortisation intangible fixed assets (1)	1,242	1,162
Depreciation tangible fixed assets (2)	590	477
Unrealised changes in the value of securities (6)	-8,378	-15,011
Changes in working capital	6,188	161,829
Transfer of assets/liabilities Stichting Buma Beleggingsfonds (4)	-	-163,918
	-358	-15,462
CASH FLOW FROM OPERATIONS	6,371	-1,782
Purchases of securities (6)	-10,386	-140,566
Repayments received / sale of securities (6)	11,406	153,791
Other changes in securities (6)	-	137
Changes in continuity reserve (8)	-	-1,855
Changes in provisions (9)	-607	-236
Change in non-current liabilities (10)	-743	-968
Change in copyright royalties to be distributed (11)	-13,842	9,111
	-14,172	19,414
CASH FLOW FROM OPERATING ACTIVITIES	-7,801	17,632
Investments in intangible fixed assets (1)	-2,603	-666
Investments in tangible fixed assets (2)	-690	-171
CASH FLOW FROM INVESTMENT ACTIVITIES	-3,293	-837
NET CASH FLOW	-11,094	16,795
Cash and cash equivalents as at 1 January (7)	75,064	56,020
Transfer of cash and cash equivalents to Stichting Buma Beleggingsfonds	-	2,249
Cash and cash equivalents as at 1 January after transfer	75,064	58,269
Cash and cash equivalents as at 31 December (7)	63,970	75,064
CHANGE IN CASH AND CASH EQUIVALENTS	-11,094	16,795

5.4 NOTES TO THE FINANCIAL STATEMENTS

INFORMATION ABOUT THE LEGAL ENTITY

Business address and trade register number

Vereniging Buma has its registered office in Amstelveen and principal place of business at Saturnusstraat 46-62 in Hoofddorp. The company is registered with the Chamber of Commerce in Amsterdam under file number 40530934.

GENERAL INFORMATION

Key activities of the legal entity

The objective of Vereniging Buma ("the Association" or "Buma") is to promote both the tangible and intangible interests of songwriters and composers and their successors in title and of publishers and publishing companies as a non-profit institution. By law, Buma has been appointed by Royal Decree to represent the aforementioned rights owners in a great number of administration areas. Buma stands for Bureau Muziek Auteursrechten (Music Copyright Bureau).

Period under review

These financial statements concern the financial year 2020, which ended at the balance sheet date of 31 December 2020.

Information about group structures

The financial statements of Vereniging Buma concern the company financial statements. The financial data of Vereniging Buma are included in the financial statements in accordance with the Dutch Accounting Standards.

Stichting Buma Beleggingsfonds (BBF), a legal affiliate, was dissolved in 2019; hence there are no consolidated financial statements for Vereniging Buma and BBF as from 2019. The 2019 separate financial statements also include the investments and other assets and liabilities, the economic value of which was taken over from BBF as from 1 January 2019, as well as the results on these assets and liabilities for the 2019 financial year.

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

Up to and including 2019, costs for managing the securities portfolio have not been included in the calculation of the normative result, which is used to cover the management costs. In the 2019 operating statement, these costs are presented as part of the interest expenses and similar costs. As from 2020, the management costs HAVE been included in the calculation of the normative return and are presented in the operating statement as part of the (net) investment results. This way, better insight is provided into the difference between the normative return and the realised investment result, which is added to or withdrawn from the appropriated reserve through the appropriation of the result.

Information about estimates

In the preparation of the financial statements, the Management 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 Management 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 the annual allowances scheme of Stichting Sociaal Fonds Buma, and 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.

Impact of Covid-19 virus

The outbreak of the Covid-19 virus and the preventive measures taken by the government have significant consequences for the economy and therefore also for Buma. Giving a reasonable estimate of the impact of this on Buma is possible to a limited extent only. The reasons for this are the high degree of uncertainty about the further spread of the Covid-19 virus, the nature, scope and effectiveness of government measures and the moment at which vaccines or medicines provide sufficient protection to relax the measures. However, the scenarios we have set out do not point to an impending liquidity deficit.

Applied accounting standards

The financial statements have been prepared in accordance with Title 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 Vereniging Buma 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 prevailing 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

Vereniging Buma offers its employees a career average pension plan. This pension scheme is administrated by Pensioenfond PNO Media. 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 stated 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, Vereniging Buma is not obliged to pay additional contributions other than higher future pension contributions.

Financial instruments

Financial instruments comprise both primary instruments (receivables, securities, cash and cash equivalents and liabilities) and derivative instruments (including forward exchange contracts). 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 stated 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 stated 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.
- securities (government bonds, bond funds, mortgage funds and equity funds) constitute part of the investment portfolio and are stated at fair value with changes in value being recognised in the operating statement. The fair value is determined based on the listed market price.
- cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not at the free disposal of Buma, 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. Reference is made to the pricing principles for foreign currencies.
- 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 in the year ahead are taken to current liabilities.
- derivative financial instruments (used for hedging the foreign currency component of securities and for hedging foreign currency liabilities) are stated at fair value, with changes in value being recognised in the item 'Changes in value' in the operating statement.

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

Intangible fixed assets are stated at cost of acquisition or manufacture less cumulative amortisation 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. Intangible 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. For impaired intangible fixed assets that have not yet been taken into use, however, the recoverable amount is determined at each balance sheet date.

The estimated useful life is as follows:

- business information system 3 - 8 years

Tangible fixed assets

Tangible fixed assets are stated at cost of acquisition or manufacture less cumulative depreciation and impairment. Depreciation 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 stated at fair value and subsequently 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.

Securities

Listed shares and bonds are part of a trading portfolio and are stated at their market value at the balance sheet date, with both unrealised and realised changes in value being recognised directly in the operating statement.

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 Buma, this is taken into account in their valuation.

Continuity reserve (abolished in 2019)

One of the aims of the continuity reserve was 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 still to be distributed according to the financial statements. In addition, this reserve served to level out undesired fluctuations in the amounts available for distribution. This reserve was paid out in 2019.

Appropriated reserve

The aim of the appropriated reserve is to distribute the return on investments to the rights owners in an orderly manner. To this end, the investment results recognised in the operating statement are added to or withdrawn from the appropriated reserve via the appropriation of the result. This is based on the realised return, the expected return and advice obtained from asset managers. The amount is deducted in the operating statement from the administration fee charged to rights owners, and withdrawn from the appropriated reserve via the appropriation of the result, to the extent that this reserve is sufficient. Pursuant to Article 27, paragraph 6, of the Articles of Association of Vereniging Buma, the financial statements are adopted by the General Members' Meeting. The Management Board proposes to the General Members' Meeting to withdraw the deficit from or to add the surplus to the appropriated reserve. The appropriation of the result is included in the financial statements.

Provisions

A provision is recognised in the balance sheet for a legally enforceable or actual commitment arising from a past event. Settlement of that event is likely to require an outflow of resources, and the amount can be reliably estimated.

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.

Provision for annual allowances scheme of Stichting Sociaal Fonds Buma

The provision for the annual allowances scheme of Stichting Sociaal Fonds Buma (SFB) concerns a provision for the annual allowances paid to (former) musicians and publishers and their surviving relatives through SFB. Although the obligations are conditional, they are recognised as a constructive obligation based on the agreements entered into and the raised expectations. The provision has been charged to the Fund for Social and Cultural Purposes. Any release from the provision will therefore be credited to this fund as well. The provision is recognised for the actuarial value of the commitments that have been made. The expenses for the settlement of the provision are incurred via Stichting Sociaal Fonds Buma.

Fund for Social and Cultural Purposes

The Fund for Social and Cultural Purposes serves to advance the intangible or tangible interests of composers, lyricists and music publishers and to promote the Dutch music scene. The addition to the fund consists of the withholding of a percentage of the copyright royalties that are available for distribution. Pursuant to Article 30, paragraph 4 of the Articles of Association, the percentage is determined annually by the Management Board, subject to a maximum of 10%. The withholding is part of the distribution. With the approval of the Supervisory Board and with due observance of Article 30, paragraph 3, of the Distribution Rules approved by the Members' Meeting, the Management Board of BUMA decides on expenditures and distributions charged to the fund. The resources available in the Fund for Social and Cultural Purposes are of a long-term nature, as they cannot be claimed within twelve months of the balance sheet date.

Copyright royalties

BUMA recognises a receivable in respect of copyright royalties when the amount can be determined reliably, it is probable that it will flow to BUMA, and it is enforceable as at balance sheet date. Copyright royalties received from other, mainly international collective management organisations 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 BUMA to the participants and other stakeholders. The distribution rules are reviewed by the Management Board once every three years, partly on the basis of advice from the Council of Rights Owners and the Distribution Committee.

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

- works for which BUMA 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 BUMA 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%.

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 been distributed within three calendar years after the year of collection are distributed proportionally to the various distribution sections via the general distribution in the fourth calendar year after collection. For works that are claimed by multiple rights owners (contradictory claims), no distribution takes place until it is clear who the rights owner is.

* In the agreements that BUMA concludes with the licensee, BUMA 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.

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. For the greater part of the copyright royalties collected in the financial year, the Distribution Rules permit fully offsetting the income and expenses in the relevant financial year against the copyright royalties. This offset administration fee is then recognised in the year of collection as income in the operating statement under 'Administration fee withheld in the year of collection'. For a number of categories of copyright royalties (this mainly concerns royalties received from abroad, cable fees paid to sister societies abroad and the Online royalties), a fixed 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 distribution'.

Financial income and expenses

Dividends are recognised in the period in which they are made payable. Interest income and expenses from investments are recognised in the period to which they relate. The costs of the investments are recognised in the corresponding investment results. Transaction results are recognised in the period in which the transaction took place. Changes in the fair value of securities and derivative financial instruments are recognised in the operating statement.

Fair value measurement

The fair value of a financial instrument is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

The fair value of listed financial instruments is determined based on the bid price.

The fair value of derivatives where no collateral is exchanged is determined by liquidating cash flows based on the relevant swap curve and adding credit and liquidity margins.

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 to no later than 31/12/2023, the Dutch Tax and Customs Administration has determined that Vereniging BUMA is subject to corporation tax. Deductible foreign withholding taxes and Dutch dividend tax 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 2020. BUMA will enter into consultation with the Tax and Customs Administration about the entity's tax qualification from 2024 onward.

PRINCIPLES FOR THE PREPARATION OF THE CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. Cash flows denominated in foreign currency are converted at an estimated average exchange rate. The purchase and sale of investments, interest and dividends received and interest paid and costs of investments are regarded as cash flows 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 Buma are disclosed separately.

NOTES TO THE SPECIFIC ITEMS OF THE BALANCE SHEET

(1) INTANGIBLE FIXED ASSETS

The changes in intangible fixed assets are as follows:

(x € 1,000)	Business information systems	Assets under construction	Total
Balance as at 1 January 2020			
Cost of acquisition/manufacture	9,967	327	10,294
Cumulative amortisation	-7,192	-	-7,192
Carrying amount as at 1 January 2020	2,775	327	3,102
Changes			
Investments	1,019	1,584	2,603
Commissioning	-	-	-
Amortisation and depreciation	-1,242	-	-1,242
Disposals cost of acquisition/manufacture	-	-	-
Disposals, cumulative amortisation	-	-	-
Total changes	-223	1,584	1,361
Balance as at 31 December 2020			
Total cost of acquisition	10,986	1,911	12,897
Cumulative amortisation and impairment	-8,434	-	-8,434
Carrying amount as at 31 December 2020	2,552	1,911	4,463

Investments in 2020 mainly relate to the IT replacement investment. This also includes the development of new functionalities for the MyBumaStemra portal.

(2) TANGIBLE FIXED ASSETS

The changes in intangible fixed assets are as follows

(x € 1,000)	Hardware / computer equipment	Other operating assets	Assets under construction	Total
Balance as at 1 January 2020				
Cost of acquisition/manufacture	3,732	1,391	-	5,123
Cumulative depreciation	-2,495	-435	-	-2,930
Carrying amount as at 1 January 2020	1,237	956	-	2,193
Changes				
Investments	511	14	165	690
Commissioning	-	-	-	-
Depreciation	-440	-150	-	-590
Disposals cost of acquisition/manufacture	-247	-	-	-247
Disposals, cumulative depreciation	247	-	-	247
Total changes	71	-136	165	100
Balance as at 31 December 2020				
Total cost of acquisition	3,996	1,405	165	5,566
Cumulative depreciation and impairment	-2,688	-585	-	-3,273
Carrying amount as at 31 December 2020	1,308	820	165	2,293

(3) ACCOUNTS RECEIVABLE

The accounts receivable balance as at year-end comprise amounts receivable that are collected directly by Buma and receivables for which the collection is carried out by the Service Centre for Copyright and Neighbouring Rights (SCAN) and Ice Copyright Services AB (ICE).

Receivables from debtors include an amount of € 1.8 million (2019: € 1.1 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 2020 amounts to € 3.3 million (2019: € 3.5 million).

(4) OTHER RECEIVABLES

(x € 1,000)	2020	2019
Buma members and participants	1,135	738
Stemra current account	-	320
Sociaal Fonds Buma current account	-	88
SCAN current account	30	35
Other receivables	78	81
Total as at 31 December	1,243	1,262

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

(5) PREPAYMENTS AND ACCRUED INCOME

(x € 1,000)	2020	2019
Prepaid expenses	492	474
Other prepayments and accrued income	13	22
Total as at 31 December	505	496

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

(6) SECURITIES

(x € 1,000)	2020	2019
Fixed-income securities	130,334	126,047
Equity funds	40,330	37,259
Total as at 31 December	170,664	163,306

Fixed income securities consist of government bonds, corporate bonds, government bonds from emerging markets and a mortgage fund. The equities in combination with the fixed-income securities have a wide spread, which means that the risk profile as a whole is relatively low.

The changes in the separate items are as follows:

(x € 1,000)	Fixed-income securities	Equity funds	Total
Balance as at 1 January 2020	126,047	37,259	163,306
Purchases	6,172	4,214	10,386
Repayments/sales	-4,728	-6,678	-11,406
Changes in value	2,843	5,535	8,378
Total changes	4,287	3,071	7,358
Balance as at 31 December 2020	130,334	40,330	170,664

(7) CASH AND CASH EQUIVALENTS

(x € 1,000)	2020	2019
Various banks	63,970	75,064
Total as at 31 December	63,970	75,064

The cash and cash equivalents are freely available with the proviso that a bank guarantee of € 0.3 million has been issued for the rent of the business premises (2019: € 0.3 million). The cash and cash equivalents consist of cash held at Dutch system banks. Since autumn 2019, Buma 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 Buma, we have managed to limit the impact of a negative interest rate on cash and cash equivalents held until September 2020. The threshold above which negative interest is calculated has been gradually lowered since.

(8) RESERVES

(x € 1,000)	Continuity reserve	Appropriated reserve	Total
Balance as at 1 January 2020	-	27,110	27,110
Appropriation of result financial year	-	6,729	6,729
Total as at 31 December 2020	-	33,839	33,839

The continuity reserve was abolished and paid out in 2019.

Of the investment results for 2020 of € 8.7 million (2019: € 15.9 million) a total of € 2.0 million (2019: € 2.2 million) has been set off against the administration fee passed on to rights owners.

Pursuant to Article 27, paragraph 6, of the Articles of Association of Vereniging Buma, 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 € 6.7 million to the appropriated reserve. The appropriation of the result is included in the financial statements.

(9) PROVISIONS

The provisions mainly concern the SFB annual allowances scheme and the provision for long-service awards.

(x € 1,000)	2020	2019
Annual allowances scheme of Stichting Sociaal Fonds Buma	6,718	7,311
Long-service awards	194	208
Other provisions	-	-
Total as at 31 December	6,912	7,519

ANNUAL ALLOWANCES SCHEME OF STICHTING SOCIAAL FONDS BUMA

Changes in the provision for the annual allowances scheme of Stichting Sociaal Fonds Buma are as follows:

(x € 1,000)	2020	2019
Balance as at 1 January	7,311	7,184
Interest	35	52
Mortality result	-4	66
Indexation of annual allowances	78	125
Change in interest rate	125	609
Change in life expectancy	-18	117
Distributions	-809	-842
Total as at 31 December	6,718	7,311

Buma has made a conditional commitment to pay annual allowances to participants in the annual allowances scheme. This conditional commitment is administered by Stichting Sociaal Fonds Buma. The purpose of this foundation is to continue unchanged the annual allowances scheme for the payment of benefits to the group of recipients that existed on 1 July 1997.

Until now, the conditional annual allowances have been indexed annually based on the consumer price index.

As at 31 December, the provision for the annual allowances scheme was determined based on a discount rate of 0.51% (2019: 0.77%). This change in interest rate increases the present value of the annual allowances obligations. Consequently, the expected annual interest payment has decreased.

LONG-SERVICE AWARDS

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

(x € 1,000)	2020	2019
Balance as at 1 January	208	197
Interest	2	2
Addition debited/release credited to the result	11	20
Distributions	-27	-11
Balance as at 31 December	194	208

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

The provision for long-service awards includes an amount of € 9k (€ 2019 24k) with a term of less than one year.

OTHER PROVISIONS

Changes in the other provisions are as follows:

(x € 1,000)	2020	2019
Balance as at 1 January	-	374
Addition	-	-
Withdrawal	-	-374
Balance as at 31 December	-	-

In 2018, a provision was recognised for several legal claims for which a reliable estimate could be made of the financial consequences. This provision was used in 2019.

(10) NON-CURRENT LIABILITIES

Non-current liabilities mainly concern the Fund for Social and Cultural Purposes.

(x € 1,000)	2020	2019
Fund for Social and Cultural Purposes	3,497	4,102
Pension liability	-	138
Balance as at 31 December	3,497	4,240

Changes in the Fund for Social and Cultural Purposes are as follows:

(x € 1,000)	2020	2019
Balance as at 1 January	4,102	4,767
Addition from royalties to be distributed	8,593	10,863
Withdrawals	-9,198	-11,530
Total changes	-605	-666
Balance as at 31 December	3,497	4,102

The withholding from the amount of copyright royalties available for distribution for the Netherlands, and thus the addition to the fund, was set by the Management Board at 8.0% for 2020 (2019: 8.0%). In 2020, the amount added is 20.9% lower than in 2019 due to the fall in royalties from which SoCu contributions are withheld; no SoCu contributions are withheld from Online royalties.

Since 2009, annual withdrawals from the Fund have exceeded annual additions to the Fund. As a result, the balance accrued until 2008 decreases annually.

The withdrawals from the Fund for Social and Cultural Purposes in 2020 can be specified as follows:

(x € 1,000)	2020	2019
Social		
Retirement provisions for musicians and publishers *	4,503	5,364
Change in provisions for musicians and publishers	-293	-299
Stichting Sociaal Fonds Buma commitment *	884	916
Stichting Sociaal Fonds Buma settlement relating to previous years	-621	61
Other	-	1
Withdrawals Social	4,473	6,043
Cultural		
Stichting Buma Cultuur commitment *	2,975	3,999
Stichting Buma Cultuur commitment to Emergency Fund *	500	-
Surcharge Serious *	470	700
Brein *	298	364
Professional associations	263	264
Other	219	160
Withdrawals Cultural	4,725	5,487
Total withdrawals	9,198	11,530

Of the withdrawals in 2020, a total of € 9.6 million (2019: € 11.3 million) are grants for distributions in the next financial year (these items are marked with * in the table above). The other items were paid out in the relevant financial year or relate to the settling of grants in previous financial years.

Retirement provisions scheme

Retirement provisions are funded through the Fund for Social and Cultural Purposes for musicians and music publishers who are affiliated to Buma and who meet certain conditions. These funds must be used by musicians and music publishers themselves, for their own retirement provision. In 2020, the basis for the funds made available to musicians is 8.5% (2019: 10%) of the copyright fees received through Buma. The music publishers' retirement provision amounts to 50% of the maximum available amount for musicians. An annual income threshold of € 1,160 (2019: € 1,140) is applied for both musicians and publishers.

In 2020, an amount of € 4.5 million was withdrawn from the Fund for Social and Cultural Purposes for retirement benefits for 2020, which will be paid in 2021. This amount has been recognised as an obligation under the other liabilities.

Stichting Sociaal Fonds Buma

The recognised amount of € 884k mainly concerns the commitment in respect of annual allowances for 2021 and other costs of Stichting Sociaal Fonds Buma.

Stichting Buma Cultuur

Stichting Buma Cultuur supports and promotes Dutch music copyright both in the Netherlands and in the most important export markets for Dutch (not necessarily Dutch-language) music. The aim of Stichting Buma Cultuur is to contribute to defining and implementing Buma's cultural policy and creating and promoting musical works and related cultural expressions, in connection with Dutch music.

The amounts included for Stichting Buma Cultuur concern the grants that have been committed for 2021 of € 3.0 million (in 2019, € 4.0 million for the commitment for 2020). The subsidy for 2021 does not include a pledged amount of € 0.5 million that has been made available for contribution to the Emergency Music Fund.

Other

The Surcharge Serious is a withdrawal from the Fund for Social and Cultural Purposes for the distribution to rights owners in the Serious Music section. The Surcharge Serious was paid out in the first quarter of 2021. The item 'other' under cultural expenditure mainly concerns expenditure in the context of the protection of copyright.

In 2018, it was agreed that VOI@E will collect the funds provided by the CMOs for the funding of Stichting BREIN for a period of five years. The withdrawal concerns a commitment for the year 2021.

(11) COPYRIGHT ROYALTIES TO BE DISTRIBUTED

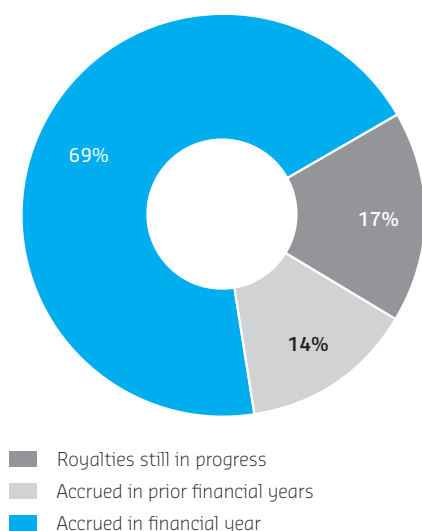
(x € 1,000)	2020	2019
Accrued in financial year	129,436	145,805
Royalties still in progress	31,872	32,142
Accrued in previous years	25,971	23,174
Balance as at 31 December	187,279	201,121

Statement of changes in copyright royalties to be distributed

(x € 1,000)	2020	2019
Balance as at 1 January	201,121	192,011
Collection:		
Music use in the Netherlands	152,236	171,166
CMOs Abroad	15,235	16,367
Revenue from copyright royalties	167,471	187,533
Addition:		
Continuity reserve release	-	1,855
Additions	-	1,855
Distributions to:		
Directly affiliated rights owners	-95,513	-95,265
CMOs Abroad	-57,468	-55,065
Distributions	-152,981	-150,330
Administration fee withheld upon distribution	-4,801	-4,390
Administration fee withheld in the year of collection	-14,938	-14,695
Additions to Fund for Social and Cultural Purposes	-8,593	-10,863
Withholdings	-28,332	-29,948
Balance as at 31 December	187,279	201,121

On balance, the copyright royalties to be distributed decreased by € 13.8 million compared to the previous year. This is mainly due to the decrease in collected copyright royalties and the increase in distribution. The changes are explained in more detail in the tables and texts below.

**COMPOSITION OF COPYRIGHT ROYALTIES
TO BE DISTRIBUTED FOR 2020**



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

(x € 1,000)	2020	2019
1. Accrued in financial year	129,436	145,805
2. Royalties still in progress:		
- As yet unallocatable royalties	22,082	22,603
- Warsaw rule	1,741	1,776
- Cable fees from abroad	1,492	1,473
- Contradictory claims	5,928	5,765
- Other	629	525
Total royalties still in progress	31,872	32,142
3. Accrued in prior financial years	25,971	23,174
Total	187,279	201,121

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 2020. The largest part will be distributed as part of the distribution of the General Rights in 2021.

The second category concerns the royalties for which the distribution process could not be completed. Buma 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 (€129.4 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)	2020	2019
Revenue from copyright royalties	167,471	187,533
Administration fee withheld in the year of collection	-14,938	-14,695
Addition from release of copyright royalty reserves	6,493	3,826
Available for Fund for Social and Cultural Purposes	-8,593	-10,863
Subtotal of distribution of received copyright royalties	150,433	165,801
Distributed in financial year *	-20,997	-19,996
Total as at 31 December	129,436	145,805

* This distribution partly consists of royalties accrued in previous years

The copyright royalties were received from the following categories:

(x € 1,000)	2020	2019
Radio, TV and Network Providers	67,854	71,175
Live performances	16,045	35,179
Restaurants and bars	9,057	15,190
Work spaces	17,265	17,209
Shops and stores	12,159	13,450
Online	29,856	18,964
Abroad	15,235	16,367
Total	167,471	187,533

The withheld administration fee of € 14.9 million concerns the fee that Buma charges to rights owners for the services provided by Buma for which no fixed administration fee has been determined.

The € 0.2 million increase in the variable administration fee withheld is due to several elements. First, the management costs to be covered by Buma rose by € 0.9 million. In 2020, the cost coverage from contributions and registration fees, the administration fee withheld under distribution and other income rose by € 0.5 million compared to 2019. The normative return and other financial income and expenses were € 0.2 million higher; on balance, an additional variable administration fee of € 0.2 million to be withheld remains.

In addition, € 6.5 million from the release of copyright royalty reserves will be added to the amount available for distribution (2019: € 3.8 million), regarding the lapsed reserves after expiry of the (legal) reserve period. The addition to the Fund for Social and Cultural Purposes fell by € 2.3 million. The distributions in the financial year concern the distribution of royalties that were collected in the financial year. This item also contains royalties that are not distributed by means of the general distribution method but via one-to-one use, and which became available for distribution in 2020. Part of these royalties were accrued in 2020.

The copyright royalties received in 2020 are distributed as follows:

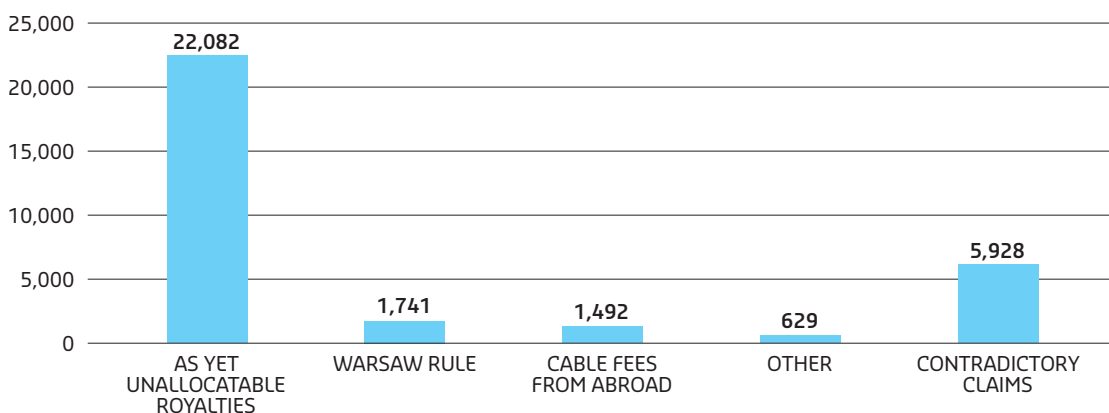
Distribution sections with administration fee to be withheld in the year of collection	Copyright royalties	Administration fee withheld upon collection	Gross amount available for distribution	8% withholding for Fund for Social and Cultural Purposes	Addition from release of copyright royalty reserves	Net amount available for distribution
(x € 1,000)						
Serious Music sections	2,572	-314	2,258	-181	136	2,213
Live entertainment (excluding Mega Live Acts)	11,209	-1,369	9,840	-787	595	9,648
Mechanical entertainment	37,262	-4,550	32,712	-2,617	1,977	32,072
Radio	6,399	-781	5,618	-449	340	5,509
Television	42,174	-5,149	37,025	-2,962	2,238	36,301
Film	3,451	-421	3,030	-242	183	2,971
Cable	19,280	-2,354	16,926	-1,354	1,023	16,595
	122,347	-14,938	107,409	-8,593	6,493	105,309
Distribution sections with administration fee to be withheld upon distribution	Copyright royalties					Gross amount available for distribution
Mega Live Acts	33		33	-	-	33
Abroad	15,236		15,236	-	-	15,236
Online	29,855		29,855	-	-	29,855
	45,124		45,124	-	-	45,124
Total	167,471	-14,938	152,533	-8,593	6,493	150,433

2. ROYALTIES STILL IN PROGRESS (€ 31.9 MILLION)

The Supervision Act stipulates periods within which rights revenue received must be distributed by at. The distribution period is set at nine 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 six months after receipt of the rights revenue. In accordance with the Supervision Act, Buma 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.

(x € 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 unallocatable royalties (€ 22.1 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 are available about broadcasts or these data are 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, Buma 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.

Warsaw rule (€ 1.7 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 origin of the identified rights owners. If the majority of the known rights owners are affiliates of Buma, the unidentified portion is reserved. If the majority of the known rights owners are affiliated with another CMO, the amount is distributed to the relevant CMO. For example, Buma too receives Warsaw funds from other CMOs for as yet unknown rights owners.

Cable fees from abroad (€ 1.5 million)

This concerns amounts originating from other CMOs that relate to Dutch cable fees for which a distribution is made annually. The accrued cable fees are paid out in the following year.

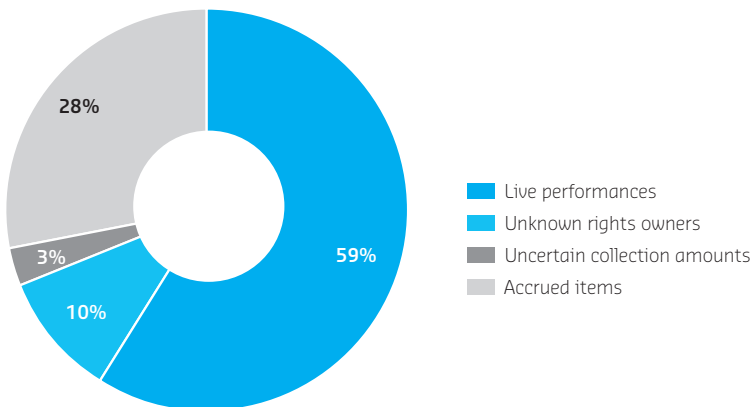
Contradictory claims (€ 5.9 million)

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

3. ACCRUED IN PREVIOUS YEARS (€ 26.0 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.

COMPOSITION OF ROYALTIES ACCRUED IN PREVIOUS YEARS



Live performances (€ 15.5 million)

To enable the proper distribution of royalties, not only the collection amounts but also the associated music use needs to be identified. Music use associated with royalties received from Live Performances need to be submitted by the events organisers and rights owners. Buma depends on the organisers and rights owners. This information becomes available in stages. The royalties included in this item relate to music use for which the required information has not yet become available.

'Unknown rights owners' and 'Information still to be verified' respectively (€ 2.5 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 2021, so that they can be distributed.

Uncertain collection amounts (€ 0.8 million)

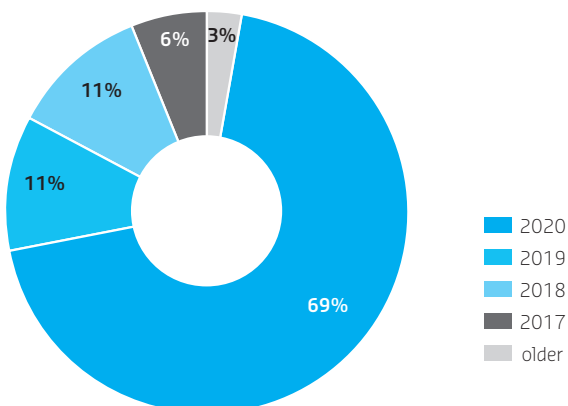
Regarding these amounts, there is uncertainty about the completeness of the collected amounts. As long as there is uncertainty about the completeness of the collection, these royalties are not distributed.

Accrued items (€ 7.2 million)

This concerns royalties which became available for distribution late in 2020 and which could therefore not be processed in 2020. Most of these royalties will be distributed in 2021.

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	2020	2019	2018	2017	older
Accrued in financial year	129,436	129,436	-	-	-	-
Royalties still in progress:						
- As yet unallocatable royalties	22,082	-557	9,428	7,421	5,790	-
- Warsaw rule	1,741	62	363	476	386	454
- Cable fees from abroad	1,492	-	1,485	4	3	-
- Contradictory claims	5,928	94	878	701	1,047	3,208
- Other	629	660	-31	-	-	-
Accrued in prior financial years *	25,971	60	7,300	11,507	4,509	2,595
Total as at 31 December	187,279	129,755	19,423	20,109	11,735	6,257

* the amount in annual tranche 2020 was accrued in 2020. However, the reason why this amount has not yet been distributed relates to prior financial years.

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

The reserve for the collection for years prior to 2017 mainly consists of a contradictory claims reserve of € 3.2 million and a number of accrued items.

Some of the royalties accrued in previous years are expected to be distributed in 2021. This depends, however, on the timely submission of data by third parties to Buma.

(12) OTHER LIABILITIES

(x € 1,000)	2020	2019
Obligations in respect of social and cultural purposes	10,326	11,735
Stemra current account	1,258	-
Sociaal Fonds Buma current account	8	-
Buma members and participants	1,068	822
Other	1,196	496
Total as at 31 December	13,856	13,053

The obligations in respect of socio-cultural purposes are as follows:

(x € 1,000)	2020	2019
Grant obligations to Stichting Buma Cultuur for 2021 and 2020	3,475	3,999
Grant obligations to Stichting Buma Cultuur payment relating to previous years	254	254
Retirement provisions for composers, music authors and music publishers	5,652	6,356
Surcharge Serious	551	687
Grant obligations to Stichting Brein for 2021 and 2020	298	364
Grant obligations to Stichting Sociaal Fonds Buma for financial years 2021 and 2020	96	75
Total as at 31 December	10,326	11,735

(13) ACCRUALS AND DEFERRED INCOME

(x € 1,000)

	2020	2019
Invoices to be paid	1,368	1,177
Amounts invoiced in advance	879	846
Holiday allowance and annual leave	817	706
Rental payments in coming years	59	72
Other	2,293	820
Total as at 31 December	5,416	3,622

No amounts with a term of more than one year were included under accruals and deferred income as at 31 December 2020.

Other prepayments and accrued income as at 31 December 2020 includes an amount of € 1.4 million, which Buma received as a provisional grant on applications submitted under the Temporary Emergency Bridging Measure for Sustained Employment (NOW scheme). It is still uncertain whether the allowance for personnel costs will be definitive. This is mainly due to the principles that Buma traditionally applies in its financial statements to determine the result: because the royalties collected are not recognised as turnover, the fall in royalties does not qualify as a loss of turnover. Buma is discussing this with the Ministry of Social Affairs and Employment. As soon as the commitment is final, that part will be recognised in the operating statement as a contribution to the personnel costs. As long as there is a reasonable chance that the advances received will have to be repaid, the amounts will remain on the balance sheet with the necessary prudence.

NOTES TO THE OPERATING STATEMENT**(14) INCOME**

(x € 1,000)

	2020	2019
Administration fee withheld upon distribution	4,801	4,390
Administration fee withheld in the year of collection	14,938	14,695
Contributions and registration fees	975	893
Other income	58	70
Total	20,772	20,048

For information on the administration fee, please refer to section 1.2.3 of the Directors' Report.

(15) PERSONNEL COSTS

(x € 1,000)

	2020	2019
Salaries	7,972	7,158
Social security contributions	1,183	1,183
Pension costs	781	714
Hiring of temporary personnel	630	1,150
Remuneration Supervisory Board and Council of Rights Owners	320	292
Reimbursement of travel expenses	151	322
Other personnel costs	402	898
	11,439	11,717
Allocated to third parties	-1,317	-1,387
Total	10,122	10,330

As a result of indexation and a small increase in the average number of FTEs in 2020, salaries, plus social security contributions and pension charges, were € 0.9 million higher than in 2019. A larger increase in staffing was included in the 2020 budget, but the majority of vacancies was not filled in 2020 to save costs. Furthermore, the hiring of temporary staff in the current workforce was reduced, saving € 0.5 million compared to 2019. In addition, € 0.7 million was saved on travel expenses and other personnel costs. As a result, total personnel costs for 2020, after allocation to Stemra and other parties, will remain € 0.2 million below the level of 2019.

The coverage ratio of Pensioenfondsen PNO Media as at 31 December 2020 is 94.9% (31 December 2019: 99.5%).

In 2020, the average number of FTEs slightly increased compared to 2019. During the 2020 financial year, the average number of employees converted to FTE was 123.7 (2019: 122.3). As shown in the next table, the workforce can be divided into the following personnel categories. This includes employees who work partially for Stemra, by virtue of which part of the costs are charged on to Stemra.

NUMBER OF FTEs	2020	2019
Management and secretariat of the Management	4.0	3.1
Secretariat of the Board	2.0	1.8
Legal Affairs & Lobbying	6.7	6.7
General Affairs	29.3	28.4
Front office	31.0	31.6
Back office	50.7	50.7
Total	123.7	122.3

REMUNERATION OF THE MANAGEMENT BOARD, SUPERVISORY BOARD AND COUNCIL OF RIGHTS OWNERS

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. Vereniging Buma and Stichting Stemra work together in one staffing organisation under one Management Board, one Supervisory Board and one Council of Rights Owners.

The agreements with the Management Board, the Supervisory Board and the Council of Rights Owners have been 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 are accounted for by Vereniging Buma and by Stichting Stemra in the financial statements at 50% each. The remuneration of the Management Board is included in the financial statements of Vereniging Buma and Stichting Stemra based on 83% / 17% (2019: 83% / 17%). Reference is made to note (16) 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 2020 – as defined in the Supervision Act – can be specified as follows (in €)*:

Name	Position	Employed	Total remuneration plus taxable expense allowance 2020	Post-contract benefits	Total WNT remuneration 2020	WNT maximum 2020	Total WNT remuneration 2019	WNT maximum 2019
Senior official with an employment contract								
B.H. Kobes	CEO	1 Jan - 31 Dec 100%	182,870	18,130	201,000	201,000	32,422	32,422
M.C. Kloppers	CFO	1 Jul - 31 Dec 100%	91,969	9,080	101,049	101,049	-	-

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

The remuneration per individual for 2020 – as defined in the Supervision Act – can be specified as follows (in €)*:

Name	Position	Employment	Total WNT remuneration 2020	WNT maximum 2020	Total WNT remuneration 2019	WNT maximum 2019
Senior officials without an employment contract						
S.H. van Elsloo	Acting CFO	1 Jan - 26 Aug 100%	130,900	131,254	193,930	194,000
C.J.J. van Steijn	Acting CEO**		-	-	16,424	16,477
W.H.L. van Limpt	Consultancy assignment***		-	-	154,773	185,554

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

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

*** W.H.L. van Limpt (former CEO) left the employment as from 31/12/2018. He carried out a consultancy assignment in 2019, the remuneration for which is accounted for in the table above.

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

The remuneration per individual for 2020 – as defined in the Supervision Act – can be specified as follows (in €)*:

Name	Position	Employment	Total WNT remuneration 2020	WNT maximum 2020	Total WNT remuneration 2019	WNT maximum 2019
Senior officials without an employment contract						
C.J.J. van Steijn	Acting CEO**		-	-	195,228	195,300
S.H. van Elsloo	Acting CFO***		-	-	-	-

* This concerns the total remuneration received from Buma/Stemra; the 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 2019 and 2020 is accounted for in table 1a.

1C. SENIOR SUPERVISORY OFFICIALS

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration per individual for 2020 – as defined in the Supervision Act – can be specified as follows (in €)*:

Name	Position	Employment	Total WNT remuneration 2020	WNT maximum 2020	Total WNT remuneration 2019	WNT maximum 2019
J. de Zwaan	Chairwoman of the Supervisory Board	1 Jan - 31 Dec	30,150	30,150	29,100	29,100
A. Beets	Member of the Supervisory Board	27 Aug - 31 Dec	6,974	6,975	-	-
A. Fiumara	Member of the Supervisory Board	1 Jan - 26 Aug	13,125	13,125	19,400	19,400
R.J.M. Hopstaken	Member of the Supervisory Board	1 Jan - 31 Dec	20,100	20,100	19,400	19,400
M. Krüs	Member of the Supervisory Board	27 Aug - 31 Dec	6,974	6,975	-	-
R. Meister	Member of the Supervisory Board	1 Jan - 26 Aug	13,125	13,125	19,400	19,400
J. Messerschmidt	Member of the Supervisory Board	1 Jan - 31 Dec	20,100	20,100	19,400	19,400
A.B. Molema	Vice-chairman of the Supervisory Board	1 Jan - 31 Dec	20,100	20,100	19,400	19,400
E. Severs	Member of the Supervisory Board	27 Aug - 31 Dec	6,974	6,975	-	-
M. Swemle	Member of the Supervisory Board	1 Jan - 31 Dec	20,100	20,100	19,400	19,400
R. van Vliet	Member of the Supervisory Board	1 Jan - 26 Aug	13,125	13,125	19,400	19,400
N.M. Walboomers	Member of the Supervisory Board	1 Jan - 31 Dec	20,100	20,100	19,400	19,400

* 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 2020 – as defined in the Supervision Act – can be specified as follows (in €)*:

Name	Position	Employment	Total WNT remuneration 2020	WNT maximum 2020	Total WNT remuneration 2019	WNT maximum 2019
R. Zipora	Chairwoman of the Council of Rights Owners	1 Jan - 31 Dec	15,203	30,150	10,674	25,751
M.A. Bremer	Vice-chairman of the Council of Rights Owners	1 Jan - 31 Dec	10,452	20,100	7,650	19,400
W. Burkens	Member of the Council of Rights Owners	27 Aug - 31 Dec	2,921	6,975	-	-
I.M. Chronis	Member of the Council of Rights Owners	1 Jan - 26 Aug	6,281	13,125	7,352	19,400
D. Dramm	Member of the Council of Rights Owners	27 Aug - 31 Dec	2,571	6,975	-	-
D.D. van den Dungen	Member of the Council of Rights Owners	1 Jan - 26 Aug	5,231	13,125	6,627	19,400
J.M.F. Everling	Member of the Council of Rights Owners	1 Jan - 31 Dec	9,552	20,100	7,527	19,400
M. Krüs	Member of the Council of Rights Owners	1 Jan - 26 Aug	4,881	13,125	6,652	19,400
W. Kwakman	Member of the Council of Rights Owners	1 Jan - 26 Aug	7,156	13,125	7,502	19,400
G. van Offeren	Member of the Council of Rights Owners	27 Aug - 31 Dec	2,921	6,975	-	-
D. van Peursen	Member of the Council of Rights Owners	1 Jan - 31 Dec	10,602	20,100	8,708	21,685
J.S. de Raaff	Member of the Council of Rights Owners	27 Aug - 31 Dec	3,096	6,975	-	-
A. Romeijn	Member of the Council of Rights Owners	1 Jan - 31 Dec	8,327	20,100	7,780	20,463
M. Schimmer	Member of the Council of Rights Owners	1 Jan - 31 Dec	9,727	20,100	7,652	19,400
K. Vergouwen	Member of the Council of Rights Owners	1 Jan - 31 Dec	8,327	20,100	6,652	19,400
J. van der Voet	Member of the Council of Rights Owners	1 Jan - 31 Dec	7,802	20,100	6,777	19,400

* 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 2020 (and 2019) 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 2020 (and 2019) 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 and are accounted for in the remuneration.

The remuneration per individual for 2020 – as defined in the Supervision Act – can be specified as follows (in €)*:

Position	Employed	Total remuneration plus taxable expense allowance 2020	Post-contract benefits	Total WNT remuneration 2020	WNT maximum 2020	Total WNT remuneration 2019	WNT maximum 2019
Non-senior officials							
Titular Director**	1 Jan - 31 Dec 100%	343,163	18,129	361,292	201,000	216,365	194,000
Titular Director**	1 Jan - 31 Dec 100%	-	-	-	-	389,164	194,000

* This concerns the total remuneration received from Buma/Stemra

** The severance payment is included in the remuneration.

OTHER EXPENSES (16)	2020	2019
Service agencies	3,703	4,021
Outsourcing	4,783	3,810
Advisory fees	1,323	1,067
Other IT costs	423	468
Lease & maintenance of IT equipment	1,349	1,276
Commercial expenses	197	189
Office supplies	67	118
Other expenses	868	710
	12,713	11,659
Charged-on general costs	-2,699	-2,487
Total	10,014	9,172

In 2020, other expenses, before charging on to third parties, increased by € 1.1 million. This is mainly due to the € 1.2 million higher costs for outsourcing and consultancy. Of this, € 0.6 million relates to research and development (R&D) of the IT system replacement programme initiated in 2020. The remaining € 0.6 million largely concerns variable costs for outsourcing the processing of online music use, which rose in line with growth in this market segment.

Buma charged on 21% of other expenses to Stemra and other parties. As in 2019, the joint costs of Buma/Stemra are divided at a ratio 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%.

(17) INVESTMENT RESULTS

(x €1,000)

	2020	2019
Income from securities	654	857
Changes in value (6)	8,378	15,011
Asset management costs	-310	0
Total	8,722	15,868

Income from securities concerns (coupon) interest and dividend received at the bank.

Changes in value include both realised and unrealised changes in the market value of the fixed-income securities and the equities in the securities portfolio.

Up to and including 2019, asset management costs are not included in the calculation of the normative result. Therefore, these costs were presented in the 2019 operating statement as part of Interest expenses and similar expenses to be covered by other means (approximately € 0.4 million). As from 2020, these HAVE been included in the calculation of the normative return and are presented in the operating statement as part of the (net) investment results. This way, better insight is provided into the difference between the normative return and the realised investment result, which is added to or withdrawn from the appropriated reserve through the appropriation of the result.

(18) TAXES

In an advance tax ruling extended to no later than 31/12/2023, the Dutch Tax and Customs Administration has determined that Buma is subject to corporation tax. Deductible foreign withholding taxes and Dutch dividend tax 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 2020. Buma will enter into consultation with the Tax and Customs Administration about the entity's tax qualification from 2024 onward.

OTHER DISCLOSURES

(19) FINANCIAL INSTRUMENTS

Buma's most important financial instruments concern securities (67% of the balance sheet total; 2019: 63%). Securities are used to conduct the investment policy, through which royalties that cannot yet be distributed to rights owners are invested. Securities are stated at market value. Buma's investment policy is explained in more detail in the Directors' Report. The interest rate risk on the fixed-income portfolio is discounted in the stock market price of the bonds and bond funds. Investments in equity funds are not subject to a direct interest rate risk.

The other financial instruments included in the assets are receivables and cash and cash equivalents (30% of the balance sheet total; 2019: 34%), which are stated at amortised cost and nominal value respectively. Receivables are generally non-interest-bearing. The impact of negative interest on cash and cash equivalents increased to €69k in 2020 due to a reduction in exempt cash (2019: € 23k).

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 financial liabilities represent 83% of the balance sheet total (2019: 85%). The main component of this are the copyright royalties to be distributed, which account for 74% (2019: 78%). These are stated 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.

(20) RELATED PARTIES

The following parties are considered to be related parties of Vereniging Buma: Stichting Stemra, Stichting Buma Cultuur, Stichting Sociaal Fonds Buma, Stichting Service Centrum Auteurs- en Naburige rechten (SCAN) and members of the Management Board, Supervisory Board members and members of the Council of Rights Owners of Vereniging Buma and Stichting Stemra. For more information about the remuneration of the members of the Management Board, 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 Rights Owners, or to related parties of Supervisory Board members or members of the Council of Rights Owners, have been calculated in the same manner as the distributions to all members and have been paid out in accordance with Buma's normal procedures. Due to the close relationships within the sector, Supervisory Board members and members of the Council of Rights Owners can also be related parties as customers of Buma, such as through a music-related service that Buma 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 € 15k	B
Between € 15k and € 50k	C
Between € 50k and € 0.1 million	D
Between € 0.1 million and € 0.5 million	E
More than € 0.5 million	F

The Supervisory Board members and the Management Board members have the following financial interests:

NAME	POSITION	BUMA
Josephine de Zwaan	Chairwoman of the Supervisory Board	A
Alexander Beets	Member of the Supervisory Board from 27 August	B
Anthony Fiumara	Member of the Supervisory Board until 26 August	B
Ruud Hopstaken	Member of the Supervisory Board	A
Monique Krüs	Member of the Supervisory Board from 27 August	B
René Meister	Member of the Supervisory Board until 26 August	B
Jolanda Messerschmidt	Member of the Supervisory Board	A
Arriën Molema	Member of the Supervisory Board	B
Edith Severs	Member of the Supervisory Board from 27 August	F
Marc Swemle	Member of the Supervisory Board	E
Raymond van Vliet	Member of the Supervisory Board until 26 August	A
Niels Walboomers	Member of the Supervisory Board	B
Bernard Kobes	Director	A
Marleen Kloppers	Director from 27 August	A
Siebe van Elsloo	Director until 26 August	A

CHARGE-ON TO RELATED PARTIES

For the achievement of their objectives, funds are made available to both Stichting Buma Cultuur and Stichting Sociaal Fonds Buma by the Fund for Social and Cultural Purposes. For more information, see note (10). Vereniging Buma charges costs to Stichting Stemra, Stichting Buma Cultuur, Stichting Sociaal Fonds and SCAN for personnel, accommodation and overheads. Charge-on is based on cost. In addition, SCAN charges € 1.8 million (2019: € 2.1 million) to Buma for the performance of its tasks. SCAN is responsible for part of the invoicing and collection on behalf of Buma and Stichting ter Exploitatie van Naburige Rechten. The table below provides an overview of the costs charged on by Buma.

The charged-on costs amount to:

(x € 1,000)	2020	2019
Stichting Stemra	3,441	3,278
Stichting Buma Cultuur	80	99
Stichting Sociaal Fonds Buma	29	32
SCAN	312	318
Total	3,862	3,727

(21) OFF-BALANCE SHEET ASSETS AND LIABILITIES

Buma and Stemra work together in one staffing organisation under one Management Board, one Council of Rights Owners and one Supervisory Board. Off-balance sheet assets and liabilities in connection with the outsourcing, coffee machines and plants have been entered into by Buma and Stemra jointly and are recognised in full by both Buma and Stemra. The allocation of costs between Buma and Stemra for each liability is specified in the notes. The obligations regarding the IT transition, rent and lease have been entered into by Buma; costs are subsequently charged on to Stemra. The amount of the charge-on is disclosed in the notes as an off-balance sheet asset.

Long-term rights

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

(x €1,000)	2020	2019
Less than 1 year	273	249
Between 1 and 5 years	492	570
Longer than 5 years	216	238
Total as at 31 December	981	1,057

Long-term liabilities

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

(x €1,000)	2020	2019
Joint contracts with Stichting Stemra		
Less than 1 year	2,847	1,415
Between 1 and 5 years	1,244	46
Longer than 5 years	-	-
	4,091	1,461
Contracts entered into independently		
Less than 1 year	983	784
Between 1 and 5 years	2,896	3,352
Longer than 5 years	1,269	1,402
	5,148	5,538
Total as at 31 December	9,239	6,999

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

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 2020: 83% / 17%). The costs are recognised over the lease period in the operating statement using the straight-line method. The obligation for less than one year is € 0.2 million (2019: € 0.2 million) and the obligations between one and five years are € 0.1 million (2019: € 0.2 million).

Replacement of IT systems

At the end of 2020, Buma entered into the first contractual obligations with regard to the IT transition. The costs are divided between Buma and Stemra (in 2020: 83% / 17%). The obligation for less than one year is € 0.2 million (2019: zero) and the obligations between one and five years are € 0.3 million (2019: zero).

Rent

As from 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 (annual) rental obligation is divided between Buma and Stemra (in 2020: 83% / 17%). The total rental obligation for the remaining term of the contract amounts to € 4.3 million (2019: € 5.2 million).

Outsourcing of activities – ICE Copyright

Buma and 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 € 0.8 million (2019: € 0.7 million). The costs of ICE are divided between Buma and Stemra (in 2020: 83% / 17%).

Outsourcing of activities – NMP

Buma and Stemra have extended their joint obligation to outsource the processing of online music use to NMP for a period of two years (as from March 2020). The remaining financial liability resulting from this amounts to € 1.5 million (2019: less than € 0.1 million). These costs divided between Buma and Stemra (in 2020: 83% / 17%).

Accenture

Buma and Stemra have jointly entered into the contractual obligation to outsource part of the back-office activities to Accenture until the end of December 2022. The remaining financial liability resulting from this amounts to € 1.8 million (2019: € 0.6 million, in addition to an amount paid in advance included on the balance sheet). These costs divided between Buma and Stemra (in 2020: 83% / 17%).

Joint and several liability

Buma is jointly and severally liable for the liabilities resulting from legal acts of the Service Centre for Copyright and Neighbouring Rights (SCAN) and guarantees the fulfilment of the obligations of SCAN up to a maximum of € 1.0 million.

Claims

A number of claims have been lodged against Buma 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 presented financial position of Buma.

(22) EVENTS AFTER THE BALANCE SHEET DATE

In 2021, as in the year before, the Dutch government has taken measures to control the spread of Covid-19. In the first months of 2021, the Netherlands was in an intensified partial lockdown. The consequences of the third wave in the Covid-19 pandemic are classified as events after the balance sheet date, which do not provide further information about the actual situation as at the balance sheet date. This means that the financial consequences of 2021 have not been recognised in the 2020 financial statements.

We expect collection to be lower in 2021 as well, but the impact cannot be accurately estimated at the moment. The reasons for this are the high degree of uncertainty about the further spread of the Covid-19 virus, the nature, scope and effectiveness of government measures and the moment at which vaccines or medicines provide sufficient protection to relax the measures. However, the scenarios we have set out do not point to an impending liquidity deficit.

From 2021, based on the amended distribution rules, Buma will abandon the method of variable administration fees determined retrospectively. The methodology of purely fixed administration fees makes it possible to accelerate distribution. The distribution rules stipulate that fixed administration fees will be deducted at the time of collection. This is because the deduction is intended to cover the costs that Buma will incur to process and distribute collected royalties.

Based on the distribution rules, administration fees were withheld from the royalties collected up to and including 2020 from Online, Abroad and Mega Live Acts, at the time of distribution. Therefore, no deduction has yet been made from royalties from these categories that are still to be paid out at the end of 2020. The adjustment of the time of withholding means that Buma will realise one-off extra income from administration fees in 2021: in addition to deduction of fixed administration fees from royalties to be distributed at year-end 2020 from which no administration fees have yet been deducted, administration fees will be deducted from royalties collected in 2021.

As regards Buma, we estimate the one-off extra cost recovery at approximately € 5 million, an average of 11.1% of approximately € 47 million of royalties still to be paid out in the relevant distribution sections. As a result, we expect an operating surplus in 2021. In the 2021 financial statements, it will be proposed to add the final result to the appropriated reserve to be formed newly for Buma, in order to absorb future fluctuations in coverage surplus/deficit of management costs. This reserve has an intended size of approximately € 3.5 million.

At the end of March 2021, the Management Board decided to further implement the intention to dissolve Stichting Sociaal Fonds Buma. Further decisions will be made in 2021, including with regard to the continuation of the activities of Stichting Sociaal Fonds Buma.

Signature

Hoofddorp, 05 May 2021

MEMBERS OF THE SUPERVISORY BOARD:

Josephine de Zwaan	Chairwoman
Alexander Beets	Member of the Supervisory Board
Ruud Hopstaken	Member of the Supervisory Board
Monique Krüs	Member of the Supervisory Board
Jolanda Messerschmidt	Member of the Supervisory Board
Arriën Molema	Member of the Supervisory Board
Edith Severs	Member of the Supervisory Board
Marc Swemle	Member of the Supervisory Board
Niels Walboomers	Member of the Supervisory Board

MEMBERS OF THE MANAGEMENT BOARD:

Bernard Kobes	Chief Executive Officer
Marleen Kloppers	Chief Financial Officer

— 6. OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT

To: the General Assembly of Vereniging Buma

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2020 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2020 of Vereniging Buma, based in Amstelveen.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Vereniging Buma as at 31 December 2020, and of its result for 2020 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 2020;
2. the operating statement for 2020; 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 Vereniging Buma 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.

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 Buma;
- 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 SUPERVISORY 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 association'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 association 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 association'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 association'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 association'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 an organization 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

Amsterdam, 5 May 2021

Mazars N.V.

Signed on the original drs. R.C.H.M. Horsmans RA RV

—APPENDICES

1. REFERENCE TABLE TRANSPARENCY REPORT

Section	Description	Part of the annual report	Page number
Section 2			
2a	Cash flow statement	Cash flow statement	34
2b	Information about refusals to grant a licence on the basis of Section 2l(3) of the Supervision Act;		22
2c	A description of the legal and governance structure of the collective management organisation;	Notes to the financial statements	35
2d	Information on entities directly or indirectly owned or controlled, wholly or in part, by the collective management organisation;	Notes to the financial statements	35
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 Management Board, Supervisory Board and Council of Rights Owners	53-56
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	
Section 3			
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;	Directors' report, operating statement and notes to the financial statements	11-15, 33, 35 et seq.
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;	Directors' report, operating statement and notes to the financial statements	11-15, 33, 35 et seq.
	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;	Directors' report, operating statement and notes to the financial statements	11-15, 33, 35 et seq.
	3. Operating costs and financial costs for services other than rights management, including social, cultural and educational services;	Notes to the financial statements	44-45
	4. Funds used to cover costs;	Coverage of the management costs	13-14
	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;	Coverage of management costs and notes to the financial statements	13-14, 48
	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 and key indicators	4-5
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	46-51
	2. The total amount paid to rights owners, with a breakdown per category of rights managed and per type of use;	Key figures and key indicators	4-5
	3. The frequency of the payments, with a breakdown per category of rights managed and per type of use;		21
	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	46-51
	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	46-51

Section	Description	Part of the annual report	Page number
	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	46-51
	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	46-51
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 and key indicators	4-5
	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 and key indicators	4-5
	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 and key indicators	4-5
	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 and key indicators	4-5
Section 4			
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;	Notes to the financial statements	48
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.	Notes to the financial statements	48

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 2020 annual report

Date	Body	Topics	Decision-making
17 February 2020	Supervisory Board	<ul style="list-style-type: none"> - IT and replacement AX (Pyramid) - remuneration of Supervisory Board and Management Board 2020 - cyber security - internal audit plan - strategy update - profiles of Supervisory Board (members) - rules and regulations: elections, Appointments Advisory Committee and Supervisory Board - CFO recruitment & selection update - update self-evaluation of Council of Rights Owners and training Supervisory Board/Management Board/Council of Rights Owners/Works Council - update stakeholders - Brexit consequences for rights owners and GMM preparation May 2020 - provisional figures 2019 	<ul style="list-style-type: none"> - internal audit plan 2020 - profiles of Supervisory Board (members) - elections, Appointments Advisory Committee and Supervisory Board - selection candidate CFO to the Appointments Advisory Committee - remuneration of Supervisory Board and Management Board 2020
27 March 2020	Supervisory Board	<ul style="list-style-type: none"> - Emergency Fund update 	none
1 April 2020	Supervisory Board	<ul style="list-style-type: none"> - Covid-19 crisis: policy update - IT strategy and replacement AX (Pyramid) - draft management letters 2019 - Change in distribution rules cost allocation including undistributed rights - dissolution of Stichting Sociaal Fonds - international representation - Brexit proposal amendment to the Articles of Association - Dissolution of Integrity Committee amendment to the Articles of Association - CFO recruitment & selection update - update training Supervisory Board/Management Board/Council of Rights Owners/Works Council - update Stakeholders - monthly report February 2020 - Update developments Buma Investment Fund" 	<ul style="list-style-type: none"> - Covid-19 crisis: informal weekly consultation between (vice-)chairmen of the Council of Rights Owners, the Management Board and the Supervisory Board - Emergency Fund - Brexit Articles of Association proposal - the integrity committee proposal Articles of Association"
3 April 2020	Supervisory Board	<ul style="list-style-type: none"> - Strategy afternoon 	none
4 May 2020	Supervisory Board	<ul style="list-style-type: none"> - Strategy in relation to Covid-19 	none
6 May 2020	Supervisory Board	<ul style="list-style-type: none"> - draft annual report 2019 - policy reserves in relation to Emergency Fund - draft audit report 2019 - update Covid-19 impact on operations, collection and distribution - state of affairs strategy - IT preparation decision-making - retirement schedule Supervisory Board and Council of Rights Owners - nomination appointment CFO - update stakeholders - update governance code Voice - Monthly report March 2020 including policy update regarding Covid-19 crisis - distribution planning update" 	<ul style="list-style-type: none"> - annual report 2019 Buma and Stemra with the exception of the events after the balance sheet date in connection with the Covid-19 crisis. - retirement schedule of Supervisory Board and Council of Rights Owners - Final decision nomination of CFO for the appointment by the GMM on 26 August 2020 as director under the Articles of Association and also CFO for a period of 4 years, with effect from 27 August 2020."
9 July 2020	Supervisory Board	<ul style="list-style-type: none"> - update Covid-19 impact on operations, collection and distribution - update Appointments Advisory Committee interviews with candidates Council of Rights Owners and Supervisory Board - evaluation consultation Council of Rights Owners, Management Board and Supervisory Board - training Supervisory Board members - update stakeholders - notice of meeting GMM 26 August - IT update including contacts with foreign CMOs - E-mail decision-making regarding the granting of a loan to SFB for Emergency Fund 	<ul style="list-style-type: none"> - loan to SFB for Emergency Fund.

Date	Body	Topics	Decision-making
5 August 2020	Supervisory Board	<ul style="list-style-type: none"> - draft annual report 2019 - transfer of right to claim against Buma/Stemra - change in distribution rules regarding Reprobel and text-only works - strategic plan update - update replacement AX (Pyramid) including contacts with foreign CMOs - training Supervisory Board members - update stakeholders - second notice of meeting GMM 26 August 	<ul style="list-style-type: none"> - Annual report 2019 of Buma and Stemra - Distribution rules regarding Reprobel and text-only works - Strategic Plan Buma/Stemra 2020-2025 and further elaboration in tactical and operational implementation plans
21 September 2020	Supervisory Board	<ul style="list-style-type: none"> - Dissolution of Stichting Sociaal Fonds - Retirement schedule of Supervisory Board and Council of Rights Owners - onboarding new members of Supervisory Board and Council of Rights Owners - annual calendar of meetings and agenda items of Supervisory Board and Council of Rights Owners - update stakeholders - update contacts with foreign CMOs regarding IT - evaluation GMM 26 August - e-mail decision-making proposed Investment Fund decision 	<ul style="list-style-type: none"> - retirement schedule of Supervisory Board - onboarding new members of Supervisory Board and Council of Rights Owners - annual calendar Supervisory Board and committees - Investment Fund"
22 September 2020	Supervisory Board	self-evaluation Supervisory Board	- self-evaluation Supervisory Board
2 November 2020	Supervisory Board	<ul style="list-style-type: none"> - overall update Buma/Stemra including Covid-19, Emergency Fund, IT and strategy, monthly report, outstanding old files - Replacement AX (Pyramid) - new strategy (beat of the drum, core values) - training day - nomination re-appointment Supervisory Board member - self-evaluation Supervisory Board 22/09/2020 - stakeholders - 3rd quarter figures 	<ul style="list-style-type: none"> - replacement of AX (Pyramid) - nomination re-appointment Supervisory Board member
7 December 2020	Supervisory Board	<ul style="list-style-type: none"> - overall update Buma/Stemra including Covid-19, IT, strategy and outstanding old files - budget 2021 - planning annual report 2020 - investment plan 2021 - reserves including negative interest effects - Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT) 2021 remuneration - composition Supervisory Board committees - feedback attending Council of Rights Owners meeting - update stakeholders including feedback discussion on clarification role of Council of Rights Owners 	<ul style="list-style-type: none"> - budget 2021 - planning annual report 2020 - investment plan 2021 - remuneration of Management Board 2021 - composition Supervisory Board committees
14 December 2020	Supervisory Board	<ul style="list-style-type: none"> - Feedback discussion chairmen Sena/BumaStemra - Supervision Act and requirements of reliability and suitability of Supervisory Board and Management Board members - WNT remuneration 2021 Supervisory Board 	<ul style="list-style-type: none"> - Making Sena/Buma/Stemra a permanent agenda item - remuneration of Supervisory Board 2021.

2.2 AUDIT COMMITTEE MEETING DATES, ITEMS DISCUSSED AND RESOLUTIONS

Overview of resolutions for the 2020 annual report

Date	Body	Topics	Decision-making
3 February 2020	Audit Committee	<ul style="list-style-type: none"> - Provisional figures 2019 - Time schedule financial statements 2019 - IT Strategy and replacement AX - Internal Audit Plan 2020 - Update tax position Buma/Stemra 	- the 2020 Audit Plan will be submitted to the Supervisory Board with a positive recommendation.
18 March 2020	Audit Committee	<ul style="list-style-type: none"> - Draft management letters Buma and Stemra 2019 - Planning Annual Report 2019 - Update replacement AX - Financial strategy - Monthly report February 2020 - International representation - Dissolution of Stichting Sociaal Fonds - Development in investment fund - ABN report investments December 2019 	none
31 March 2020	Audit Committee	- call Audit IT with Management Board: Ruud Hopstaken, Niels Walboomers and Marc Swemle with Bernard, Siebe, Eric, Sjaak	none
3 April 2020	Audit Committee	- Consultation with the Works Council, Management Board and Supervisory Board about SIG	
22 April 2020	Audit Committee	<ul style="list-style-type: none"> - draft annual report Buma and Stemra 2019 - Draft audit report 2019 - Update replacement AX - Monthly report March 2020 	- 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.
13 May 2020	Audit Committee	- regarding SFB loan	
29 May 2020	Audit Committee	<ul style="list-style-type: none"> - Joint assignment SIG - PWC Internship report 	none
2 June 2020	Audit Committee	- in response to steering group 2-6 ac 29-5 respectively	none
18 June 2020	Audit Committee	- Business case Pyramid	none
24 June 2020	Audit Committee	SIG Quotation Expansion scope review approach and solution replacement AX for Buma/Stemra.	none
14 July 2020	Audit Committee	SIG final presentation review approach and solution replacement AX for Buma/Stemra	none
27 July 2020	Audit Committee	<ul style="list-style-type: none"> - Transfer of right to claim against Buma/Stemra - Advice to the Supervisory Board regarding the 2019 financial statements of Buma and Stemra - Update replacement AX 	- the 2019 financial statements are submitted to the Supervisory Board with a positive recommendation from the Audit Committee.
18 August 2020	Audit Committee	- Interim update preparations Pyramid	none
7 September 2020	Audit Committee	<ul style="list-style-type: none"> - Dissolution Sociaal Fonds Buma - Monthly report July 2020 - Progress/update IT 	- the (preparations for the) dissolution of SFB are submitted to the Supervisory Board with a positive recommendation from the Audit Committee.
30 September 2020	Audit Committee	SIG preliminary discussions	none
5 October 2020	Audit Committee	Presentation of final report SIG	none
23 October 2020	Audit Committee	<ul style="list-style-type: none"> - 3rd quarter figures - Pyramid decision-making (IT replacement investment AX) - ABN AMRO MeesPierson investment report September 2020 	none
23 November 2020	Audit Committee	<ul style="list-style-type: none"> - Portal - budget 2021 - reserve and negative interest memo - investment plan 2021 - main points interim control - monthly report October 	none

2.3 REMUNERATION COMMITTEE MEETING DATES, ITEMS DISCUSSED AND RESOLUTIONS

Overview of resolutions for the 2020 annual report

Date	Body	Topics	Decision-making
13 January 2020	Remuneration Committee	<ul style="list-style-type: none"> - Profiles of the Supervisory Board and Supervisory Board members - Profile of the Council of Rights Owners 	None
10 February 2020	Remuneration Committee	<ul style="list-style-type: none"> - Profiles of the Supervisory Board and Supervisory Board members - Profile of the Council of Rights Owners - Election regulations - Appointments Advisory Committee regulations - Supervisory Board regulations - Council of Rights Owners regulations - Recruitment and selection of CFO - Self-evaluation Supervisory Board - Training Supervisory Board/Management Board/Council of Rights Owners/Works Council - Remuneration of Supervisory Board, Council of Rights Owners, Committees - Brexit 	<ul style="list-style-type: none"> - The profiles are submitted to the Supervisory Board with a positive recommendation from the Remuneration Committee. - The regulations are submitted to the Supervisory Board with a positive recommendation from the Remuneration Committee. - The remuneration proposal Supervisory Board members is submitted to the Supervisory Board with a positive recommendation.
3 March 2020	Remuneration Committee	Call: Remco/directors advice re candidate	
16 March 2020	Remuneration Committee	<ul style="list-style-type: none"> - International representation - Brexit proposal amendment to the Articles of Association - Dissolution of Integrity Committee - Employee satisfaction survey 2019 - Recruitment & selection of CFO - Training Supervisory Board/Management Board/Council of Rights Owners/Works Council - CEO employment contract addendum - Annual calendar 	<ul style="list-style-type: none"> - The international representation proposal is submitted to the Supervisory Board with a positive recommendation from the Remuneration Committee. - The Remuneration Committee supports the Brexit proposal of the Management Board. - The Remuneration Committee supports the proposal from the Management Board to dissolve the Integrity Committee and indicate on the website who members can contact if they have a complaint.
6 April 2020	Remuneration Committee	<ul style="list-style-type: none"> - Appointment new CFO - Date of GMM 	None
14 April 2020	Remuneration Committee	<ul style="list-style-type: none"> - Retirement schedule of Supervisory Board and Council of Rights Owners - Strategy in relation to personnel - Extension acting CFO - Legal Counsel recruitment progress - CFO recruitment & selection update 	- The Supervisory Board retirement schedule is submitted to the Supervisory Board with a positive recommendation from the Remuneration Committee.
10 June 2020	Remuneration Committee	<ul style="list-style-type: none"> - consultation Council of Rights Owners, Management Board and Supervisory Board - Onboarding/Introduction members of Management Board - Candidates vacancies Supervisory Board - Planning and process Appointments Advisory Committee - Introduction programme new members of Supervisory Board and Council of Rights Owners - Annual performance and appraisal interview for directors - Ongoing training Supervisory Board members - Completion of 2019 self-evaluation Supervisory Board - Strategy in relation to personnel - 3rd addendum of acting CFO - Legal Counsel recruitment progress 	- The 3rd addendum of acting CFO is submitted to the Supervisory Board with a positive recommendation from the Remuneration Committee.
11 September 2020	Remuneration Committee	<ul style="list-style-type: none"> - Onboarding new members of Supervisory Board and Council of Rights Owners - Strategy in relation to personnel Management Board - Legal Counsel recruitment progress - Retirement schedule of Supervisory Board - Annual calendar Supervisory Board and committees 2021 	None
12 October 2020	Remuneration Committee	<ul style="list-style-type: none"> - strategy in relation to personnel - human resource matters - feedback training day - evaluation of performance Management Board - self-evaluation of the Supervisory Board and informing the Council of Rights Owners about topics subject to supervision - Supervision Act and requirements of reliability and suitability of Supervisory Board and Management Board members - planning phasing out intensified supervision CvTA 	None
2 December 2020	Remuneration Committee	<ul style="list-style-type: none"> - Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT) 2021 - composition of committees 	<ul style="list-style-type: none"> - The Remuneration Committee advises the Supervisory Board through various considerations with regard to WNT. - The Remuneration Committee advises the Supervisory Board to adjust the composition of the Supervisory Board committee, partly in connection with the appointment of new Supervisory Board members by the GMM.

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

Overview of resolutions for the 2020 annual report

Date	Body	Topics	Advisory
22 January 2020	Council of Rights Owners	<ul style="list-style-type: none"> - Profile of the Council of Rights Owners - Feedback Distribution Committee - Basic distribution - Proposal from Cultural Funds Committee - Investment plan 2020 - Update RTV/Online 	<ul style="list-style-type: none"> - Requested advice issued to the Management Board regarding changes in distribution (Protestant church music, CE/CR from general to special category, small commercial stations/ procedure MRT & processing of music use and expansion of scope and assessment framework distribution committee) - Requested advice to the Management Board regarding the Cultural Funds proposal
12 February 2020	Council of Rights Owners	<ul style="list-style-type: none"> - Feedback abroad meeting - Adjusting Council of Rights Owners regulations - Profile of the Council of Rights Owners - SoCu (ODV and SFB) - Update RTV/Talpa - MTO results 2019 - Update online - Provisional figures 2019 	
25 March 2020	Council of Rights Owners	<ul style="list-style-type: none"> - Update (policy) Covid-19 (including accelerated payout, emergency fund and policy on music use) - Change in distribution rules (cost allocation including undistributed rights) - Recruitment and selection of CFO - Strategy session 	<ul style="list-style-type: none"> - Positive advice on the proposal of the Management Board for the accelerated payment of various distribution sections on the basis of fixed cost percentages and the assignment to the Distribution Committee to develop a methodology for Media/RTV; this in anticipation of the adoption of the financial statements. - Requested advice to the Management Board regarding the change in distribution rules - Requested advice issued to the Supervisory Board regarding the recommendation of the new CFO.
29 April 2020	Council of Rights Owners	<ul style="list-style-type: none"> - Draft annual report 2019 - Draft audit report 2019 - Abroad - Distribution calendar - Replacement AX - Update Covid-19 virus & emergency fund including inventory impact Covid-19 per genre - Amendment to the Articles of Association (Brexit and dissolution of Integrity Committee) - One-time extension of dispute committee term 	<ul style="list-style-type: none"> - Requested advice issued to the Management Board regarding 2019 Buma/Stemra annual reports. - Requested advice issued to the Management Board regarding 2019 Buma/Stemra audit reports - Requested advice issued to the Management Board regarding amendments to the Articles of Association
17 June 2020	Council of Rights Owners	<ul style="list-style-type: none"> - Re-election of Chairman and Vice-chairman - Composition of distribution committee - Distribution committee (structural acceleration RTV and mechanical background music) - GMM specifics and draft agenda - Update AX replacement process - Explanation of YouTube agreement - Evaluation consultation Council of Rights Owners, Management Board and Supervisory Board - Update Covid-19 virus 	<ul style="list-style-type: none"> - Requested advice issued to the Management Board regarding distribution
29 July 2020	Council of Rights Owners	<ul style="list-style-type: none"> - Adoption of 2019 Buma/Stemra financial statements - Analysis of comments - Change in Stemra distribution rules (Private copy/ Lending right and text-only works) - Update replacement AX - Update 2020-2025 Buma/Stemra strategic plan - Composition of distribution committee 	<ul style="list-style-type: none"> - Requested advice issued to the Management Board regarding the 2019 financial statements - Requested advice issued to the Management Board regarding change in Stemra distribution rules
19 September 2020	Council of Rights Owners	<ul style="list-style-type: none"> - Customer segmentation, customer journeys and recommended services catalogue - Update mijn.bumastemra.nl - Update from communication - Proposed decision to dissolve SFB - Update from Cultural Funds Committee - Evaluation GMM - Changes to Council of Rights Owners regulations - Composition of Distribution Committee - Retirement schedule of Co - Council of Rights Owners 2021 meeting schedule 	
21 October 2020	Council of Rights Owners	<ul style="list-style-type: none"> - Distribution Committee (Evaluation customised arrangement Surcharge Serious HF & LIVE streams) - Review list 2020/2021 - Update Abroad process and Abroad Committee set-up - Harmonisation RTV/Online - Update Management Board (Process Update IT, business case and cost justification) - Evaluation training day 22/09/2020 - Set-up of committees (Role of Council of Rights Owners and US Mechanical Rights) 	<ul style="list-style-type: none"> - Requested advice issued to the Management Board to agree to maintaining the current regulation surcharge serious HF and proposal LIVE streams

Date	Body	Topics	Advisory
4 November 2020	Council of Rights Owners	- Self-evaluation Council of Rights Owners	
25 November 2020	Council of Rights Owners	<ul style="list-style-type: none"> - Review list 2020/2021 modified version - Distribution Committee (review of inspection & information provision to publishers regarding Private Copy) - Distribution media composers (commercials/YouTube) - Draft budget 2021 - Conversation with delegation of Supervisory Board (feedback on self-evaluation Supervisory Board & feedback on supervision by the Supervisory Board with regard to the IT file (Pyramid project)) 	<ul style="list-style-type: none"> - Requested advice issued to the Management Board regarding the adjusted review calendar - Requested advice issued to the Management Board regarding information provision to publishers in relation to Private Copy
16 December 2020	Council of Rights Owners	<ul style="list-style-type: none"> - Deputising chairmanship - Appointment GMM committee 2021 - Feedback working group role Council of Rights Owners - Final report Segmentation study - Update Management Board (SFB & Feedback Cultural Committee) 	

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

OTHER POSITIONS/OCCUPATIONS OF MEMBERS OF THE SUPERVISORY BOARD

Ms Josephine de Zwaan	Paid	Chairwoman of the Supervisory Board of Fairphone BV Chairwoman of the Supervisory Board of Stichting Cito Chairwoman of the Board of Stichting Administratiekantoor Aandelen Triodos Bank NV Vice-chairwoman of the Supervisory Board of Stichting Hogeschool Leiden Member of the Supervisory Board of Avans University of Applied Sciences (as from January 2021)	1 Jan - 31 Dec 1 Jan - 31 Dec 1 Jan - 31 Dec 1 Jan - 30 Sep -
	Unpaid	Board member of Stichting Academeia Chairwoman of the Board of Stichting Register Code Sociale Ondernemingen	1 Jan - 31 Dec 1 Jan - 31 Dec
Mr Alexander Beets (appointed on 27 August 2020)	Paid	Director / Owner of Maxanter Muziek Groep BV Producer of (music) theatre productions International World Jazz saxophonist / improviser / composer Festival director of Amersfoort Jazz Festival Lecturer in Entrepreneurship at Fontys Rock Academy / Head of Business Department Chairman of the Board VCTN Chairman of the Board NTB	27 Aug - 31 Dec 27 Aug - 31 Dec 27 Aug - 31 Dec 27 Aug - 31 Dec 27 Aug - 31 Dec 27 Aug - 31 Dec 27 Aug - 01 Nov
	Unpaid	Stage Arts Fund Advisor (Upstream scheme) Board member of Stichting Promotie Popcultuur Nederland Treasurer of Stichting JazzNL Chairman of Jazz Podium Amersfoort Member of the Music Emergency Fund complaint committee	27 Aug - 31 Dec 27 Aug - 31 Dec 27 Aug - 31 Dec 27 Aug - 31 Dec 27 Aug - 31 Dec
Mr Anthony Fiumara (resigned on 26 August 2020)	Paid	Composer Lecturer in Composition at Fontys School of the Arts in Tilburg Music journalist Partner at De Merkcultuur Board Member of Stichting BREIN	1 Jan - 26 Aug 1 Jan - 26 Aug 1 Jan - 26 Aug 1 Jan - 26 Aug 1 Jan - 26 Aug
	Unpaid	Board member of Stichting Temko Board member of Amstel Music Award Board member of Stichting AskolSchönberg Board member of Stichting Nieuw Geneco	1 Jan - 26 Aug 1 Jan - 26 Aug 1 Jan - 26 Aug 1 Jan - 26 Aug
Mr Ruud Hopstaken	Paid	Supervisory Board member of Central Agency for Reception of Asylum Seekers (COA) Board member of Eligius BV	1 Jan - 30 Jun 1 Jan - 31 Dec
	Unpaid	Supervisory Board member of PharmAccess Group Amsterdam	1 Jan - 31 Dec
Ms Monique Krüs (appointed on 27 August 2020)	Paid	Composer / Producer / Conductor / Soprano / Vocal coach Vice-chairwoman of New Geneco Partner at Lunam Publishing	27 Aug - 31 Dec 27 Aug - 31 Dec 19 Nov - 31 Dec
Mr René Meister (resigned on 26 August 2020)	Paid	Composer / Arranger Founder of BEAR project Owner of BEAR studio Producer Music compiler Performing musician	1 Jan - 26 Aug 1 Jan - 26 Aug 1 Jan - 26 Aug 1 Jan - 26 Aug 1 Jan - 26 Aug 1 Jan - 26 Aug
Ms Jolanda Messerschmidt CPA	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 Member of the Supervisory Board of Krauthammer Investments Holding BV (with effect from February 2021)	1 Jan - 31 Dec 1 Jan - 31 Dec 1 Jan - 31 Dec 1 Jan - 31 Dec 1 Jan - 31 Dec 1 Jan - 31 Dec -
	Unpaid	Member of the Union Council of the Athletics Union	12 Jun - 31 Dec

OTHER POSITIONS/OCCUPATIONS OF MEMBERS OF THE SUPERVISORY BOARD

Mr Arriën Molema	Paid	Songwriter / Composer / Producer	1 Jan - 31 Dec
		Guitarist and business manager of Room Eleven	1 Jan - 31 Dec
		Vice-chairman of BAM!	1 Jan - 31 Dec
		Member of the Visitation Committee for the Policy Document on Culture of the Municipality of Utrecht	1 Jan - 31 Dec
		Stage Arts Fund Advisor	1 Jan - 31 Dec
	Unpaid	Board member of CIAM (option to claim travel and accommodation costs through Buma Stemra)	1 Jan - 31 Dec
		Board member of ECSA (European Composers & Songwriters Alliance)	1 Jan - 31 Dec
Ms Edith Severs (appointed on 27 August 2020)	Paid	Director / Owner of music publishing company Copyright Power International BV Partner at Fully Charged Music Group	27 Aug - 31 Dec 27 Aug - 31 Dec
	Unpaid	Vice-chairwoman of Nederlandse Muziek Uitgevers Vereniging (NMUV)	27 Aug - 31 Dec
Mr Marc Swemle	Paid	Director / Owner of VaVaVoom! Music Company	1 Jan - 31 Dec
		Director / Owner of Swemle Media Holding B.V.	1 Jan - 31 Dec
		Board member of BCMM	1 Jan - 31 Dec
Mr Raymond van Vliet (resigned on 26 August 2020)	Paid	Director/Major Shareholder of Cloud 9 Music Holding	1 Jan - 26 Aug
	Unpaid	Vice-chairman of Nederlandse Muziek Uitgevers Vereniging (NMUV)	1 Jan - 26 Aug
Mr Niels Walboomers	Paid	Managing director of Sony/ATV Music Publishing Benelux	1 Jan - 31 Dec
		Director/Major Shareholder of Walboomers Publishing BV	1 Jan - 31 Dec
		Director/Major Shareholder of Nelis Holding BV	1 Jan - 31 Dec
		Board member of Cliq Digital AG	1 Jan - 31 Dec
		Board member of Donemus	1 Jan - 31 Dec
	Unpaid	Board member of Nederlandse Muziek Uitgevers Vereniging Board member of BMPA (Belgium Music Public Association)	1 Jan - 31 Dec 1 Jan - 31 Dec

All members of the Supervisory Board are/were members of the Supervisory Board of Stichting Stemra

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

Mark Bremer	Paid	Managing Director of Universal Music Publishing Benelux	1 Jan - 31 Dec
	Unpaid	Chairman of Nederlandse Muziek Uitgevers Vereniging (NMUV)	1 Jan - 31 Dec
Wiboud Burkens (appointed on 27 August 2020)	Paid	Composer / musician / theatre producer	27 Aug - 31 Dec
		Theatre producer / director of The Legends	27 Aug - 31 Dec
		Member of Council of Members of Kunstenbond	27 Aug - 31 Dec
		Section head and principal subject lecturer Amsterdam University of the Arts	27 Aug - 31 Dec
	Unpaid	Advisory Council of De Concertzender	27 Aug - 31 Dec
Iason Chronis (resigned on 26 August 2020)	Paid	Composer / producer / DJ	1 Jan - 26 Aug
		Owner of Animal Language Recordings	1 Jan - 26 Aug
		Event organiser	1 Jan - 26 Aug
	Unpaid	Board member of Popauteurs.nl	1 Jan - 26 Aug
		Board member of DDJF Affiliate of Popcoalitie	1 Jan - 26 Aug 1 Jan - 26 Aug

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

David Dramm (appointed on 27 August 2020)	Paid	Vice-chairman of New Geneco Teacher Royal Conservatory The Hague	27 Aug - 31 Dec 27 Aug - 31 Dec
	Unpaid	Board member of 7090 (music theatre collective) Board member of Stichting Rodeo of Wonder	27 Aug - 31 Dec 27 Aug - 31 Dec
Ben van den Dungen (resigned on 26 August 2020)	Paid	Musician / composer	1 Jan - 26 Aug
		Lecturer at Rotterdams Conservatorium Codarts	1 Jan - 26 Aug
		Producer at JWA Jazz	1 Jan - 26 Aug
		Kunstenbond - Council of Members	1 Jan - 26 Aug
Hans Everling	Paid	Director/owner of SOB Audio Imaging BV	1 Jan - 31 Dec
		Vice-chairman of BCMM	1 Jan - 31 Dec
		Director/owner of Haramitsu Holding BV	1 Jan - 31 Dec
Monique Krüs (resigned on 26 August 2020)	Paid	Composer / Producer	1 Jan - 26 Aug
		Soprano / Conductor / Vocal coach	1 Jan - 26 Aug
	Unpaid	Board member of Nieuw Geneco	1 Jan - 26 Aug
Wim Kwakman (resigned on 26 August 2020)	Paid	Music publisher (Director/Major Shareholder) of Pennies From Heaven BV	1 Jan - 26 Aug
	Unpaid	Board member of Nederlandse Muziek Uitgevers Vereniging (NMUV)	1 Jan - 26 Aug
Gregor van Offeren (appointed on 27 August 2020)	Paid	DJ / producer / composer / lyricist	27 Aug - 31 Dec
		Label owner	27 Aug - 31 Dec
		Publisher	27 Aug - 31 Dec
	Unpaid	Co-founder of www.duurzameles.nl	27 Aug - 31 Dec
		Ambassador of the World Wide Fund for Nature	27 Aug - 31 Dec
Davo van Peursen	Paid	Managing Director and Director/Major Shareholder of Donemus Publishing BV	1 Jan - 31 Dec
		Board secretary at Stichting Donemus Beheer	1 Jan - 31 Dec
		Director of NMUV/VMN (as from January 2021)	-
	Unpaid	Chairman of Vereniging van Muziekhandelaren en -uitgevers in Nederland (VMN)	1 Jan - 31 Dec
		Chairman of Schuldhulpmaatje Rijswijk	12 Oct - 31 Dec
Jitze de Raaff (appointed on 27 August 2020)	Paid	Owner of CTM Entertainment	27 Aug - 31 Dec
	Unpaid	Board member of Nederlandse Muziek Uitgevers Vereniging (NMUV)	27 Aug - 31 Dec
		Bookkeeper of Jaap ter Haar	27 Aug - 31 Dec
Aafke Romeijn	Paid	Musician / Composer / Producer	1 Jan - 31 Dec
		Writer and journalist	1 Jan - 31 Dec
		Treasurer of BAM!	1 Jan - 31 Dec
		Representative of ECSA (European Composers & Songwriters Alliance)	1 Jan - 31 Dec
	Unpaid	Commercial leader at Stichting Babi Pangang Producties	1 Jan - 31 Dec
Martijn Schimmer	Paid	Director / owner of TFS Media Group	1 Jan - 31 Dec
		Director / owner of Schimmer Music Productions	1 Jan - 31 Dec
		Partner / owner of Scripted Music B.V.	1 Jan - 31 Dec
		Director / owner of Talents for Brands B.V.	1 Jan - 31 Dec
		Director / owner of Track Media Music Publishing	1 Jan - 31 Dec
		Director / owner of SMP Copyrights BV	1 Jan - 31 Dec
		Partner / owner of Online Cookie Collective BV	1 Jan - 31 Dec

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

Koen Vergouwen	Paid	Tierolff Muziekcentrale BV	1 Jan - 31 Dec
	Unpaid	Board member of VMN	1 Jan - 31 Dec
Johan van der Voet	Paid	Composer / Songwriter / Producer	1 Jan - 31 Dec
		Director / owner of SOUNDGRAM Music & Audio Post Production	1 Jan - 31 Dec
		Director / Owner of Studio Soundgram & Soundgram Publishing	1 Jan - 31 Dec
		Guest lecturer at various Universities of Applied Science	1 Jan - 31 Dec
		Director / Owner of AV Sound Education	1 Jan - 31 Dec
Rita Zipora Verbrugge	Paid	Performing musician & songwriter	1 Jan - 31 Dec
		Moderator / presenter of music events	1 Jan - 31 Dec
		Board member of BAM!Popauteurs	1 Jan - 31 Dec
		Lecturer / mentor at Pop Department Amsterdam Academy of Music	1 Jan - 31 Dec
		Chairwoman of POPnl	1 Jan - 31 Dec
	Unpaid	Affiliate of Popcoalitie	1 Jan - 31 Dec
		Member of Music committee of Amsterdam Arts Council (expense allowance)	1 Jan - 31 Dec
	Monitoring Committee of Council for Culture (expense allowance)	1 Jan - 31 Dec	

All members of the Council of Rights Owners are/were also members of the Council of Rights Owners of Stichting Stemra

OTHER POSITIONS/OCCUPATIONS OF MEMBERS OF THE MANAGEMENT BOARD

Bernard Kobes	Paid	Board member and Vice-chairman of VOI@E	1 Jan - 31 Dec
		Board Member of Stichting SCAN	1 Jan - 31 Dec
		Board member of Stichting Buma/Stemra Projecten	1 Jan - 31 Dec
		Board member of Stichting Beheer Rechten Fingerprint Database	1 Jan - 31 Dec
		Owner of Kobes Beheer B.V.	1 Jan - 31 Dec
Marleen Kloppers (appointed on 27 August 2020)	Paid	Board Member of Stichting SCAN	27 Aug - 31 Dec
		Board member of Stichting Buma/Stemra Projecten	27 Aug - 31 Dec
		Board member of Stichting Beheer Rechten Fingerprint Database	27 Aug - 31 Dec
		Member of the Supervisory Board and chairwoman of the Finance Committee	
		Information provision Rijndam Revalidatie	27 Aug - 31 Dec
		Owner of Sound Finance (Supervisory activities / Hotel Oudegracht)	27 Aug - 31 Dec
Siebe van Elsloo (resigned on 26 August 2020)	Paid	Board member of Vereniging VOI@E	1 Jan - 26 Aug
		Board Member of Stichting SCAN	1 Jan - 26 Aug
		Owner of SvE Beheer B.V.	1 Jan - 26 Aug
	Unpaid	Member of the Supervisory Board and Chairman of the Audit Committee of Eye Filmmuseum	1 Jan - 26 Aug

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

PUBLICATION

ADDRESS

HEAD OFFICE
SATURNUSSTRAAT 46-62
2132 HB HOOFDORP
T: +31 (0)23 799 79 99

INFO@BUMASTEMRA.NL
WWW.BUMASTEMRA.NL

EDITORIAL BOARD

VERENIGING BUMA

DRAFT, DESIGN & REALISATION

MERKELIJKHEID BV

