

ANNUAL REPORT VERENIGING BUMA 2021

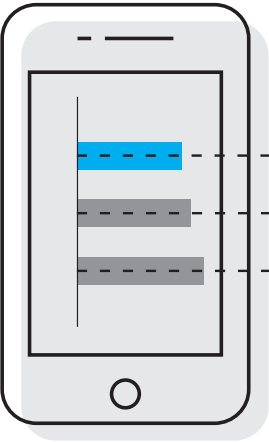
buma•stemra

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KEY FIGURES BUMA

COLLECTION BUMA (x € 1,000)



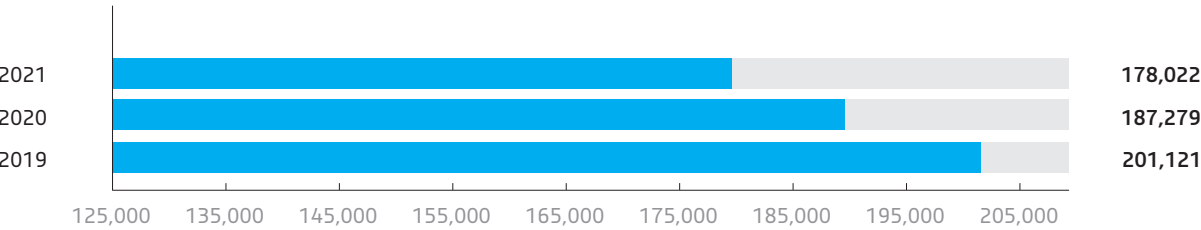
164,489 | 2021
167,471 | 2020
187,533 | 2019

NUMBER OF FTES

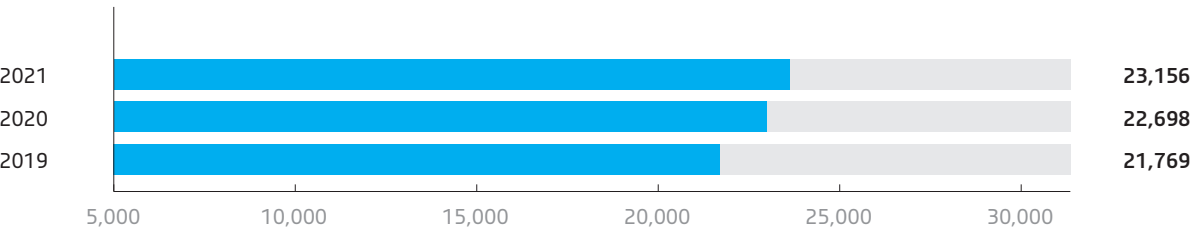


| | BUMA | OUTSOURCING |
|------|-------|-------------|
| 2021 | 121.1 | 24.4 |
| 2020 | 123.7 | 24.4 |
| 2019 | 122.3 | 25.3 |

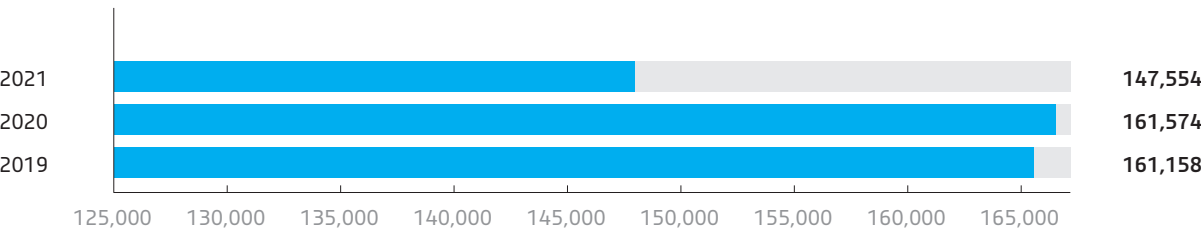
COPYRIGHT ROYALTIES TO BE DISTRIBUTED (x € 1,000)



MANAGEMENT COSTS (x € 1,000)



DISTRIBUTIONS (x € 1,000)



| KEY FIGURES | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| (x € 1,000) | | | | | | |
| | | | | | | |
| COPYRIGHT ROYALTIES RECEIVED/RECEIVABLE | | | | | | |
| Radio, TV and Network Providers | 72,663 | 67,854 | 71,175 | 71,430 | 68,177 | 70,393 |
| Live performances | 6,423 | 16,045 | 35,179 | 34,065 | 30,698 | 29,799 |
| Restaurants and bars | 7,780 | 9,057 | 15,190 | 14,891 | 14,294 | 15,074 |
| Work spaces | 16,449 | 17,265 | 17,209 | 17,171 | 17,392 | 17,183 |
| Shops and stores | 11,521 | 12,159 | 13,450 | 13,234 | 13,509 | 13,179 |
| Online | 36,050 | 29,856 | 18,964 | 13,681 | 13,618 | 10,128 |
| Music use in the Netherlands | 150,886 | 152,236 | 171,166 | 164,471 | 157,688 | 155,756 |
| | | | | | | |
| Music use abroad | 13,603 | 15,235 | 16,367 | 16,492 | 14,723 | 15,226 |
| | | | | | | |
| Total | 164,489 | 167,471 | 187,533 | 180,963 | 172,411 | 170,982 |
| | | | | | | |
| DISTRIBUTIONS | | | | | | |
| Rights owners | 87,489 | 95,513 | 95,270 | 87,262 | 84,348 | 91,332 |
| CMOs Abroad | 52,116 | 57,468 | 55,025 | 57,855 | 53,503 | 54,535 |
| Addition to Fund for Social and Cultural Purposes | 7,949 | 8,593 | 10,863 | 10,456 | 9,896 | 10,368 |
| Total | 147,554 | 161,574 | 161,158 | 155,573 | 147,747 | 156,234 |
| | | | | | | |
| COPYRIGHT ROYALTIES TO BE DISTRIBUTED | | | | | | |
| Copyright royalties to be distributed at end of financial year | 178,022 | 187,279 | 201,121 | 192,011 | 189,371 | 186,707 |
| | | | | | | |
| Fund for Social and Cultural Purposes | | | | | | |
| Disbursements in financial year | 7,988 | 9,198 | 11,530 | 10,587 | 9,704 | 11,863 |
| Funds available at end of financial year | 3,458 | 3,497 | 4,102 | 4,766 | 4,897 | 2,572 |
| | | | | | | |
| OPERATING STATEMENT | | | | | | |
| Administration fee on collection financial year | 20,763 | 14,938 | 14,695 | 18,323 | 18,411 | 14,917 |
| Administration fee on distribution financial year | - | 4,801 | 4,390 | 4,426 | 3,589 | 3,181 |
| Administration fee on gross copyright royalties to be distributed at the end of 2020 (one-off due to changes in methodology) | 5,430 | - | - | - | - | - |
| Other income | 1,085 | 1,033 | 963 | 885 | 868 | 842 |
| | | | | | | |
| Total income | 27,278 | 20,772 | 20,048 | 23,634 | 22,868 | 18,940 |
| | | | | | | |
| Management costs | -23,156 | -22,698 | -21,769 | -25,913 | -26,418 | -25,080 |
| Total expenses* | -23,156 | -22,698 | -21,769 | -25,913 | -26,418 | -25,080 |
| | | | | | | |
| BALANCE OF FINANCIAL INCOME AND EXPENSES* | 4,122 | -1,926 | -1,721 | -2,279 | -3,550 | -6,140 |
| | | | | | | |
| Financial income and expenses | 6,596 | 8,655 | 15,401 | -7,908 | 10,408 | 8,371 |
| | | | | | | |
| Balance cost absorption** | 10,718 | 6,729 | 13,680 | -10,187 | 6,858 | 2,231 |

* 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.

** Available for appropriated reserve up to and including 2020.

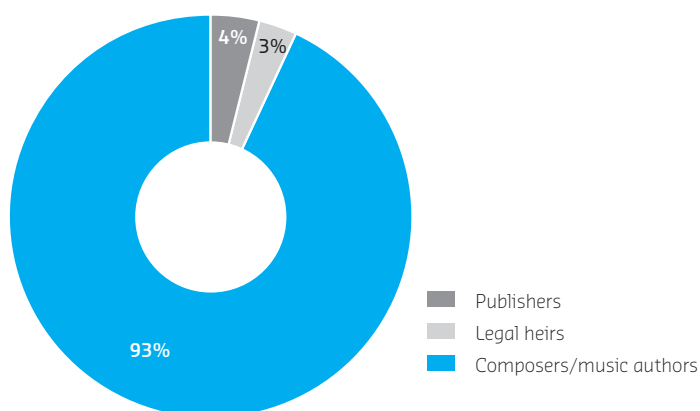
| KEY FIGURES | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|--------|---------|---------|---------|---------|---------|
| Actual cost percentage withheld for Online streaming and download | 10.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% |
| Actual cost percentage withheld for Abroad | 5.0% | 5.0% | 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 | 14.0% | 12.2% | 9.7% | 12.2% | 12.8% | 10.2% |
| Average actual percentage withheld (administration fees as a percentage of fees collected) | 12.6% | 11.8% | 10.2% | 12.6% | 12.8% | 10.6% |
| Management costs (gross) as a percentage of total royalties received/receivable | 14.1% | 13.6% | 11.6% | 14.3% | 15.3% | 14.7% |
| Management costs (gross) as a percentage of total copyright royalties distributed (including administration fees withheld) | 13.8% | 12.5% | 11.8% | 14.5% | 15.9% | 14.7% |
| Annual movement in operating costs | 2.0% | 4.3% | -16.0% | -1.9% | 5.3% | 18.1% |
| Derived consumer price index | 2.7% | 1.3% | 2.6% | 1.7% | 1.4% | 0.3% |
| Number of members and participants | 36,105 | 33,255 | 31,237 | 29,761 | 28,386 | 26,531 |
| Number of invoiced users | 93,756 | 100,738 | 106,580 | 108,495 | 109,200 | 107,500 |
| Number of employees in FTEs* | 121.1 | 123.7 | 122.3 | 122.8 | 141.3 | 146.8 |

*The employees also work on behalf of Stemra

Members and affiliates 2021

| | |
|-------------------------|--------|
| Composers/music authors | 33,495 |
| Publishers | 1,628 |
| Legal heirs | 985 |

TOTAL **36,105**



LIVE PERFORMANCES

17,633 locations were licensed.

SHOPS AND STORES, RESTAURANTS AND BARS AND WORK SPACES

143,822 locations were licensed.

ONLINE

Distributions were made for 6.4 million downloads.

Distributions were made for 50.4 billion streams.

RTV

In total, 238 licences were concluded.

Distributions were made for 1.9 billion seconds.

— 1. DIRECTORS' REPORT

1. DIRECTORS' REPORT

1.1 EXPLANATION BY THE MANAGEMENT BOARD

INTRODUCTION

Vereniging Buma is the organisation of and for all musicians and publishers in the Netherlands. We exploit the copyrights for approximately 36,000 musicians affiliated with us. We also grant appropriate licences for music use and support the collective ambitions of our members. In this way, we contribute to a world full of music.

Like 2020, 2021 was a special and challenging year, mainly due to COVID-19. The measures at the beginning of the year went one step further than in 2020, as a curfew was declared in January. Despite vaccinations starting in January 2021, a third wave broke out in March. Three months later, public life partially reopened, but new restrictions followed after the summer, for restaurants and bars, stores, as well as for live performances and events. Quite a lot was asked of the people of the Netherlands, of music users and certainly also of our members.

At the end of 2020, we identified four (COVID-19) scenarios that could unfold in the following year, with the necessary effects on our collection. We chose to suspend investments in the implementation of the strategy with the aim of limiting costs. For restaurants, bars and stores, the collection for 2021 was indeed in accordance with one of these adjusted scenarios, for live performances and events, the reality was even worse than each of the scenarios outlined. However, the total collection figures exceeded our budget and each of the scenarios outlined, as the continued rise of online and a strong recovery in radio and TV revenues more than offset the decline in the other business lines. The strong recovery of radio and TV revenues was partly realised thanks to major events such as the European Football Championship, the Eurovision Song Contest, with Rotterdam as the host city, and the Grand Prix at Zandvoort, which led to more commercials and more use of music for promotional purposes.

RESULTS

In 2021, Buma collected € 164.5 million in copyright royalties. That is a decrease of 1.8% compared to the previous year. Since we have collected fewer copyright royalties since the arrival of COVID-19, we also paid the affiliated rights owners and organisations with which we have a reciprocity contract less: € 147.6 million. That is a decrease of € 14.0 million compared to 2020. This decrease is partly explained by the acceleration in the distribution of copyright royalties for RTV and Live performances in 2020, as a result of which we were able to pay out once over five quarters instead of four that year (2020).

Management costs increased by € 0.5 million due to the costs of the IT system replacement programme, higher pension contributions and higher outsourcing costs. The latter are variable costs for outsourcing the processing of online music use rose in line with growth in this

market segment. Thanks to various cost-saving measures, the costs were € 2.7 million lower than budgeted.

The investment result was also positive: in 2021, the investment portfolio generated a net income of € 6.9 million. This equates to a return of 3.7%, which is higher than the predetermined 'normative return', i.e., the pre-estimated result.

We realise that although the collection and results of the collective were better than we thought at the start of the year, there are major differences in income among our supporters. In the past two years, we have assisted especially those who rely on live performances with advice and financial support. We will continue to do so in 2022.

COSTS

We have made significant cost savings compared to our plans for 2021 through various measures. In 2021, despite the fall in fees collected, Stemra's cost percentage came to 14.1%, meaning that we complied with the norm that costs as a rule may not exceed 15% of the collection. With a cost percentage of 13.8%, Buma also complied with the norm that costs may not exceed 15% of copyright royalties distributed. In 2021, management costs rose at a lower rate than the consumer price index, as a result of which Buma also meets the standard that states that these may not rise faster than the consumer price index compared to the same period of the previous year.

In the previous annual report, we wrote that Buma might be eligible for the Temporary Emergency Bridging Measure for Sustained Employment (NOW) and the resulting compensation for wage costs. That application was ultimately rejected, as a result of which partial compensation of the management costs is not forthcoming.

ONLINE

Revenues from online rose due to the higher rates that providers have started to charge and the growth in the number of paid users. Spotify, for example, had 20% more Premium subscribers at the end of the second quarter of last year than the year before. YouTube Music, Apple Music and other providers also continued to grow. Half of Dutch people who listen to music via a streaming service do so with a paid subscription, according to research by the Telecompaper website. In addition, we drove a hard bargain with the big players in 2021 and we concluded new agreements or updated old arrangements. This results in more payments of copyright royalties to Buma and therefore to our members.

STRATEGY

In 2020, we announced our new strategy entitled *To the Beat of the Drum*. It consists of making our services future-proof, aiming for growth, promoting collectivity within our organisation and strengthening the organisation. This is based on the ambition to permanently establish ourselves in the top 10 of collective management organisations globally.

In 2021, we started to strengthen the organisation, initially on a limited scale. We are changing to a more customer-oriented organisation in which musicians and music users are key. We are focusing the organisation on this, with a sales-driven unit that focuses entirely on licensing use of music on the one hand, and an excellent back office on the other. This can focus entirely on matching the use of music with the copyrights received, as well as the payment thereof to the rights owners. With this change, which will take shape in 2022, we are better connected with our customers (more customer intimacy) and we can also optimise the processes within Buma (chain management). In short, the best of both worlds, which in combination results in a customer and service-oriented organisation, resulting in better service.

ORGANISATION

Due to COVID-19, Buma has reduced the size of the department that issues licences for events. We have given people within the organisation different tasks and have not yet filled new vacancies. In the run-up to relaxations, we have started using flexible workers where possible. This makes it easier for us to keep up with the market and to keep our fixed costs under better control. Also, in other places in the organisation, we have not filled vacancies or have filled them to a limited extent in 2021 in order to limit costs.

HRM

In 2021, we will elaborate our HRM strategy in consultation with the Works Council. This is in line with the strategy and with what the music market will ask of us in 2022. We achieve a higher degree of executive power by making Buma less hierarchical and by placing mandates lower in the organisation. More ownership also means that we let our people take control of their personal professional development. This also includes effectively designed processes and controls that are appropriate for an organisation such as Buma. All in all, it comes down to less talking and priming and doing more, but always based on a clear, guiding vision. With 2025 as the dot on the horizon, we will turn Buma into an innovative, customer-oriented, transparent and data-driven organisation, with an eye for the human dimension.

We have postponed the cultural programme associated with these changes due to COVID-19 and will start in 2022.

AID FOR MUSICIANS

In 2020, Buma, together with Stichting Stemra, with jointly form the Buma/Stemra work organisation, established an Investment Fund of € 2.5 million in cooperation with the Ministry of Education, Culture and Science. New initiatives in the creation of music were created using this fund. Shortly after opening, the fund was already inundated with applications, which illustrates the dire situation in which a large number of musicians found themselves. At the end of July 2021, Dutch composers, lyricists and music publishers could once again submit an application to the Music Investment Fund for the development of new music and/or new exploitation of existing music. This once again made it possible to make an important contribution to the continuity of the creative process and the creation of new cultural productions. A third investment round is planned for 2022.

AID FOR LICENSEES

As early as 2020, we made agreements with music users in collaboration with the industry organisations and via VNO/NCW about how parties deal with each other during the lockdown. Also in 2021, the agreement in principle was that, among other things, catering establishments, shops and cultural institutions did not have to pay copyrights over the period that the organisation was closed. Once they were allowed to open again, the payment obligation would also resume. This is based on the principle of solidarity: we are in trouble together and we help each other survive.

IT

In the field of IT, we started replacing our old ERP system in phases in 2020. The new system will be simpler, more efficient and more accurate and be better suited to handling the increasing flow of data and make it more transparent.

Last year we started setting up a modern, modular cloud-based network. COVID-19 caused a delay in the realisation, and we now expect that full completion will not take place at the end of 2022, but in 2023.

The fact remains that making the collection and distribution flow more efficient and transparent will help us in our ambition to remain a global top 10 player in a changing market that is strongly focused on online use.

LAWS AND REGULATIONS

In 2021, the intensified supervision of the Copyright Board on Buma/Stemra terminated three years after the report of a committee of inquiry was published. It included recommendations with regard to the management of Buma and improving our corporate governance. Since then, the number of independent members of the Supervisory Board has increased, the independence of the Audit Committee has been strengthened and Buma has appointed a second managing director. Buma is pleased with the recognition that the recommendations have been followed up and will continue to focus on making our organisation more efficient and transparent, even without intensified supervision.

RESERVE BECOMES PROVISION

In 2021, we started a different processing method for our buffers for differences in cost absorption and for absorbing risks in the investment portfolio accounts. Maintaining a buffer is part of a prudent and responsible investment policy. Much has been said about this buffer, certainly also at the additional General Members'

Meeting (GMM) in the autumn of 2021. This was the first meeting in physical form since the start of the lockdown. It was decided to ensure this amount held as a buffer is no longer part of Buma's equity as of 2021, but is recognised in the figures as a provision; this changes this item to a liability of the association, which makes it clearer that this money belongs to the members.

Reporting rules require that this item is recognised (once only) as an expense in the income statement. The paper shortfall of € 33.8 million in the 2021 operating statement that this creates is therefore not an operating loss, but the result of this adjustment. The amendment expresses not just in words, but also in figures that Buma is there for its members. After all, temporary differences in cost absorption are not recognised as equity, but put on the balance sheet as liability to ultimately be distributed among the members. The future operating result of nil emphasises the non-profit objective of our association.

RISKS

A moderate risk profile is appropriate for a collective management organisation such as Buma. In 2021, we adopted a risk approach in which we proactively anticipated potential problems. Reports on findings and how we mitigate risks are periodically discussed by Buma's Management Board and the Supervisory Board.

Buma distinguishes financial risks, strategic risks & business risks, operational risks, legal risks and integrity and behavioural risks. At a strategic level, Buma is exposed to various risks due to emerging market trends and technological developments. The most important strategic risks include having an insufficient response to increasing competition, loss of repertoire, insufficient collectivity and insufficient innovative strength. We recognise and 'mitigate' (reduce) these risks through our new strategy.

Buma recognises collection and investment risks as its main financial risks. Financial risks are mitigated by sound and transparent accounting of income and expenditure and strict internal control, led by both members of the Management Board. They are assisted by other managers and specialists within the organisation and informed via an extensive internal monthly financial report. In terms of investments, we opt for a risk-averse profile, applying the principle of basic, passive and cost-efficient investing in order to mitigate financial risks.

The set of key operational risks includes: loss of critical knowledge, incorrect management information, complex IT architecture, insufficient use of disruptive technology and external fraud (including cyber attacks). The collection process towards users and the distribution process to rights owners form the backbone of our organisation. We want to prevent disruption of these processes; that is why we started replacing the current IT system in 2020. Ease of use and efficiency are important, but we also keep a close eye on the security of our data flows. We have appointed a Security Officer for this. The IT programme is managed by the Management Board and the Supervisory Board as well as the Council of Rights Owners with an overarching steering committee and a programme manager for day-to-day operations.

In the field of compliance, a range of laws and regulations must be complied with, both with regard to collection and distribution, as well

as all supporting financial processes. A Privacy Officer, a Confidential Advisor for Undesirable Behaviour & Integrity, a Complaints Committee and an internal Compliance Officer monitor compliance with laws and regulations within our organisation. The Secretariat of the Board and HR monitor the implementation of our code of conduct and HR monitors compliance with the rules regarding other positions. In addition to wanting to comply with laws and regulations, we also want to be a reliable player in society outside the legal framework, an association that is really there for its members, and a responsible and inspiring employer. 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.

LOVE FOR MUSIC

For much of 2021 we had to stay at home, wear face masks and keep our distance; that has had a profound impact on society. Fortunately enough, in contrast to the divisions that certainly existed, there was a sense of community. Music has been a unique unifying factor for twelve months. This was certainly also recognised by the government, which supported the sector financially. There were no live performances for much of the year, but people listened to music and shared it more than ever before. The success of the twenty-member occasional band The Streamers confirms this. On 20 March 2021, the band had a concert at Carré and more than 1.8 million people watched the online live stream. Buma developed a licensing model for such online concerts, so the artists could focus on what they are good at: making music and letting others enjoy it.

POSITION OF WOMEN

Everyone has the right to a safe workplace. Our own research shows that women, who make up only 14% of the music industry, are vulnerable. Buma believes that a more equal distribution of opportunities contributes to a healthier and more inclusive music industry. That is why we started the 'Rise Up!' campaign at the beginning of 2022, inviting everyone to discuss solutions that contribute to a more inclusive music industry with us and with each other. Ideally, every female musician should be able to participate professionally in the creative industry without hindrance. Rise Up was conceived well before the disturbing events at The Voice of Holland and elsewhere. These events strengthen our conviction that the time has come to tackle this subject together. At Buma, we have sat down with all our employees to discuss what we mean by a safe, inclusive workplace and how everyone can contribute to it.

OUTLOOK

The past two years have taught us that anything can happen and that sometimes, plans can be binned on which the ink isn't even dry yet. Nevertheless, we look ahead with a positive mindset and believe that, in the words of Minister Ernst Kuipers, we are on the way to an 'open, resilient and shock-resistant society', that is no longer overshadowed by restrictions. The use of music online will at least remain the same and most likely increase further. When events and festivals can be organised again, the income from live performances will return to a normal level, which would mean that on balance, the result will be higher than the period before COVID-19. We cannot say for sure whether this will actually be the case in 2022, but we are certainly confident that things are getting back to normal.

We look ahead with optimism, together with our employees, who have proven what we can achieve together in what was another

special and challenging year. In the face of two years of struggle, not only the Dutch music sector is undefeated, as are our employees. We do not take this for granted and we are very grateful to everyone for their commitment and trust. Despite working from home a great deal, we are still close to each other: together we march to the Beat of the Drum'.

Hoofddorp, 25 April 2022

The Management Board:

Bernard Kobes, Chief Executive Officer

Marleen Kloppers, Chief Financial Officer

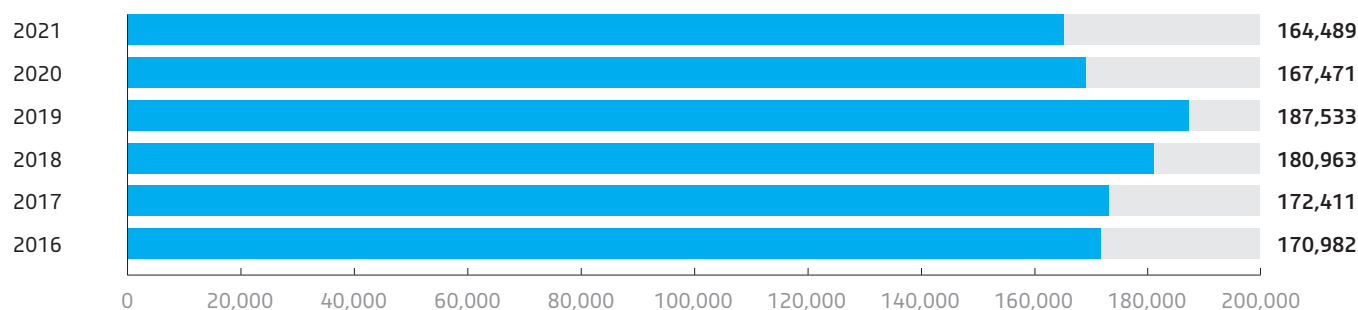
1.2 FINANCIAL RESULTS AND RISK MANAGEMENT

1.2.1 COPYRIGHT ROYALTIES (TO BE) RECEIVED

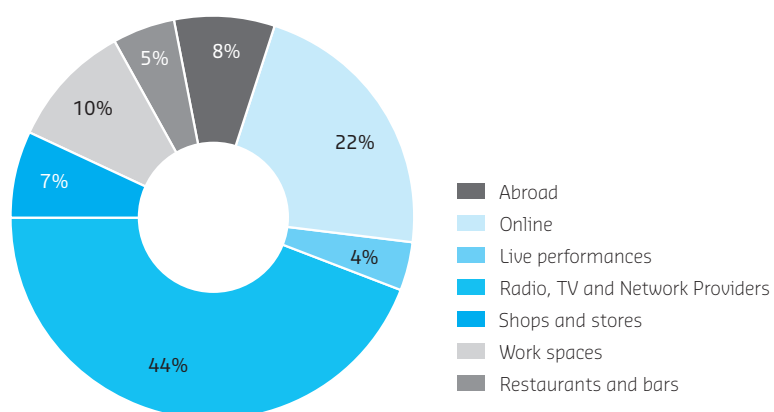
The copyright royalties were received from the following categories:

| (x € 1,000) | 2021 | 2020 |
|------------------------------------|----------------|----------------|
| Restaurants and bars | 7,780 | 9,057 |
| Work spaces | 16,449 | 17,265 |
| Shops and stores | 11,521 | 12,159 |
| TOTAL GENERAL LICENCES BUMA | 35,750 | 38,481 |
| Radio, TV and Network Providers | 72,663 | 67,854 |
| Live performances | 6,423 | 16,045 |
| Online | 36,050 | 29,856 |
| Abroad | 13,603 | 15,235 |
| TOTAL | 164,489 | 167,471 |

DEVELOPMENT OF COLLECTION
(x € 1,000)



COMPOSITION OF COLLECTION



The table and bar chart show that Buma collected € 164.5 million in 2021, a further decrease compared to 2020, when we were confronted with the impact of the COVID-19 outbreak. The decrease amounted to € -3.0 million, or -1.8%. This decline in royalties was driven by the market segments hit hard by the ongoing measures to contain the COVID-19 pandemic: Live performances (€ -9.6 million), Restaurants and bars (€ -1.3 million) and Work Spaces and Shops and Stores (€ -1.5 million). Royalties from abroad received via sister organisations also fell as a result of COVID-19 (€ -1.6 million). The decline in these market segments (€ -14.0 million in total) was partly offset by the recovery of revenues at Radio, TV and Network Providers (€ 4.8 million) and further growth in the Online market segment (€ 6.2 million).

Compared to 2019 (the last year before the COVID-19 impact), royalties from the Live performances market segment fell by € 28.8 million or 82% in 2021. Obviously, this decrease is caused by the large number of cancelled and postponed performances and events. The number of licensed performances and events fell from 36,000 in 2020 to 17,633 in 2021, down from over 101,500 in 2019. The share of this market in Buma's total collection decreased from 19% in 2019 to 4% in 2021. At the time of publication of this annual report, it is not yet clear to what extent this market will recover in 2022.

When we compare 2021 with the pre-COVID-19 level, we also see a large decrease in the collection of general licences. Compared

to 2019, this collection will be € 10.1 million, or 22% lower in 2021.

The Restaurants and bars market segment has been hardest hit (€ -7.4 million, or -49%). Restaurants and bars and Shops and Stores have been compensated by Buma for the periods in which they were forced to close.

Royalties from abroad fell by € 1.6 million (-11%) in 2021 compared to 2020. This is less substantial than expected; in addition to the impact of COVID-19, we also took into account a so-called 'carve-out effect' of the pan-European direct licensing of Digital Service Providers, as a result of which Buma no longer receives the proceeds via foreign sister societies.

Revenues at Radio, TV and Network Providers recovered in 2021 to above the level of 2019. This industry saw its advertising revenue fall sharply in 2020, shortly after the outbreak of COVID-19. With 44%, this market segment still has by far the largest share in Buma's total collection.

The main growth market is Online. The share of this market segment in Buma's total collection increased from 18% in 2020 to 22% in 2021. In 2019, this share was only 10%; since then, the collection has increased by € 17.1 million or 90%. The growth in this market is mainly due to the increase in streaming and video on demand. Buma concluded licence agreements with new parties and improved the agreements with several large parties.

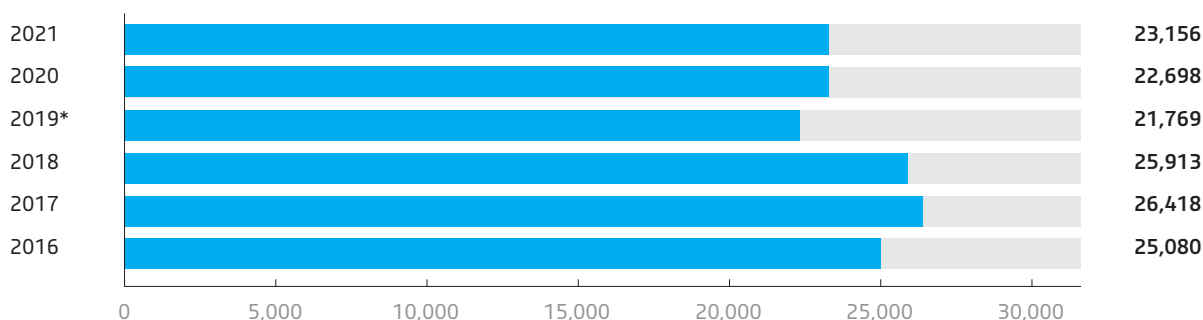
1.2.2 MANAGEMENT COSTS

Buma's expenses can be specified as follows:

(x € 1,000)

| | 2021 | 2020 |
|-------------------------------|---------------|---------------|
| Personnel costs | 10,309 | 10,122 |
| Other expenses | 10,452 | 10,014 |
| Accommodation costs | 717 | 729 |
| Amortisation and depreciation | 1,678 | 1,832 |
| TOTAL BUMA | 23,156 | 22,698 |

DEVELOPMENT OF MANAGEMENT COSTS (x € 1,000)



* In 2019, the development of the management costs decreased due to the fact that the allocation key for the costs between Buma and Stemra was adjusted from 90/10 to 83/17 in that year based on a cost allocation model.

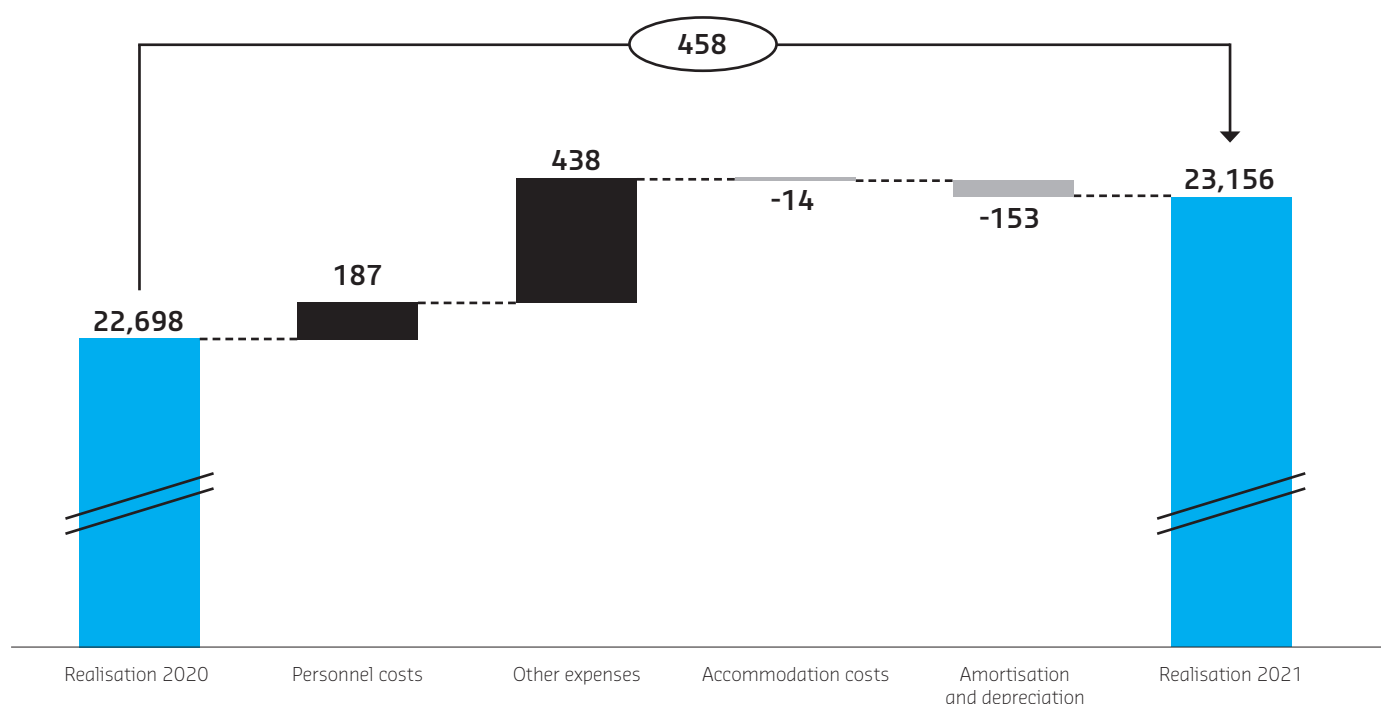
In 2021, management costs rose by € 0.5 million compared to the previous year. They remained € 2.7 million under the 2021 budget, as a result of cost control measures, including the choice to postpone filling vacancies and postpone less urgent projects. As in 2019 and 2020, an allocation key of 83/17 (Buma/Stemra) has been applied. In 2021, joint costs rose by 1.9% or € 0.5 million, from € 27.3 million to € 27.9 million. Personnel costs allocated to Buma increased by € 0.2 million and other general costs fell by € 0.4 million. Accommodation costs were virtually the same and amortisation and depreciation decreased by almost € 0.2 million.

In 2021, Buma had an average of 121.1 FTEs (2020: 123.7 FTEs). The increase in personnel costs was mainly the result of an almost € 0.3 million increase in pension contributions. The industry-wide pension fund has indicated this increase in contributions is a result of changed statutory calculation rules for the expected return on

contributions. To keep the contribution level acceptable, the pension plan has been cut back on a number of points as of 2022. Salaries, social security contributions, and travel expenses decreased by almost € 0.2 million in 2021, as a result of the decrease in the average number of FTEs and the continued high rate of working from home. On the other hand, fewer personnel costs were passed on to, for example, the Fund for Social and Cultural Purposes.

The € 0.4 million increase in other costs was largely due to higher costs related to the IT system replacement programme and higher outsourcing costs. Variable costs for outsourcing the processing of online music use rose in line with growth in this market segment.

Amortisation and depreciation decreased by € 0.2 million in 2021, as a result of the fact that some of the fixed assets in use have now been fully written off. Fixed assets under construction are not depreciated, which starts at the time of commissioning of these assets.



1.2.3 FINANCIAL INCOME AND EXPENSES

Since the 1990s, royalties that cannot yet be distributed to rights owners are invested. The aim is to responsibly achieve a return that partially covers the management costs, which enables Buma to charge lower administration fees, which as a result put less pressure on the copyright royalties to be distributed. In this way, the return 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 assigned 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 2021.

The SAA is the breakdown between different types of asset classes and determines the ratio between the anticipated return and the anticipated risk. The SAA can temporarily be deviated from as a result of market movements, after which the portfolio will be rebalanced if it moves outside the bandwidth mentioned below.

At the end of 2021, the fixed-income portfolio had a strategic weighting of approximately 69%, comprising government bonds with a credit rating of AA or higher (15%), a fund investing in emerging market government bonds (10%), a corporate bond fund (32%) and a mortgage fund (12%). At year-end 2021, the share portfolio had a weighting of around 21% and was invested through an equity fund in a portfolio with a global spread. In managing that portfolio, the criteria for corporate social responsibility according to the United Nations Global Compact principles were taken into account.

In 2021, the investment portfolio achieved a net yield of € 6.9 million, a return of 3.7%. Share investments performed particularly well (+26%), while returns on fixed-income securities and cash and cash equivalents were negative (-1%).

The investment portfolio largely consists of directly tradeable securities and/or funds and is mainly held in euros. Investments 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) 2021 | Bandwidth |
|---------------------------|--|-----------|
| Cash and cash equivalents | 10% | 0% - 20% |
| Equities | 20% | 15% - 25% |
| Fixed-income securities | 70% | 65% - 75% |

1.2.4 COVERAGE OF MANAGEMENT COSTS

Buma does not have a profit motive. The management costs of Buma are covered from five sources of income:

1. contributions and registration fees,
2. other income,
3. return on investments,
4. balance of other financial income and expenses,
5. deduction of administration fees.

From 2021, the administration fees to be withheld will be determined in a different way on the basis of the amended Distribution Rules. Previously, the coverage of the management costs at the end of the financial year was exactly balanced by means of a variable administration fee calculated retrospectively on the largest part of the rights revenue. In the calculation, the normative investment result was (and is) taken into account: the expected return on the available investments and cash and cash equivalents. Because the variable deduction was determined retrospectively at the end of the financial year, it was not until after the financial statements had been adopted that it became clear which net amount would be available for distribution. Under the methodology used as of 2021, all deduction percentages are determined in advance, as part of the budget. As a result, it is known earlier which net amount of collected rights revenue is available for distribution. This amendment to the

Distribution Rules enables us to pay out more quickly: we do not have to wait for the end of the financial year for all categories of rights revenue.

With the old method, a predetermined percentage was deducted from a limited number of categories of rights revenue (Online, Abroad and Foreign Network Providers), but this deduction only took place at the time of distribution. As a result, the royalties still to be distributed at the end of 2020 consisted partly of gross and partly of net amounts; the deduction for administration fees had already been applied to some, but not to others. Therefore, when the new method was introduced, in addition to deduction from the direct debit in 2021, a one-off additional deduction was made from the royalties present at the end of 2020 from which no amount had as yet been deducted.

For example, a one-off gain will be realised in 2021 as a result of the transition of the cost deduction from the time of distribution to the time of collection. Because of this shift in time, the deduction of the administration fee on the royalties that have been received but not yet paid out will be realised in one go at the beginning of 2021. This one-off gain of € 5.4 million for Buma, will be added to the provision for temporary differences in cost absorption. The following table shows the realised cost absorption for 2021 compared to the budgeted adjustment to temporary differences in cost absorption and compared to the realisation in the previous year.

COVERAGE OF THE MANAGEMENT COSTS

(x € 1,000)

| | Realisation 2021 | Budget 2021 | Realisation 2020 |
|---|------------------|----------------|------------------|
| MANAGEMENT COSTS | -23,156 | -25,869 | -22,698 |
| (1) Contributions and registration fees | 1,030 | 947 | 975 |
| (2) Other income | 55 | 33 | 58 |
| (3) Investment results | 6,923 | 2,786 | 1,993 |
| (4) Balance of other financial income and expenses | -327 | -263 | -67 |
| (5a) Administration fee withheld upon distribution | - | - | 4,801 |
| (5b) Administration fee withheld upon collection | 20,763 | 21,297 | 14,938 |
| Regular coverage | 28,445 | 24,800 | 22,698 |
| Balance regular cost absorption | 5,288 | -1,069 | - |
| One-off: administration fee deducted from collection in previous years that had not yet been deducted | 5,430 | 5,480 | - |
| BALANCE COST ABSORPTION | 10,718 | 4,411 | - |

The regular cost absorption in 2021 is therefore € 6.4 million higher than budgeted, mainly due to € 2.7 million in realised cost savings and a € 4.1 million higher investment result. The regular administrative fee deducted is € 0.5 million lower than budgeted as a result of the budget of the deviating composition of collection, so the average deduction percentage is 12.6% (budgeted: 13.0%).

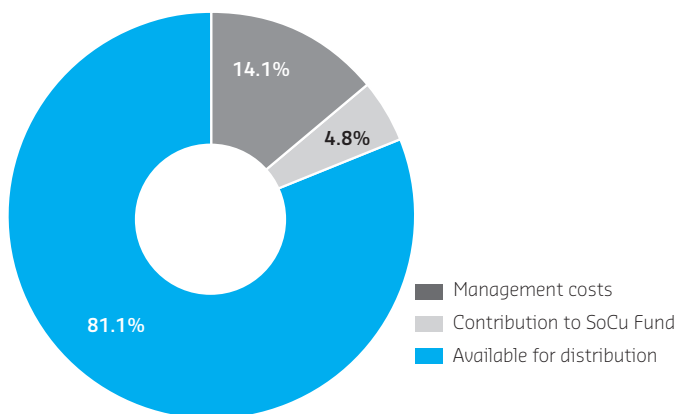
The budget is based on the aforementioned normative investment result. The normative investment result system ensures an even contribution to the coverage of the management costs. However, the actual investment result fluctuates from year to year. In years with high investment income (higher than the normative return), we create a buffer that can be used in years with lower investment income (below the normative return).

Up to and including 2020, the difference between the actual investment result and the predetermined normative investment result was added to or deducted from the appropriated reserve. With the new method from 2021, the difference between the actual investment result and the normative investment result is part of the cost absorption balance, which is added to or deducted from the provision for temporary differences in cost absorption. The balance of cost absorption in 2021, amounting to € 10.8 million, plus the appropriated reserve of € 33.8 million available at the end of 2020, together form the € 44.6 million provision for temporary differences in cost absorption at the end of 2021.

Due to the decline in collection of copyright royalties and the relatively fixed cost level, the management costs rose from 13.6% to 14.1% of the copyright royalties compared to the previous year. After deduction for the SoCu Fund, 81.1% was available for distribution by Buma in 2021.

The graph below shows the distribution of the collected royalties.

DISTRIBUTION OF ROYALTIES COLLECTED IN 2021

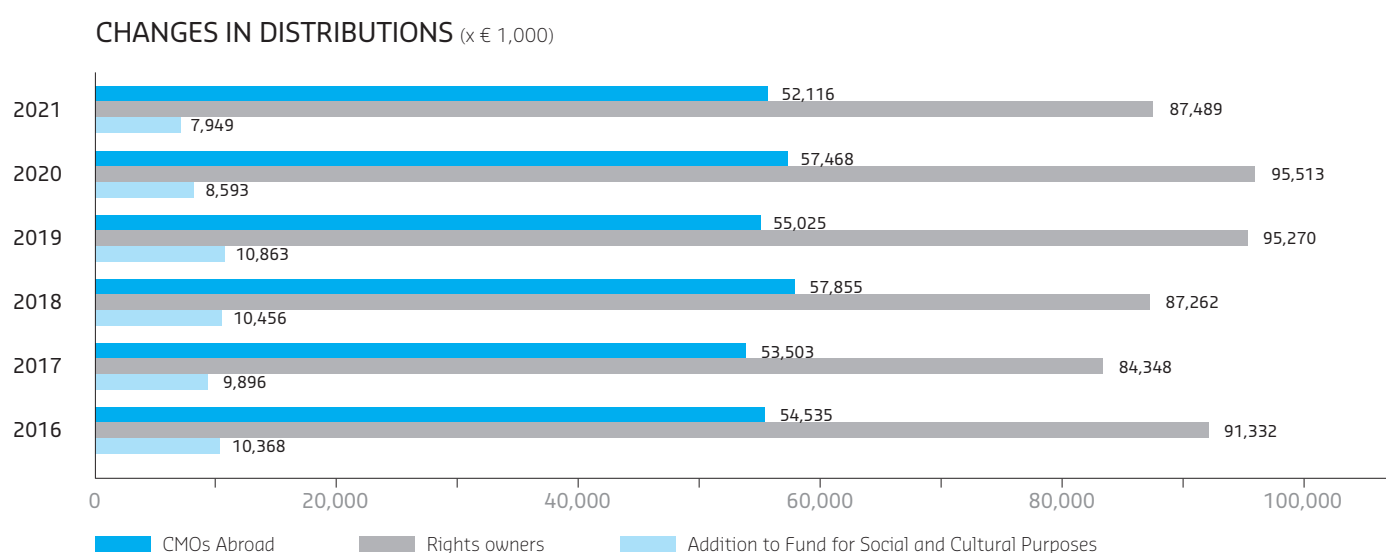
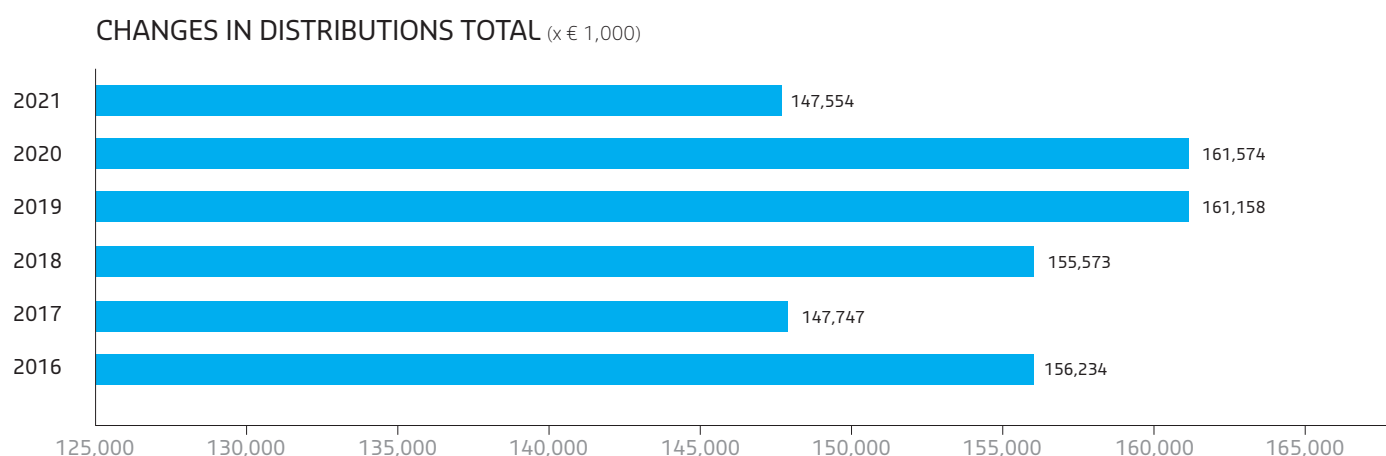


1.2.5 USE OF COLLECTED COPYRIGHT ROYALTIES

After deduction of costs 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 are intended on the one hand to provide benefits to the rights owners such as the old-age provision and on the other, to invest in the music sector in general. The latter concerns forms of education and (when this is possible again) the organisation of events. We make these investments because a thriving music world is of great importance to all rights owners, as well as to Buma itself.

1.2.6 DISTRIBUTIONS

Due to the impact of the COVID-19 crisis on collection from a number of market segments in 2020 and 2021, distribution in 2021 will be lower than in 2020:



In 2021, Buma distributed € 147.6 million to affiliated rights owners and organisations with which it has a reciprocity contract. This is a decrease of € 14.0 million compared to 2020, the year in which a large part of the record collection from 2019 was distributed and in which distribution was made over five quarters instead of four. The latter was due to the realisation of a structural acceleration in the distribution of RTV and Live performances copyright royalties. To reduce the effect of the lower collection, Buma has taken action by distributing previously non-distributable amounts in 2021 and by reducing the loss in the distribution process.

In addition to this, it has been established that in the Emergency Fund Music set up by Buma/Stemra and Sena in 2020, funds are still available for payment to rights owners most affected by COVID-19 measures. In addition, Buma/Stemra, with the cooperation of the Ministry of Education, Culture and Science, opened a second Music Investment Fund in 2021. In addition to the € 2.5 million in 2020, € 2.3 million has been made available for this second round, which contributes 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 established three cost standards for collective management organisations. Although the implementing decree formally expired in 2020, it will be continued until a new assessment framework is established. That is why, if the cost standards are exceeded, the reasons for this are still given. 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 rise 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

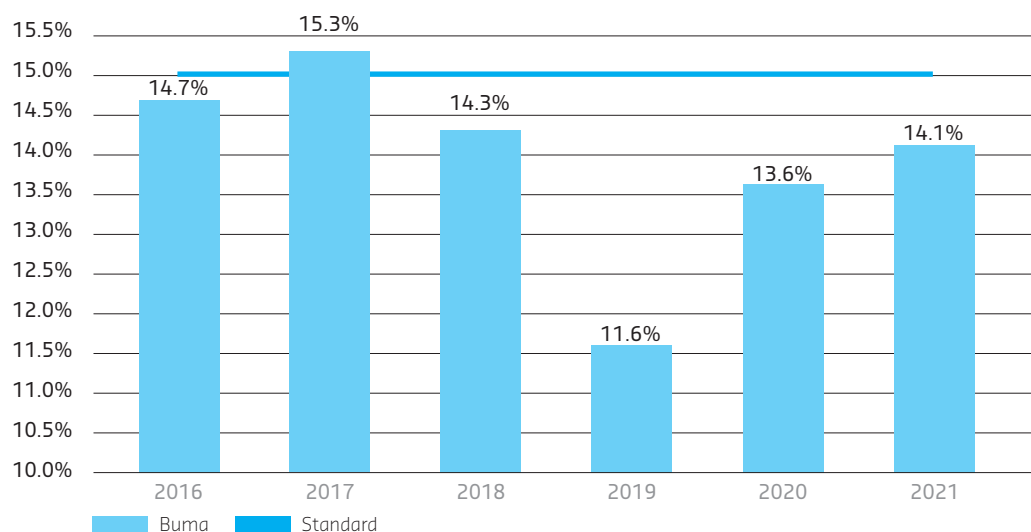
(x € 1,000)

| | 2021 | 2020 |
|---|---------|---------|
| Collection by Buma | 164,489 | 167,471 |
| Distribution by Buma | 147,530 | 161,574 |
| Costs of Buma | 23,156 | 22,698 |
| Costs of Buma as % of the collection (gross) | 14.1% | 13.6% |
| Costs of Buma as % of the distribution (gross)* | 13.8% | 12.5% |
| Movement in costs of Buma compared to previous year | 2.0% | 4.3% |
| Average actual percentage withheld by Buma (net)** | 12.6% | 11.8% |

* 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. To determine the costs as a percentage of the distribution, the administration fees withheld in the year of collection (in the methodology up to and including 2020 for distribution) have been added to the distributed royalties.

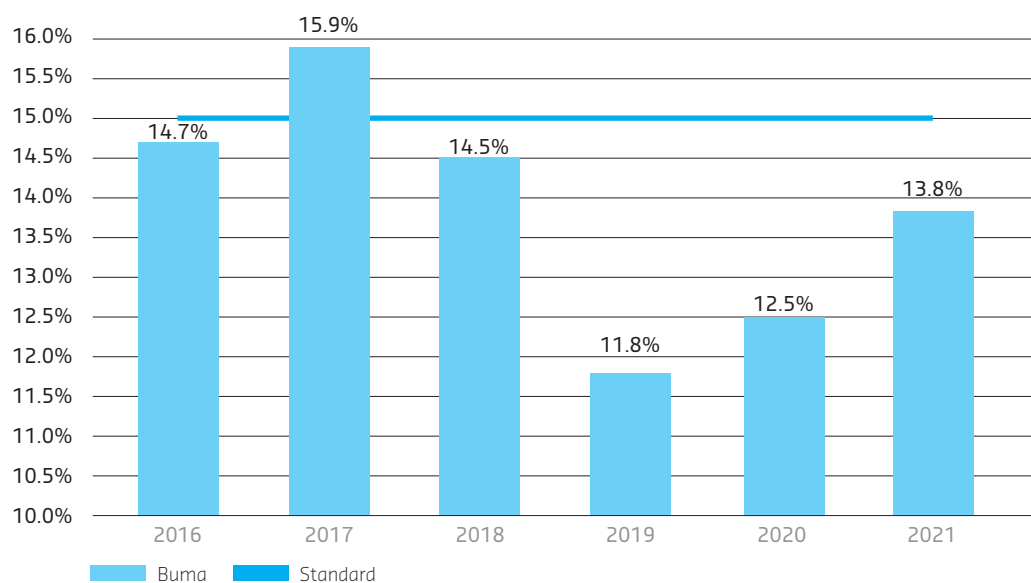
** The withholding percentage that is effectively charged to the rights owners is below the cost percentages for which the standards of the Copyright Board have been set. This is mainly because less costs are charged to rights owners due to other income.

COSTS AS PERCENTAGE OF THE COLLECTION



In 2021, despite the fall in fees collected, Stemra's cost percentage came to 14.1%, 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 2.0% (€ 0.5 million) compared to 2020. In 2021, the consumer price index rose by 2.7%. So Buma also meets the standard that states that management costs may not rise faster than the consumer price index.

1.2.8 ASSESSMENT OF FINANCIAL POSITION AND LIQUIDITY POSITION

At year-end 2020, Buma's equity consists of the appropriated reserve, which is related to the investment portfolio. Calculating solvency by dividing the equity by liabilities 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 (up to and including 2020) and the vast majority of liabilities on Buma's balance sheet at some point concern an obligation of Buma to its rights owners. Equity is no longer recognised on the balance sheet at the end of 2021: the amount in the former appropriated reserve has become part of the provision for temporary differences in cost absorption. This makes it clearer that this amount will at some point be settled 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 1.13, 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 them 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/Stemra focuses on managing the copyright of affiliated rights owners and issues licences for the use of music. As befits a collective management organisation, Buma/Stemra is highly prudent in the performance of the tasks entrusted to it. The organisation has to deal with financial risks, strategic risks & business risks, operational risks, legal risks and integrity and behavioural risks. The risk structure was updated in 2021, as was the set of most important (key) risks, which are discussed in particular in this section.

MANAGEMENT OF FINANCIAL RISKS

Financial risks are managed by means of a planning & control cycle. This cycle ensures the annual updating of the strategic financial 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 underlying information. An important part of the planning & control cycle are the monthly Business Review Meetings of the Management Board with the various business units. Progress and quality of the activities are discussed in depth during this meeting. Risks and reports are also discussed periodically with the Audit Committee of the Supervisory Board.

MANAGEMENT OF NON-FINANCIAL RISKS

In 2021, the management of non-financial risks was renewed through the implementation of a Risk & Compliance Cycle (R&C cycle) based on Risk Control Self Assessments.

The R&C Cycle is a continuous planning & control cycle, geared to the objectives of Buma/Stemra, with which we identify, analyse and mitigate risks in a timely manner. Reports of findings and recommendations, as well as the follow-up of mitigations are discussed periodically with the Management Board and the Audit Committee.

VIEW ON RISK MANAGEMENT

In line with the core values of Buma/Stemra and the view on risk management, a risk approach with a moderate risk profile is central. To provide better support for the organisation, a transition was completed in 2021, whereby the Internal Audit department was merged into a new department: Risk & Compliance. This step strengthened Buma/Stemra's focus on a risk-based approach through proactive risk management. Potential problems are anticipated, so the impact of expected and unexpected risks is reduced where possible.

The Internal Audit department will continue to function after the transition, and will be supplemented by supporting and facilitating activities. Internal Audit systematically and objectively assesses the quality of procedures and the internal control of internal business processes. This is done on the basis of an annual audit plan. The Internal Audit activities put risk ownership at the heart of the business, including responsibility for sound risk management.

ASSESSMENT OF THE DESIGN AND EFFECTIVENESS OF THE INTERNAL CONTROL

The Risk & Compliance department forms an objective opinion on the quality and effectiveness of the control measures with regard to the primary and supporting business processes, including governance, risk management and internal audit measures. The Risk & Compliance department falls hierarchically under the Chief Financial Officer and has a direct reporting line to the Chief Executive Officer and the Audit Committee of the Supervisory Board. The Supervisory Board discusses the progress of the annual plan and the results of the risk analyses and control assessments with Risk & Compliance at least once a year.

Below is a brief overview of the main risks Buma/Stemra is exposed to and how we deal with these risks.

STRATEGIC RISKS & BUSINESS RISKS

At a strategic level, Buma/Stemra is exposed to various risks due to emerging market trends and technological developments. These risks are regularly monitored and discussed at the management meeting. The most important strategic risks for Buma/Stemra are: having an insufficient response to increasing competition, loss of repertoire, insufficient collectivity and insufficient innovative strength. Another strategic risk is the potential impact of a cost ratio that is too high. For Buma/Stemra, there is a threat of loss of existence if these risks are not sufficiently mitigated.

In 2020, the strategic course up to and including 2025 was set. The strategic course reflects Buma/Stemra's mission and vision, what our objectives are and what choices we make to achieve them. It anticipates external opportunities and threats, taking into account internal strengths and weaknesses. In the coming years, the strategic course will be implemented in consultation with all those involved and stakeholders with the aim of mitigating strategic risks.

FINANCIAL RISKS

Buma/Stemra recognises as its main financial risks: collection 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.

The measures taken to control the COVID-19 pandemic had a huge impact on the music industry and therefore also on Buma. The vaccination programme offered prospects of reopening society, but it was unclear for a long time when and at what pace this would take place. As a result, the (expected) developments and their effect on the collection of copyright royalties for 2021 are uncertain.

A healthy and transparent account of income and expenditure and strict internal control by the entire management on the basis of an extensive internal monthly financial report, reduce the financial risks within our organisation. This internal monthly financial report includes the realisation of funds received versus the budget and the investment results (supplemented with investment reviews) versus the annual investment plan.

In addition, measures such as segregation of duties, authorisation schedules and random checks on outgoing cash flows are in place to mitigate financial risks. These measures apply to actions that create obligations (including purchasing), payment transactions and contract management.

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

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 so as to limit market risks.

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.

OPERATIONAL RISKS

Possible disruptions in the collection process from users or in the distribution process to rights owners can be the result of operational risks that were mitigated with insufficient effect. The set of key operational risks, which are regularly monitored and discussed at the management meeting, include: loss of critical knowledge, incorrect management information, complex IT architecture, insufficient use of disruptive technology and external fraud (including cyber attacks).

The operational risks and associated controls were laid down in a so-called Risk Management and Control Framework. The set-up and operation of this framework are regularly tested by the Risk & Compliance department. Since 2020, special attention has been paid to possible operational risks as a result of being forced to work from home.

The functioning of IT systems is an important part of the mitigation of operational risks. In 2020, a start was made on a programme to replace the current IT system for Usage Processing & Distribution with components for Finance and CRM included therein. The programme will take several years to complete. An analysis was made in advance of possible risks associated with developing and implementing the new IT system. Control measures have been identified and included in the programme. The governance of the entire programme, in which the Supervisory Board and the Council of Rights Owners are also involved, consists, among other things, of an overarching steering committee that the programme manager reports to. Each sub-project has its own project manager who reports to the programme manager.

Good security and availability of information are crucial for Buma/Stemra. This applies to all data flows, both physical and digital. A Security Officer has been appointed for information security and the General IT Control Framework for all IT-related processes is audited annually. Over the past year, periodic improvement projects have been carried out, such as replacing old servers. The infrastructure was also modernised with cloud and other solutions. To support the improvement projects, network scans and penetration tests were performed.

COMPLIANCE WITH LAWS AND REGULATIONS

Buma/Stemra has to deal with 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).

Buma/Stemra has a Privacy Officer, a Confidential Advisor for Undesirable Behaviour & Integrity, a Complaints Committee and an internal Compliance Officer, who all guarantee compliance with laws and regulations within our organisation. In addition, the Secretariat of the Board and HR monitor the implementation of our code of conduct and HR monitors compliance with the rules regarding other positions.

Failure to comply with laws and regulations would mean that we run the risk of losing our licence and 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 2021, Buma/Stemra once again meets the norms of the CMO quality mark criteria. The associated CMO certificate will be renewed up to and including 2023. 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 who provides the Management Board with solicited and unsolicited advice.

INSURANCE

Buma/Stemra has an insurance portfolio covering effectively insurable risks that cannot be prevented by internal control measures. This portfolio includes a third-party liability insurance policy, a supervisory board and management board liability insurance policy, a cyber security policy and a group business travel and accident insurance policy.

TAX MATTERS

Buma/Stemra operates exclusively in the Netherlands and is subject to the Dutch tax regime. Buma/Stemra is confronted with foreign withholding taxes for the collection of copyright royalties through foreign sister societies. Tax is levied at normal or reduced rate, depending on the existence of any tax treaties. Discussions are 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 review the distribution rules and board resolutions on the distribution every three years. This is done on the basis of a predetermined reassessment calendar. In 2020, the Management Board, in consultation with the Council of Rights Owners, decided to free up space in the 2021 reassessment

calendar to include the consequences and impact of COVID-19. The review (based on the reassessment calendar) is performed within Buma by the Management Board 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 2021 with regard to distribution concerned the following topics:

- reassessment SCHOUW about jazz performances in theatres,
- impact of COVID-19 on distribution, surcharges and voting rights:
 - Hafabra/choirs
 - Childcare centres and holiday parks
 - Mechanical background 2020
 - Voting rights and surcharges
- image-independent use of music,
- policy of undistributed royalties in general,
- policy of undistributed royalties specifically with regard to Online,
- the Carillons and Chimes category,
- distribution on status 2 works in ICE,
- new regional broadcaster agreement, allowing for more one-to-one settlement,
- settlement football stadiums,
- adopting the reassessment calendar for 2022.

REASSESSMENT SCHOUW

The Management Board has adopted the advice of the Council of Rights Owners regarding the SCHOUW decision. Rights owners indicated that it was unclear why jazz performances in theatres are sometimes settled in ASE and sometimes in CS2. The 2015 SCHOUW decision was not clear about this, so we looked at whether this could be clarified. Performances by artists who are known as CS artists and to which a SCHOUW licence is linked with a collection value above € 50 will be settled in ASE. If the collection value is less than € 50, the performances will be settled in the ALE category. In both cases, a Surcharge Serious is also paid. This pragmatic solution was chosen with the caveat that in the course of the year, the LIVE aspect of these performances should be looked at and how this can best be implemented in the new IT system.

IMPACT OF COVID-19 ON DISTRIBUTION AND VOTING RIGHT

COVID-19 is having a major impact on the music industry. In that context, we were requested to thoroughly investigate whether certain groups are disproportionately disadvantaged or whether a certain distribution method no longer fits the current situation. The Council of Rights Owners has investigated this together with Buma/Stemra. The following recommendations emerged from the investigations, all of which have been adopted by the Management Board.

Hafabra (HF)/Choirs

Due to COVID-19, this market is very unstable and limited collection has taken place. In order to nevertheless collect a representative set of repertoire to process in 2020, a temporary alternative distribution method was considered. The advice was to gather as much additional repertoire as possible in the categories HF and CZ (distribution category: concert section of Song and accordion music). In addition, the advice was to apply a different distribution for music processing over the period 2020. The repertoire from 2019 is counted twice and the repertoire from 2020 once. Because there was little use of music in this market in 2020, a more representative distribution is achieved with the 2:1 ratio.

Childcare centres and holiday parks

When processing music, these groups have long assumed that CDs are played. In practice, however, that is no longer the case. Gathering information for these groups is difficult, because they have little connection with music and therefore say little about their use of music. This leads to higher costs, because a lot has to be processed by post and there is a separate help desk for this group. That is why the Council of Rights Owners has recommended to stop focusing specifically on gathering information on CDs. Instead, a pragmatic solution was found for the music year 2020. Processing and distribution of repertoire based on received use of music from 2020 and 2019 took place in a 2:1 ratio. For future distributions, a different method of gathering of information will have to be considered.

Mechanical background 2020

For the Mechanical background category, use of music is processed on the basis of the reference repertoire. During the COVID-19 crisis, however, there have been periods when, according to the agreements made in connection with the pandemic, no collection was made for this category. Buma/Stemra can also provide the reference repertoire per month or quarter, so the collection from restaurants and bars is equal to the reference repertoire of those months. This means that for those quarters in which no collection has been made (because of the closure due to COVID-19), use of music will not count in the reference repertoire.

Impact of COVID-19 on surcharges and voting rights

The COVID-19 crisis has resulted in a decrease in income for rights owners. This may mean that rights owners fall outside a certain 'threshold': a minimum amount of income. This position may have an effect on two aspects: the Surcharge Serious for the Hafabra customised arrangement and the determination of voting rights.

With the Hafabra customised arrangement, you are eligible for a Surcharge Serious if a number of criteria are met. Two of those criteria depend on income. Composers may no longer meet a certain threshold due to lower income because of fewer live performances and may no longer be eligible for a surcharge. The Council of Rights Owners therefore recommended that as soon as all data for 2021 are available, the impact of COVID-19 on this arrangement should be looked into. The criteria could be adjusted where necessary. After an analysis of those joining and leaving the arrangement in January 2022, it has become apparent that an adjustment of the criteria was not necessary for the 2021 distribution year.

The voting rights at Buma/Stemra are determined on the basis of income criteria that are laid down in the Articles of Association. Qualification for voting rights is based on the average of the past three years. However, loss of voting rights is determined on the basis of the total revenue over the past five years. Since this is expected to concern a small number of cases and an amendment to the Articles of Association is considered too onerous to introduce this as a temporary measure, the Council of Rights Owners has decided to accept the minor impact of COVID-19 on the arrangement.

IMAGE-INDEPENDENT USE OF MUSIC

Since 2009, the image-independent use of music on the public service broadcasting system has been distributed within its own TEKSTTV category. These are teletext-like programmes with still TV images with music underneath. In recent years, the TEKSTTV category has developed in a fairly stable manner and the proportions in terms of

distribution among rights owners have remained the same. Based on the original objective criteria, the Council of Rights Owners has decided to maintain the current situation and thus to continue to use the current methodology. The Management Board has accepted this advice.

POLICY OF UNDISTRIBUTED ROYALTIES IN GENERAL

Undistributed royalties are royalties that cannot be distributed because the details of rights owners and/or (the use of) works are incomplete. According to the Supervision Act, these royalties must still be paid out three years after the year of collection. In the old situation, these royalties were added undifferentiated in terms of types of use of music to the distributions that take place in the fourth year. However, the undistributed royalties come from earlier years of use. It has therefore been decided to divide the undistributed royalties among the right owners from the earlier, original years of use and to match the different types of use of music. A decision that has since been adopted at the General Members' Meeting of 10 November 2021.

For the various types of use of music, also referred to as the 'value chain', it has been agreed that specific policy for undistributed royalties will be elaborated. In 2021, the Council of Rights Owners was the first to look at 'undistributed Online' and issued an advice to the Management Board.

POLICY OF UNDISTRIBUTED ROYALTIES SPECIFICALLY WITH REGARD TO ONLINE

To standardise the distribution policy with regard to undistributed royalties as much as possible, the Council of Rights Owners has identified the most important subjects for which policy choices must be made. For Online, it is advised to use Streaming & Downloads and VOD as two separate indivisible value chains and to further divide these into DSP/VOD provider per year of use (for example: 'Spotify year of use 2018'). Distributions can be made more accurately on the basis of the combination of source and year of use. The Management Board has accepted this advice.

CARILLONS AND CHIMES

During the reassessment of this subject, it emerged that it was unclear why information was gathered on the use of versions of hand-playing carillons, but not of mechanical performances, although the collection of the latter category represented 60% of the collection. For this reason, the Council of Rights Owners has advised to distribute the collection and distribution of live performances on carillons and mechanical performances in two separate categories from collection year 2022. The collection for live performances will be distributed on the basis of set lists and the collection for mechanical performances based on the CZ reference repertoire (Concert section of Song and accordion music). The CZ reference repertoire was chosen because automatic performances are often covers or unauthorised versions that best fit this category. The choice made offers a good approximation of what is played in the various shopping streets and on the larger mechanical carillons. The Management Board has accepted this advice.

DISTRIBUTION ON STATUS-2 WORKS IN ICE

Since the transition to International Copyright Enterprise (ICE) in 2015, many of the comments received have been directed towards non-settled works that fall under the 'status-2 works' category. In the ICE system, works are given a status: provisional distribution (status 2) or final distribution (status 1). Status-2 works concern documented

works that do not yet meet the correct criteria to be continued. The Council of Rights Owners has extensively investigated this subject. To reduce the loss of works and related comments and complaints, we looked at what the effect would be if payments were made for status-2 works. Ultimately, the advice was to start paying out on status-2 works as of 1 January 2022 (or otherwise as soon as the technical implementation allows).

It was also advised to exclude the right to submit comments on distributed status-2 works with proceeds of less than € 50. It was clearly indicated there would be a pilot phase of one year, after which this subject would be evaluated. The Management Board has accepted this advice.

NEW REGIONAL BROADCASTER AGREEMENT, ALLOWING FOR MORE ONE-TO-ONE SETTLEMENT

As of the 2019 year of use, a new licence agreement has been concluded with the regional and local broadcasters, as a result of which the basis of the collection has changed compared to the old agreement. It has also been agreed to invoice the broadcasters separately from now on, so an amount is known per broadcaster and per component (Radio, TV, mechanical rights and performing rights). This makes it possible to better distribute the collection for the local broadcasters proportionally among the various regional broadcasters. This will lead to greater transparency and more one-to-one payments. The Council of Rights Owners considers the switch to more one-to-one payments to be a desirable development. Given the limited capacity and changing IT developments at Buma/Stemra, it was decided to continue the current policy up to and including 2022 and then to implement the above policy. The Management Board has accepted this advice.

SETTLEMENT FOOTBALL STADIUMS

Buma/Stemra, in consultation with the Federation of Professional Football Organisations (FBO), has introduced a Top Sports Match Days Rate as of 1 January 2020. This top sports rate applies to use of music for entertainment and background music that is played to supporters before, during or after a football match. Supporters have a special relationship with these works, which are associated with the club. This may involve traditional club songs or songs specially composed for the club, as well as other pieces of music.

The royalties collected will be distributed based on a method that assumes that the licensed club allocates an available amount for distribution to this section. The available royalties are then distributed per club on the basis of the top-10 of most-played musical works specified by the club, whereby each specified work carries the same weight.

The royalties received are subdivided into the new distribution category FBO, which falls under the background music value chain. After distribution, it is possible to complain about incorrect or missing copyrights within the applicable deadlines, provided the work has been registered in time. It is not possible to complain about missing works that are not mentioned in the clubs' summaries. The Management Board has adopted the above advice from the Council of Rights Owners.

DISTRIBUTION REVIEW CALENDAR 2022

Based on subjects to be periodically reviewed and signals from rights owners and other stakeholders, a selection has been made of

a number of subjects to be reviewed in 2022. These subjects are determined and ranked on the basis of urgency, level of collection/distribution flow and complexity. For example, the various value chains in the area of undistributed royalties will be further elaborated, the subject of background music will be reassessed and we will look into a replacement of the old gathering and distribution method at childcare centres and holiday parks. The Management Board and the Council of Rights Owners have adopted the 2022 review calendar.

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 members of the Supervisory Board. Six persons are appointed in the manner referred to in Article 17, paragraph 3, under a and b. Three independent persons, including the independent Chairman of the Supervisory Board, are appointed by the members in accordance with Article 17, paragraph 2. A member of the Supervisory Board of 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 members¹ 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 the other 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 the other 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 Member: someone with an operating contract with Buma and/or Stemra

1.5 TRANSPARENCY REPORT

The Transparency Report (Collective Rights Management Directive) Decree ('Besluit transparantieverlag richtlijn collectief beheer') came into effect on 1 January 2017. This resolution is a further implementation of Article 2q of the Supervision Act, under which the publication of a transparency report has been required from the 2017 reporting year. This annual report includes all components as described in this Act. Appendix 1 contains the reference table regarding the legal obligation to publish a transparency report. The purpose of this table is to make it easy for the reader to find the mandatory elements of the transparency report in this annual report. This chapter contains the mandatory subjects that are not included elsewhere in the annual report:

- refusal of information to grant a licence,
- distribution frequency,
- comments and complaints and
- governance code VOI©E.

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. RTV, Live Performances, Online and International Royalties are distributed quarterly. The other categories are paid annually, in September:

| | Q1 | Q2 | Q3 | Q4 |
|---------------------------------|----|----|----|----|
| Restaurants and bars | | | X | |
| Work spaces | | | X | |
| Shops and stores | | | X | |
| Radio, TV and Network Providers | X | X | X | X |
| Live performances | X | 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 the number of undistributed royalties, the fewer negative comments and complaints. In 2021, a total of 10,989 comments were submitted to Buma, compared to 10,998 in 2020. As in 2020, one relation indicated that it wished to submit a complaint in 2021, but this was settled satisfactorily before the official complaints procedure had started.

GOVERNANCE CODE VOI©E

Buma/Stemra follows the Governance Code CMOs 2021 adopted by VOI©E (hereinafter referred to as GCV), which has been in effect since 1 January 2021. The Management Board anchors the provisions of this code in the organisation. The code consists of four principles, each with its own recommendations. The four principles are discussed in more detail below. Some recommendations will be clarified with examples of how Buma/Stemra has addressed them or applied them in 2021.

Principle 1: General provisions

Buma/Stemra has been following a Supervisory Board model since mid-2018, in which the Management Board is responsible for day-to-day management and the Supervisory Board is charged with supervision. The powers and responsibilities of both bodies are well anchored in the Articles of Association and regulations. It is important that the members of these bodies act with integrity and avoid conflicts of interest. Both bodies therefore have extensive regulations on this subject. More about the conflict of interest arrangements is described under principle 4. Due to the hectic pace of the COVID-19 crisis and the arrival of three new Supervisory Board members in August 2020, the Supervisory Board has not yet got around to developing a comprehensive supervisory vision for the governance structure. The Board will further specify this vision, in combination with the topics of 'evaluation' and 'update governance', in 2022, under external supervision.

Buma/Stemra attaches great value to acting with integrity and honesty, not only in its own functioning, but also beyond that. To underline this, Buma/Stemra has labelled 'integrity' one of its five core values when determining its new strategy. The organisation handles large amounts of money, and that money belongs to the members. They must be able to assume that everything Buma/Stemra does is done carefully and honestly. Buma/Stemra's reputation must be impeccable. If there are problems, we must get to the bottom of them. In addition to integrity, 'transparency', 'professionalism', 'connection' and 'enjoyment' are the core values for the organisation's cultural compass. All decision-making will be tested against these core values. The Management Board will further define this in 2022. How the Management Board ensures good day-to-day management is described under principle 3.

When developing new policy or reassessing current policy and working methods, Buma/Stemra pays a lot of attention to the interests of its rights owners and is open to suggestions. After all, the rights owners are the people that the organisation revolves around and works for. In addition to the rights owners, Buma/Stemra has a number of other important stakeholders with whom it is in regular contact:

- professional associations of authors and publishers,
- music users (all legal entities that use music for business purposes and must pay Buma/Stemra for this. This also includes industry associations and individual licensees),
- the Copyright Board,
- the Supervisory Board, the Council of Rights Owners and the Works Council of Buma/Stemra,
- VOI©E,
- foreign sister societies,
- umbrella organisations, such as GESAC and CISAC,
- other CMOs, such as Norma and Sena.

Principle 3 looks closer at how contact with a number of these stakeholders has developed over the past year.

Principle 2: Being role-conscious

Buma/Stemra's directors and supervisors are aware of their own roles and the division of tasks, responsibilities and powers, and act accordingly. The powers and responsibilities are described in the Articles of Association, regulations, profiles, including expertise requirements, power of attorney schedules and process agreements. This provides a clear demarcation. Regular consultations are held, during which the Management Board informs the Supervisory Board in good time and in detail about relevant developments. These timely discussions are not limited to formal consultations or the limits of the power of attorney schedule.

The two-member Management Board (CEO and CFO) is responsible for the general and day-to-day management, functioning and results of the organisation. On the basis of the planning & control cycle, attention is given to budget control and the progress of the projects is accounted for.

The Supervisory Board performs its supervisory and advisory role in a professional and independent manner. The Supervisory Board evaluates its performance annually, in the absence of the Management Board. Appendix 2.1 includes an overview of the Supervisory Board meeting dates, the items discussed and the resolutions. For example, during the General Members' Meeting (GMM) in 2021, the Supervisory Board nominated accountancy organisation Mazars for a three-year reappointment, which was adopted by the GMM. The Supervisory Board also drew up an events schedule in 2021, in which it made agreements about working visits to musical events in consultation with the Management Board. In this way, the Supervisory Board makes it clear that it considers it important to maintain contact with the stakeholders of Buma/Stemra in its supervisory role.

Principle 3: Prudent day-to-day management

The Management Board is assisted in its role by the management team and employees of Buma/Stemra. In addition, the Management Board follows annual training courses to stay up to date. In addition, the Management Board sees contact with stakeholders as an important value in the proper performance of its function and sets great store by taking the opinions of these stakeholders into account in its deliberations. The Management Board is therefore in regular contact with Buma's stakeholders. For example, the Management Board and the Council of Rights Owners meet almost every month, during which the Management Board involves the Council of Rights Owners in its decision-making. During these meetings, they also discuss developments in the music world. In addition, there is periodic contact with the affiliated professional associations.

Two General Members' Meetings were held in 2021. These were held both online and in real life, during which meetings members could vote on a number of important decisions and were able to ask questions to the Management Board.

In the past year, Buma/Stemra informed and involved its members and affiliates through various channels, at different times and aimed at various sub-target groups.

Music Emergency Fund and Music Investment Fund

In 2020 and 2021, rights owners were able to appeal to emergency funds. These were intended to alleviate the first distress and as an investment in music during the COVID-19 pandemic. There has been extensive communication about these funds by means of e-mails and social media campaigns. In addition, a number of webinars were organised to give rights owners the opportunity to optimally prepare their applications.

Pulse

The purpose of the online question time called 'Pulse' is to stay in touch with our supporters. Buma/Stemra wants to know what is going on among our supporters and inform them about various topics. During the Pulse sessions, participants can make comments and ask questions in the chat function. The sessions remain available afterwards. Eight sessions took place in 2021.

Whitepapers

The website 'Van Play tot Pay' shares knowledge with members about how they can gain more control over their copyrights in the field of online use of music. It explains, for example, how Buma/Stemra collects and pays copyright royalties for online use of music at home and abroad and how the collaboration with digital service providers works.

As explained under principle 1, not only the rights owners and affiliates of Buma/Stemra are important stakeholders. A good relationship with the users of the music of the rights owners is also important. For Buma/Stemra, the focus is on transferring the value of music. Stichting Service Centrum Auteurs- en Naburige rechten (SCAN) is the implementing body that is partly responsible for collection and communication with music users (Buma/Stemra has a guiding role in this). Below are some examples of how Buma/Stemra has disseminated the value of music to the outside world in 2021 or has fulfilled that guiding role.

Muziek Werkt

The knowledge platform 'Muziek Werkt' inspires entrepreneurs to look for the best application of music in their company. To encourage them to do so, we publish relevant research results, we conduct our own research, we publish current news items and testimonials from entrepreneurs. Muziek Werkt is an initiative of Buma/Stemra and Sena.

The dance rate

In accordance with the market, Buma/Stemra will apply the rates for dance events more accurately, by means of tailor-made music licences. To make this known, Buma/Stemra informed all customers in this segment about this development by telephone and via a digital mailing. The website <https://www.bumastemra.nl/live-event/dance-events/> has been supportive in this.

Reminder

Buma/Stemra can imagine that when organising an event, compliance with copyrights may not be the first thing on the minds of organisers. That is why music users can ask Buma/Stemra to send a reminder. Thanks to an online form, Buma/Stemra knows when the music user should receive a notification for taking out a licence.

COVID-19 measures

Buma/Stemra set up a temporary web page about COVID-19 measures. Music users were able to read about Buma/Stemra's measures to limit the economic damage to the music sector as much as possible. References were also made to other websites that may be of interest. In addition, Buma/Stemra consulted with umbrella and industry organisations about the COVID-19 measures and their consequences.

Compensation

The government's decision to oblige entrepreneurs to close their doors caused immediate financial problems. This concerned both the members of Buma/Stemra and entrepreneurs. This unprecedented situation called for solidarity. VOI@E members Buma, Sena and Videma decided, in consultation with VNO/NCW and MKB Nederland, to fully or partially exempt companies, institutions and shops with commercially accessible space that were closed as a result of these measures or were closed on their own initiative, from making payments during this period of closure.

This compensation scheme has been implemented through the relevant industry organisations. Individual licensees received the information about the compensation scheme through SCAN.

In carrying out its activities and developing policy, the Management Board is supported by (approximately) 150 Buma/Stemra employees. The Management Board considers it important that they can carry out their work in a good and safe working environment and that they know what is going on in the company. In the past year, the advice of the Dutch National Institute for Public Health and the Environment (RIVM) regarding COVID-19 was followed and implemented within Buma. Flexible working and working from home were fully integrated at the time of the measures, including in terms of IT infrastructure. In order not to lose contact with the employees and to guarantee transparency internally, the Management Board organised many digital town hall meetings last year. The employees were included in what was going on, but there was also room to ask questions to both Bernard Kobes (CEO) and Marleen Kloppers (CFO).

In addition, the Reporting Procedure for Suspicion of Misconduct or Integrity Violation was updated in 2021 and as a result, the confidential advisor function was not only assigned to an internal confidential advisor, but also to an external confidential advisor. Buma/Stemra hopes that in this way, employees will feel safe enough to report suspicions of abuses or irregularities without risk to their position should something happen. Buma/Stemra is in the process of rewriting its internal codes of conduct and integrity and hopes to have them completed in the first quarter of 2022.

Buma/Stemra also started updating the remuneration policy for employees in 2021, which will be completed in 2022. The emphasis will be on the personal development of employees.

For the internal audit of the activities and processes, the Management Board is assisted by the Compliance Officer, who has been employed by Buma/Stemra since 2021. The Compliance Officer reports to the Management Board.

Principle 4: Exercising good governance

Supervisors are independent (in their performance) and act with integrity. They are alert to an (apparent) conflict of interest and avoiding unwanted conflicts of interest and dealing transparently and diligently with conflicts of interest. Both the Articles of Association and regulations contain extensive regulations on how the Supervisory Board and the Management Board deal with these kinds of issues. The regulations are designed in such a way that an (apparent) conflict of interest is identified and dealt with at the earliest possible stage. For example, the Supervisory Board applies the rule that accepting other positions is reported in advance. Individual members of the Supervisory Board and the Management Board must also report annually to the General Members' Meeting regarding conflicts of interest.

Buma/Stemra has also set up an informal complaints procedure, pending a sector-wide VOI@E complaints procedure. Any direct stakeholder can file a complaint regarding the integrity of the Boards or any member thereof.

The Supervisory Board consists of nine members, three of whom are independent. The other six members are rights owners, but they do exercise their duties as supervisors independently. This means these six members make decisions without carrying the burden of consultation with the supporters who nominated them. In practice, this does not mean there is no contact whatsoever with our supporters, nor that they cannot put forward the perspective of their knowledge and experience in the field. It does mean, however, that during the decision-making process, members focus on the interests of Buma/Stemra and the company or organisation associated with Buma/Stemra. To this end, they carefully weigh up what is called 'the eligible interests of stakeholders involved in Buma/Stemra'. The chairman of the Supervisory Board regularly draws attention to this theme, to ensure that the assessment and decision-making processes take place carefully. The subject of 'how to deal with the supporters that you nominated' was also an important theme in the self-evaluation of the Supervisory Board at the end of 2021 in the context of the theme 'the role of rights owners in the Supervisory Board'.

In 2021, the involvement of a member of the Supervisory Board in a future relationship with a third party was discussed extensively. After preliminary consultations with the chairman of the Supervisory Board, the matter was discussed openly within the Supervisory Board. It was then ruled there was no conflict of interest, because the functional mutual relationship between the member of the Supervisory Board and the third party was too distant. To avoid any appearance of a conflict of interest, it has been agreed that the member of the Supervisory Board concerned will no longer have any interaction with the third party.

—2. REPORT FROM THE **SUPERVISORY BOARD**

2. REPORT OF THE SUPERVISORY BOARD

INTRODUCTION

Buma/Stemra has been following a governance model since mid-2018, in which the Management Board is responsible for day-to-day management and the Supervisory Board is in charge of supervision. The powers and responsibilities of both bodies are well anchored in the Articles of Association and regulations. Throughout the year, the Supervisory Board discussed the policy pursued with the Management Board. Advice is given both reactively (solicited) and proactively (unsolicited). The general course of affairs within Buma/Stemra was also supervised.

Specific topics of supervision in this special period were the realisation of the objectives of Buma/Stemra, the progress of implementation and further elaboration of the new strategy and the IT transition, market developments, the relevance of the main risks, the budget for 2022 and compliance with laws and regulations.

This second, successive COVID-19 year was also different from 2020, as the perspective of an open society moved closer over the course of 2021. We were then able to prepare for a future in which people could meet again and music could be made and listened to in public places, as well as at home.

STRATEGY

The roll-out of the new strategy announced in 2020 and the necessary IT transition went slower than planned in 2021 due to COVID-19. To save costs, not all planned initiatives were implemented. The Supervisory Board and the Management Board talked about how to accelerate the roll-out of the strategy and the IT transition in 2022, in order to re-align with the initial plans and adapt to the rapidly evolving market changes. Sufficient space must be created in the budget for this.

The Supervisory Board and the Management Board looked at the scenarios drawn up at the end of 2020 and the possible consequences of those scenarios for Buma and its rights owners. The yardstick was whether policy choices were in line with the new strategy and also our desired risk profile. The Supervisory Board received quantitative information from the Management Board about indicators from which the success of the policy can be derived. These indicators are, for example, satisfaction with the service, the development of the number of members and the growth in the number of foreign musicians, composers and publishers within Buma's membership base. The speed and quality of distribution are also indicators that are monitored. Based on these quantitative data, the Supervisory Board conducted qualitative discussions with the Management Board.

RISKS AND POINTS OF INTEREST FOR ATTENTION

Throughout the year, the Supervisory Board questioned the Management Board about all possible forms of risks, strategic, tactical and operational. The latter also included the figures for absenteeism due to illness and the possibilities that Buma had in 2021 to recruit people who fit the new strategic profile of the organisation. Employee well-being was a key focus area that we discussed with the

Management Board during the year. In 2021, an employee satisfaction survey was conducted in connection with this.

The Supervisory Board supervised the additional support offered to musicians by Buma/Stemra. Four years after the introduction of the new governance, including the establishment of the Supervisory Board, we also took the time to examine our performance and determine what needs attention in the future, what is going well and what could be improved. Finally, we looked at our deduction policy. This involved striking a balance between the desire to distribute as much royalties as possible to the rights owners while maintaining a prudent position and sufficient liquidity to meet the obligations (again, in line with the intended risk profiles).

COMMITTEES

The Supervisory Board has two committees: the Audit Committee and the Remuneration Committee. These committees explore and prepare important topics ahead of a broader exchange of views. They also advise the Supervisory Board as a whole on these topics, where relevant with regard to decision-making.

The discussions between the Audit Committee and the Management Board about the reservation and distribution policy were technically complex, took a great deal of time and were vitally important. In addition to this policy, the Audit Committee also spoke at length with the Management Board about the phasing of the IT transition. In consultation with the auditor, the committee considered tax matters and the financial continuity of the organisation. The Remuneration Committee assisted the Management Board in 2021 in updating the remuneration and evaluation policy for employees, which should be completed in 2022. The emphasis in the new policy will be on the personal development of employees. The committee also spent the necessary time setting up the annual self-evaluation and processing the results. This specifically concerned the evaluation of the governance model.

GOVERNANCE

With effect from 2021, Buma/Stemra has been following the Governance Code CMOs 2021 adopted by VOI@E (hereinafter referred to as GCV). The Supervisory Board monitors compliance with this code and evaluates it annually. In 2021, we looked carefully at the division of roles between the three Boards towards each other and towards the rights owners. We also looked at the composition of both the Supervisory Board as the Council of Rights Owners and how we continue to create sufficient growth for these positions.

One point of attention was the intensified supervision terminated by the Supervisory Authority for Collective Management Organisations (Copyright and Neighbouring Rights) (CvTA), for which, in addition to the CvTA, we are also grateful to the Management Board and Buma's employees. On 1 March 2021, Buma submitted an evaluation to the CvTA, in which questions relating to the subjects of governance, organisation, legal, finance, IT, compliance, and rules and processes were discussed. As a result of this evaluation, the CvTA held talks

with Buma employees and other stakeholders, in which Buma's internal organisation was examined in particular. The CvTA concluded that Buma had 'decisively' dealt with previously identified bottlenecks in the field of governance and has shown sufficient improvements. Management shows 'exemplary behaviour' and gives shape to the change task in its performance. The Supervisory Board, the Management Board, the Council of Rights Owners and the Works Council work together and function properly.

We also think it is important to note that, according to the CvTA, Buma 'is undergoing the necessary changes not only on paper, but also in behaviour and culture'. Another point for attention is to ensure that the change challenge is properly implemented and felt not only at the top but throughout the organisation. In 2022, Buma will actively implement that desired culture change, which, the CvTA also acknowledges, was difficult to achieve due to the lockdown and working from home in 2021. The Supervisory Board will monitor this. In addition, the CvTA recommended that the organisation be put in order externally as well as internally. Making Buma more future proof and customer oriented is exactly the aim of the new strategy, which, as already indicated in this report will see accelerated implementation in 2022.

In its supervisory role, the Supervisory Board wants to maintain good contact with and become more visible among the stakeholders of Buma/Stemra, in particular the rights owners. That is why an events schedule was drawn up in 2021 in which the Supervisory Board, in consultation with the Management Board, agreed to make working visits to musical events.

SELF-EVALUATION

The annual training day of the four boards within Buma (Management Board, Supervisory Board, Council of Rights Owners and Works Council) was supervised this year by Jaap Winter, member and name giver of the Winter Committee, which investigated the governance within Buma four years ago. The training day was about 'boards on task': how can boards deal with tension around substantive or process-related topics in a good way, discuss it openly and make good decisions? Attention was paid to the fact that individuals sometimes have different opinions on specific positions and themes, but that this diversity and different perspectives can actually enrich the quality of the decision.

Meeting content

The Supervisory Board evaluates its own performance annually. Every other year, the Supervisory Board is assisted in that process by an external supervisor. This year's self-evaluation followed that of 2020, which was regarded as a baseline by the Supervisory Board. During this 'baseline measurement', the question was asked whether rights owners who previously had an administrative role at Buma could adequately step up to a supervisory role. The answer to this was in the affirmative.

In 2021, the self-evaluation was more substantive about what exactly the Supervisory Board supervises and why. Six of the nine members of the Supervisory Board are rights owners, who perform their duties as supervisors independently. In decision-making, they focus on the interests of Buma and the stakeholders. The subject of 'how to deal with the supporters that nominated you' was discussed in the self-evaluation of 2021 and is also regularly discussed during

meetings of the Supervisory Board, to ensure that the assessment and decision-making processes take place carefully.

In 2021, the involvement of a member of the Supervisory Board in a future relationship with a third party was discussed extensively. After preliminary consultation with the chairman of the Supervisory Board, the Board discussed this openly, as already explained in this annual report at the end of Chapter 1.5. The discussion is important to the Supervisory Board, because it has a direct impact on the optimal functioning of Buma's governance.

Training course

COVID-19, working from home and meeting via screens were also difficult for the Supervisory Board. We believe this also had a negative impact on the dynamics of the Supervisory Board. Training new members of the Supervisory Board or the Council of Rights Owners via online tools is not as agreeable compared to doing it in person. To maintain the influx of reliable new members for both the Supervisory Board and the Council of Rights Owners, Buma has set up a training course to help rights owners not only acquire relevant knowledge, but also experience whether a position in the Supervisory Board or the Council of Rights Owners suits them. This training course has been set up in collaboration with CRMLiNK: an agency selected from three agencies that presented themselves to Buma.

COMPOSITION OF COMMITTEES

Audit Committee

1. Jolanda Messerschmidt
2. Ruud Hopstaken
3. Marc Swemle
4. Niels Walboomers
5. Monique Krüs
6. Alexander Beets

Remuneration committee

1. Ruud Hopstaken
2. Arriën Molema
3. Josephine de Zwaan
4. Edith Severs

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 took place digitally on 2 June 2021. In addition to adopting the minutes of the previous General Members' Meeting, the following items were on the agenda:

- the transparency report including the 2020 financial statements of Buma,
- the adoption and feedback of the social and cultural policy,
- update last year and preview,
- motion to amend the Articles of Association, including the introduction of the mandate of the Council of Rights Owners,
- substantive proposition regarding the mandate of the Council of Rights Owners,

- motion to amend the Indexation Rules, which have been rewritten to reflect current practice,
- motion to amend the Distribution Rules, in the form of textual clarification about publication loss and supplement to the indemnification of Stichting Leenrecht,
- motion to reappoint three members to the Council of Rights Owners,
- motion to reappoint one independent member to the Supervisory Board,
- motion to appoint one board member at Buma Cultuur,
- motion to appoint two board members at the Disputes Committee.

The General Members' Meeting adopted the following resolutions:

- adoption of the 2020 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 substantive motion of mandating the powers of the General Members' Meeting towards the Council of Rights Owners,
- endorsement of the proposed change to the Distribution Rules,
- endorsement of the proposed change to the Indexation Rules,
- appointment of all candidates for the relevant positions within the Council of Rights Owners, the Supervisory Board, the board of Buma Cultuur and the members of the Disputes Committee.

An additional General Members' Meeting was also held on 10 November 2021, which could be attended both digitally and physically. The following topics were on the agenda:

- motion to amend the Distribution Rules as a result of the transition to fixed cost deductions and changed reserve policy, including the transfer of existing reserves to a provision for temporary differences in cost absorption,
- motion to extend the contract with the auditor,
- motion to appoint a deputy to the Supervisory Board,
- motion to amend the Distribution Rules with regard to the undistributed amounts,
- adopting the minutes of the previous meeting.

The General Members' Meeting adopted the following resolutions:

- endorsement of the proposed change to the Distribution Rules,
- endorsement of the extension of the contract with the auditor,
- endorsement of the appointment of the deputy supervisor,
- endorsement of the minutes.

In anticipation of both General Members' Meetings, the Management Board organised an informal evening with the presidents of the professional associations. They were also given the opportunity to obtain information prior to the General Members' Meeting.

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

The 2021 draft annual report and management letter were discussed with the Audit Committee on 08 April 2022 and with the full Supervisory Board on 25 April 2022, both times in the presence of the auditor.

RETIREMENT SCHEDULE

On 21 September 2021, the Supervisory Board adopted a retirement schedule that provides for members taking office and retiring in phases. This schedule was adhered to in 2021, resulting in the current composition:

Alexander Beets
 Ruud Hopstaken
 Monique Krüs (until 22 January 2022)
 Jolanda Messerschmidt
 Arriën Molema, Vice-chairman
 Edith Severs
 Marc Swemle
 Niels Walboomers
 Josephine de Zwaan, Chairman

—3. REPORT COUNCIL OF RIGHTS OWNERS

3. REPORT FROM THE COUNCIL OF RIGHTS OWNERS

INTRODUCTION

As in 2020, the Council of Rights Owners was also actively involved in 2021 in making work contributions available to composers, lyricists and music publishers who were severely affected by the COVID-19 crisis. Not only was the Second Music Investment Fund shaped last year, the Council also contributed to the preparations for a third round, which will become available in 2022.

The Council of Rights Owners held ten regular meetings in 2021 and completed one self-evaluation session. In addition, the members took part in a strategy session, a training day and two three-council meetings. 33 solicited recommendations and two unsolicited recommendations were issued to the Management Board, all of which were adopted. The unsolicited recommendation concerned foreign distribution and the role of the Council of Rights Owners itself.

FOREIGN DISTRIBUTION

If music by Dutch rights owners is used outside the Netherlands, payment is not always made correctly and within a reasonable period of time. In an extensive process, the Buma/Stemra Foreign Committee has mapped out what the reason for this is and what needs to be done to improve this process. This investigation was carried out in close collaboration with the employees of the International department.

Unfortunately, the process from play to pay is not entirely in the hands of Buma/Stemra. The differences in international laws and regulations regularly disrupt the settlement with foreign sister organisations. Nevertheless, the Council believes that a major step can be taken by improving Buma/Stemra's foreign distribution policy on a number of points. To this end, a list of improvements has been submitted to the Management Board of Buma/Stemra as an unsolicited recommendation. The Board has accepted the recommendation and promised that the list of improvements will be dealt with as soon as possible in 2022.

ROLE OF THE COUNCIL OF RIGHTS OWNERS

In 2021, the Council reviewed its role within the complex governance structure of Buma/Stemra and how it can operate as effectively and efficiently as possible within that structure. This has led to a clear understanding of what does and does not fall within the Council's responsibilities and how various issues should be dealt with. The Council has also better mapped out its role in relation to the General Members' Meeting (GMM). The GMM gave the Council a mandate in 2021 to make technical changes to the Distribution Rules and changes to the e-voting rules. This mandate is valid for a period of three years.

COMMITTEES

In 2021, the Council included three permanent committees and a number of temporary committees. The permanent committees are the Distribution Committee, the Communications Committee

and the GMM committee. The temporary committees are the Foreign Committee, the Role of the Council of Rights Owners Committee, the Media Music and YouTube Committee, the US Mechanical Rights Committee and the Online Licensing Pilot Committee. One-off thematic sessions on the topics Spotify and NPO were also held.

SELF-EVALUATION

During the annual self-evaluation of the Council of Rights Owners, it emerged that the members are positive about the working method and dynamics within the Council. One recommendation is that the Management Board should more often call on the knowledge of the various members of the Council of Rights Owners about the music sector and its supporters. This point for improvement is translated into specific actions together with the Management Board. To do more justice to the signalling function of the Council of Rights Owners, this subject has been put placed on the agenda of the Council as a permanent item. In addition, the Council needs more training. In 2022, this will be elaborated in detail in collaboration with CRMLiNK.

GRATITUDE

The Council of Rights Owners would like to thank the Management Board, the Supervisory Board, the Works Council and all employees of Buma/Stemra for the pleasant and constructive collaboration. In addition, the Council would like to thank the members and affiliates of Buma/Stemra for their confidence in the mandate granted at the 2021 GMM. The Council hopes to be able to meet its members in person again soon: at the members' meeting, during recordings, at festivals, in concert halls, theatres and bars. In short, everywhere where music can be performed live again.

Members of the Council of Rights Owners:

Mark Bremer, Vice-chairman
Wiboud Burkens
David Damm
Hans Everling
Darko Esser (from 9 February 2022)
Gregor van Offeren (until 1 January 2022)
Davo van Peursen
Jitze de Raaff
Aafke Romeijn
Martijn Schimmer
Koen Vergouwen
Johan van der Voet
Rita Zipora Verbrugge, chairwoman

4. APPROVAL ON THE **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 2021 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 2021 financial year.

Hoofddorp, 25 April 2022

MEMBERS OF THE SUPERVISORY BOARD:

| | |
|-----------------------|---------------------------------|
| Josephine de Zwaan | Chairman |
| Alexander Beets | Member of the Supervisory Board |
| Ruud Hopstaken | 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 2021

After appropriation of the result

(x € 1,000)

| | 31/12/2021 | 31/12/2020 |
|---|----------------|----------------|
| ASSETS | | |
| FIXED ASSETS | | |
| Intangible fixed assets (1) | 8,839 | 4,463 |
| Tangible fixed assets (2) | 1,812 | 2,293 |
| CURRENT ASSETS | | |
| Receivables | | |
| Accounts receivable (3) | 12,709 | 8,966 |
| Other receivables (4) | 2,273 | 1,243 |
| Taxes and social security contributions | 1,305 | 1,060 |
| Prepayments and accrued income (5) | 1,975 | 505 |
| | 18,262 | 11,774 |
| Securities (6) | 176,215 | 170,664 |
| Cash and cash equivalents (7) | 44,863 | 63,970 |
| TOTAL ASSETS | 249,991 | 253,164 |

(x € 1,000)

| | 31/12/2021 | 31/12/2020 |
|--|----------------|----------------|
| LIABILITIES | | |
| Equity (8) | | |
| Appropriated reserve | - | 33,839 |
| | - | 33,839 |
| Provisions (9) | | |
| Provision for temporary differences in cost absorption | 44,557 | - |
| Other provisions | 6,315 | 6,912 |
| | 50,872 | 6,912 |
| Non-current liabilities (10) | 3,458 | 3,497 |
| Current liabilities | | |
| Copyright royalties to be distributed (11) | 178,022 | 187,279 |
| Accounts payable | 571 | 1,997 |
| Taxes and social security contributions | 253 | 368 |
| Other liabilities (12) | 11,527 | 13,856 |
| Accruals and deferred income (13) | 5,288 | 5,416 |
| | 195,661 | 208,916 |
| TOTAL LIABILITIES | 249,991 | 253,164 |

5.2 OPERATING STATEMENT FOR 2021

| (x € 1,000) | 2021 | 2020 |
|--|----------------|---------------|
| INCOME (14) | | |
| Administration fee withheld upon distribution | - | 4,801 |
| Administration fee withheld in the year of collection | 20,763 | 14,938 |
| Administration fee withheld on gross copyright royalties to be distributed at the end of 2020 (one-off gain) | 5,430 | - |
| Contributions and registration fees | 1,030 | 975 |
| Other income | 55 | 58 |
| Total income | 27,278 | 20,772 |
| EXPENSES | | |
| Personnel costs (15) | 10,309 | 10,122 |
| Accommodation costs | 716 | 730 |
| Amortisation and depreciation (1+2) | 1,679 | 1,832 |
| Other expenses (16) | 10,452 | 10,014 |
| Total expenses | 23,156 | 22,698 |
| Result from operations | 4,122 | -1,926 |
| FINANCIAL INCOME AND EXPENSES | | |
| Investment result (17) | 6,923 | 8,722 |
| Interest income and similar income | - | 2 |
| Interest expenses and similar expenses (19) | -327 | -69 |
| Balance of financial income and expenses | 6,596 | 8,655 |
| Result before taxes | 10,718 | 6,729 |
| Movement in provision for temporary differences in cost absorption (9) | -44,557 | - |
| Taxes (18) | - | - |
| Result after taxes | -33,839 | 6,729 |
| Appropriation of the result | 2021 | 2020 |
| Addition to/withdrawal from: | | |
| - Appropriated reserve | -33,839 | 6,729 |
| | -33,839 | 6,729 |

5.3 CASH FLOW STATEMENT FOR 2021

| (x € 1,000) | 2021 | 2020 |
|--|----------------|----------------|
| Result after taxes | -33,839 | 6,729 |
| Movement in provision for temporary differences in cost absorption (9) | 44,557 | - |
| Financial income and expenses (17 and 19) | -6,596 | -8,655 |
| Result from operations | 4,122 | -1,926 |
| Adjustments for: | | |
| Amortisation intangible fixed assets (1) | 985 | 1,242 |
| Depreciation tangible fixed assets (2) | 694 | 590 |
| | 1,679 | 1,832 |
| CASH FLOW FROM OPERATIONS | 5,801 | -94 |
| Purchases of securities (6) | -11,377 | -10,386 |
| Repayments received / sale of securities (6) | 11,914 | 11,406 |
| Financial income and expenses with cash flow | 508 | 278 |
| Movement in other provisions (9) | -597 | -607 |
| Movement in non-current liabilities (10) | -39 | -743 |
| Movement in copyright royalties to be distributed (11) | -9,257 | -13,842 |
| Movement in operating capital | -10,486 | 6,188 |
| | -19,334 | -7,706 |
| CASH FLOW FROM OPERATING ACTIVITIES | -13,533 | -7,800 |
| Investments in intangible fixed assets (1) | -5,361 | -2,603 |
| Investments in tangible fixed assets (2) | -213 | -690 |
| CASH FLOW FROM INVESTMENT ACTIVITIES | -5,574 | -3,293 |
| MOVEMENT IN CASH FLOW | -19,107 | -11,094 |
| Cash and cash equivalents as at 1 January (7) | 63,970 | 75,064 |
| Cash and cash equivalents as at 31 December (7) | 44,863 | 63,970 |
| MOVEMENT IN CASH AND CASH EQUIVALENTS | -19,107 | -11,094 |

5.4 NOTES TO THE FINANCIAL STATEMENTS

INFORMATION ABOUT THE LEGAL ENTITY

Business address and trade register number

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 2021, which ended at the balance sheet date of 31 December 2021.

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.

Although Vereniging Buma and Stichting Stemra collaborate under the same management there is no intragroup relationship between them, as they are not part of the same economic entity under the relevant statutory provisions, because of the strict segregation between Vereniging Buma and Stichting Stemra.

Comparative figures

To provide better insight, a presentation of the cash flow statement has been chosen that is more clearly aligned with the operating statement. The comparative figures for 2020 have been adjusted accordingly: a number of other subtotals are shown in the cash flow statement compared to the 2020 financial statements.

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 therefore 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 had significant consequences for the economy and therefore also for Buma. Giving a reasonable estimate of the impact of this on Buma was possible to a limited extent only. The reasons for this were 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 would provide sufficient protection to relax the measures. However, none of the scenarios we drew up pointed 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

Buma 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.

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, Buma is not obliged to pay additional contributions other than higher future pension contributions.

Financial instruments

Financial instruments only comprise primary instruments (receivables, securities, cash and cash equivalents and liabilities). Financial instruments are initially recognised at fair value, with the directly attributable transaction costs being included in the initial recognition. If, however, financial instruments are subsequently 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 the organisation, 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 included to current liabilities.

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

The estimated useful life is as follows:

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

Receivables

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

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 Stemra, this is taken into account in their valuation.

Appropriated reserve

Up to and including 2020, the aim of the appropriated reserve was to distribute the return on investments to the rights owners in an orderly manner. From 2021, the buffer, which also aims to pay out the return on investments in a balanced manner to rights owners, will be held as a provision. This provision has been charged to the operating statement 2021. This creates a one-off operating deficit of such magnitude that the appropriated reserve is reduced to nil through the appropriation of the result. 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 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, as well as the possibility of making a reliable estimate of this. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation.

Provision for temporary differences in cost absorption

The provision for temporary differences in cost absorption, created in 2021 to replace the appropriated reserve, contains the cumulative differences in cost absorption that will be settled with entitled parties in the future. The purpose of this provision is to pay out the fluctuating return on investments in a balanced manner to rights owners and to absorb other types of temporary differences in cost absorption. Buma does not have a profit motive, so over/underfunding of management costs is by definition of a temporary nature and will (1) disappear over the years (for example, because positive and negative returns on investments compensate each other) or (2) be settled with rights owners.

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 (SoCu fund) serves to advance the intangible or tangible interests of composers, songwriters 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 SoCu Fund 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 a maximum of 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.

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 withheld is recognised as income in the operating statement. The Distribution Rules stipulate that from 2021, fixed percentages of the collected copyright royalties will be deducted from all sections as an administration fee. Up to and including 2020, a variable percentage was withheld from a number of sections in the year of collection and from some sections, a fixed percentage was withheld in the year of distribution.

** 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.*

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 are recognised in the income 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.

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 31st December 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 2021 | | | |
| Cost of acquisition/manufacture | 10,986 | 1,911 | 12,897 |
| Cumulative amortisation | -8,434 | - | -8,434 |
| Carrying amount as at 1 January 2021 | 2,552 | 1,911 | 4,463 |
| Movements | | | |
| Investments | 819 | 4,542 | 5,361 |
| Commissioning | - | - | - |
| Amortisation and depreciation | -985 | - | -985 |
| Disposals cost of acquisition/manufacture | - | - | - |
| Disposals, cumulative amortisation | - | - | - |
| Total movements | -166 | 4,542 | 4,376 |
| Balance as at 31 December 2021 | | | |
| Total cost of acquisition | 11,805 | 6,453 | 18,258 |
| Cumulative amortisation and impairment | -9,419 | - | -9,419 |
| Carrying amount as at 31 December 2021 | 2,386 | 6,453 | 8,839 |

Investments in 2021 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 tangible fixed assets are as follows:

| (x € 1,000) | Hardware / computer equipment | Other operating assets | Assets under construction | Total |
|---|----------------------------------|---------------------------|------------------------------|--------------|
| Balance as at 1 January 2021 | | | | |
| Cost of acquisition/manufacture | 3,996 | 1,405 | 165 | 5,566 |
| Cumulative depreciation | -2,688 | -585 | - | -3,273 |
| Carrying amount as at 1 January 2021 | 1,308 | 820 | 165 | 2,293 |
| Movements | | | | |
| Investments | 212 | 1 | - | 213 |
| Commissioning | 165 | - | -165 | - |
| Depreciation | -525 | -169 | - | -694 |
| Disposals cost of acquisition/manufacture | -1,614 | -65 | - | -1,679 |
| Disposals, cumulative depreciation | 1,614 | 65 | - | 1,679 |
| Total movements | -148 | -168 | -165 | -481 |
| Balance as at 31 December 2021 | | | | |
| Total cost of acquisition | 2,759 | 1,341 | - | 4,100 |
| Cumulative depreciation and impairment | -1,599 | -689 | - | -2,288 |
| Carrying amount as at 31 December 2021 | 1,160 | 652 | - | 1,812 |

(3) ACCOUNTS RECEIVABLE

The accounts receivable balance as at year-end comprises 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 Network of Music Partners (NMP).

Receivables from debtors include an amount of € 1.6 million (2020: € 1.8 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 2021 amounts to € 1.5 million (2020: € 3.3 million).

(4) OTHER RECEIVABLES

| (x € 1,000) | 2021 | 2020 |
|------------------------------------|--------------|--------------|
| Buma members and participants | 774 | 1,135 |
| Stemra current account | 1,426 | - |
| Sociaal Fonds Buma current account | - | - |
| SCAN current account | - | 30 |
| Other receivables | 73 | 78 |
| Total as at 31 December | 2,273 | 1,243 |

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

(5) PREPAYMENTS AND ACCRUED INCOME

| (x € 1,000) | 2021 | 2020 |
|--------------------------------------|--------------|------------|
| Prepaid expenses | 1,951 | 492 |
| Other prepayments and accrued income | 24 | 13 |
| Total as at 31 December | 1,975 | 505 |

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

(6) SECURITIES

| (x € 1,000) | 2021 | 2020 |
|--------------------------------|----------------|----------------|
| Fixed-income securities | 134,596 | 130,334 |
| Equity funds | 41,619 | 40,330 |
| Total as at 31 December | 176,215 | 170,664 |

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 defensive.

The changes in the separate items are as follows:

| (x € 1,000) | Fixed-income securities | Equity funds | Total |
|---------------------------------------|-------------------------|---------------|----------------|
| Balance as at 1 January 2021 | 130,334 | 40,330 | 170,664 |
| Purchases | 11,377 | - | 11,377 |
| Repayments/sales | -4,747 | -7,167 | -11,914 |
| Changes in value | -2,368 | 8,456 | 6,088 |
| Total movements | 4,262 | 1,289 | 5,551 |
| Balance as at 31 December 2021 | 134,596 | 41,619 | 176,215 |

(7) CASH AND CASH EQUIVALENTS

| (x € 1,000) | 2021 | 2020 |
|--------------------------------|---------------|---------------|
| Various banks | 44,863 | 63,970 |
| Total as at 31 December | 44,863 | 63,970 |

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 (2020: € 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 up to and including 2021. However, the threshold above which negative interest is calculated has been gradually lowered.

(8) EQUITY

| (x € 1,000) | Appropriated reserve |
|--|----------------------|
| Balance as at 1 January 2021 | 33,839 |
| Appropriation of result financial year | -33,839 |
| Total as at 31 December 2021 | - |

Pursuant to Article 27, paragraph 6, of the Articles of Association of Vereniging Buma, the financial statements are adopted by the General Members' Meeting. Before year-end, on 10 November 2021, the General Members' Meeting had already approved the proposal of the Management Board to keep the buffer for temporary differences in cost absorption from 2021 in a provision instead of in the appropriated reserve. The General Members' Meeting has also agreed to transfer the appropriated reserve existing as of 1 January 2021 to the provision. For more information, see note (9).

From an accounting point of view, the new provision has been charged to the operating statement for 2021. This results in a negative result of € 33.8 million, as a result of which the appropriated reserve is reduced exactly to zero after the appropriation of the result. This means the buffer in the appropriated reserve has been used for the provision formed. The appropriation of the result is included in the financial statements.

We emphasise that this is an accounting result. There is no operational loss or loss of value of assets. In addition, this concerns a one-off accounting processing. From the 2022 financial year, the operating statement will be brought to zero by updating the temporary differences in cost absorption in the provision. This is more in line with the statutory provision that Buma does not have a profit motive.

(9) PROVISIONS

PROVISION FOR TEMPORARY DIFFERENCES IN COST ABSORPTION

Changes in the provision newly formed in 2021 are as follows:

| (x € 1,000) | 2021 | 2020 |
|---|---------------|----------|
| Balance as at 1 January | - | - |
| Movement charged to operating statement | 44,557 | - |
| Total as at 31 December | 44,557 | - |

The formation of this provision in 2021 includes, in addition to the € 33.8 million use of the appropriated reserve existing as of 1 January 2021 (see also note 8), € 10.7 million surplus in cost absorption 2021. This surplus in cost absorption consists of a one-off gain of € 5.4 million as a result of the amended Distribution Rules regarding the deduction of administration fees and a regular surplus of € 5.3 million. The regular surplus is therefore € 6.4 million higher than the budgeted funding shortfall of € 1.1 million, mainly due to € 2.7 million in realised cost savings and a € 4.1 million higher investment result. The regular administrative fee withheld is € 0.5 million lower than budgeted as a result of the deviating composition of collection, so the average withholding percentage is 12.6% (budgeted: 13.0%).

The purpose of this provision is to pay out the fluctuating return on investments in a balanced manner to rights owners from year to year and to absorb other types of temporary differences in cost absorption. Buma does not have a profit motive, so over/underfunding of management costs is by definition of a temporary nature and will (1) disappear over the years (for example, because positive and negative returns on investments compensate each other) or (2) be settled with rights owners.

In accordance with the Distribution Rules, the size of the provision is tested against the intended bandwidth that matches the return risk on the investments and the expected balance of cost-effectiveness for 2022. If the size of the provision falls outside the intended bandwidth, the Management Board will adjust the budget process within three to five years. In some cases, if the intended bandwidth is exceeded more structurally, the Management Board will submit a proposal to the General Members' Meeting at the same time as the financial statements are presented.

OTHER PROVISIONS

The other provisions concern the SFB annual allowances scheme and the provision for long-service awards:

| (x € 1,000) | 2021 | 2020 |
|--|--------------|--------------|
| Annual allowances scheme of Stichting Sociaal Fonds Buma | 6,118 | 6,718 |
| Long-service awards | 197 | 194 |
| Total as at 31 December | 6,315 | 6,912 |

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) | 2021 | 2020 |
|---------------------------------|--------------|--------------|
| Balance as at 1 January | 6,718 | 7,311 |
| Interest | 44 | 35 |
| Mortality result | -60 | -4 |
| Indexation of annual allowances | 210 | 78 |
| Change in interest rate | -75 | 125 |
| Change in life expectancy | 27 | -18 |
| Distributions | -746 | -809 |
| Total as at 31 December | 6,118 | 6,718 |

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 0.69% (2020: 0.51%). This change in interest rate reduces the present value of the annual allowances obligations. Consequently, the expected annual interest payment has increased.

LONG-SERVICE AWARDS

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

| (x € 1,000) | 2021 | 2020 |
|--|------------|------------|
| Balance as at 1 January | 194 | 208 |
| Interest | 2 | 2 |
| Addition debited /release credited to the result | 12 | 11 |
| Change in life expectancy | -1 | - |
| Distributions | -10 | -27 |
| Balance as at 31 December | 197 | 194 |

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 (2020: € 9k) with a term of less than one year.

(10) NON-CURRENT LIABILITIES

Non-current liabilities concern the Fund for Social and Cultural Purposes, the changes of which are as follows:

| (x € 1,000) | 2021 | 2020 |
|---|--------------|--------------|
| Balance as at 1 January | 3,497 | 4,102 |
| Addition from royalties to be distributed | 7,949 | 8,593 |
| Withdrawals | -7,988 | -9,198 |
| Total movements | -39 | -605 |
| Balance as at 31 December | 3,458 | 3,497 |

The withholding from the amount of copyright royalties available for distribution for the Netherlands, and thus the addition to the SoCu Fund, was set by the Management Board at 8.0% for 2021 (2020: 8.0%). In 2021, the amount added is 7.9% lower than in 2020 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 decreases annually.

The withdrawals from the Fund for Social and Cultural Purposes in 2021 can be specified as follows:

| (x € 1,000) | 2021 | 2020 |
|--|--------------|--------------|
| Social | | |
| Retirement provisions for musicians and publishers * | 4,166 | 4,503 |
| Movement in provisions for musicians and publishers | -208 | -293 |
| Stichting Sociaal Fonds Buma commitment * | 828 | 884 |
| Stichting Sociaal Fonds Buma settlement relating to previous years | -628 | -621 |
| Withdrawals Social | 4,158 | 4,473 |
| Cultural | | |
| Stichting Buma Cultuur commitment * | 2,820 | 2,975 |
| Stichting Buma Cultuur commitment to Emergency Fund * | - | 500 |
| Surcharge Serious * | 300 | 470 |
| Brein * | 379 | 298 |
| Professional associations | 263 | 263 |
| Other | 68 | 219 |
| Withdrawals Cultural | 3,830 | 4,725 |
| Total withdrawals | 7,988 | 9,198 |

Of the withdrawals in 2021, a total of € 8.5 million (2020: € 9.6 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

The SoCu Fund finances old-age provisions for musicians and publishers affiliated with Buma who meet certain conditions. These funds must be used by musicians and music publishers themselves, for their own retirement provision. In 2021, the basis for the funds made available to musicians is 8.5% (2020: 8.5%) 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 € 1,172 (2020: € 1,160) is applied for both musicians and publishers.

In 2021, an amount of € 4.2 million was withdrawn from the Socu Fund for the retirement benefits for 2021, which will be paid in 2022. This amount has been recognised as an obligation under the other liabilities.

Stichting Sociaal Fonds Buma

The recognised amount of € 828k mainly concerns the commitment in respect of annual allowances for 2022 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 withdrawn regarding Stichting Buma Cultuur relate to the promised grants for 2022 of € 2.8 million (in 2020 € 3.0 million for the 2021 commitment, excluding a committed amount of € 0.5 million that has been made available for a contribution to the Music Emergency Fund).

Other

The Surcharge Serious is a withdrawal from the SoCu Fund for the distribution to rights owners in the Serious Music section. The Surcharge Serious was paid out in March 2022. 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 three years. The withdrawal concerns a commitment for the year 2022.

(11) COPYRIGHT ROYALTIES TO BE DISTRIBUTED

The composition of the copyright royalties to be distributed at the balance sheet date is as follows:

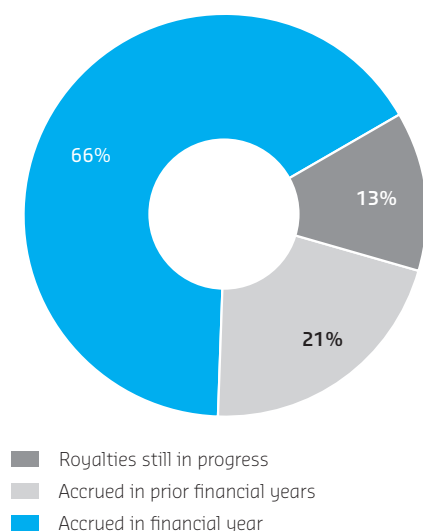
| (x € 1,000) | 2021 | 2020 |
|----------------------------------|----------------|----------------|
| Accrued in financial year | 117,745 | 129,436 |
| Royalties still in progress | 23,491 | 31,872 |
| Accrued in previous years | 36,786 | 25,971 |
| Balance as at 31 December | 178,022 | 187,279 |

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

| (x € 1,000) | 2021 | 2020 |
|--|-----------------|-----------------|
| Balance as at 1 January | 187,279 | 201,121 |
| Collection: | | |
| Music use in the Netherlands | 150,886 | 152,236 |
| CMOs Abroad | 13,603 | 15,235 |
| | 164,489 | 167,471 |
| Distribution: | | |
| Directly affiliated rights owners | -87,489 | -95,513 |
| CMOs Abroad | -52,116 | -57,468 |
| Additions to Fund for Social and Cultural Purposes | -7,949 | -8,593 |
| | -147,554 | -161,574 |
| Withholding administration fee: | | |
| Administration fee withheld upon distribution | - | -4,801 |
| Administration fee withheld in the year of collection | -20,763 | -14,938 |
| Administration fee withheld on gross copyright royalties to be distributed at the end of 2020 (one-off gain) | -5,430 | - |
| | -26,193 | -19,739 |
| Balance as at 31 December | 178,022 | 187,279 |

On balance, the copyright royalties to be distributed decreased by € 9.3 million compared to the previous year. The main reason for this is that the royalties still to be paid out at the end of 2020 partly consisted of gross amounts, from which no deductions for administration fees had yet been made. The withholding method was changed in 2021, so at the end of 2021, only net royalties to be paid out are on the balance sheet. A one-time higher deduction was made. The movements are explained in more detail in the tables and texts below.

COMPOSITION OF COPYRIGHT ROYALTIES TO BE DISTRIBUTED FOR 2021



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

| (x € 1,000) | 2021 | 2020 |
|--|----------------|----------------|
| 1. Accrued in financial year | 117,745 | 129,436 |
| 2. Royalties still in progress: | | |
| - As yet unallocatable royalties | 14,613 | 22,082 |
| - Warsaw rule | 1,737 | 1,741 |
| - Cable fees from abroad | 1,532 | 1,492 |
| - Contradictory claims | 5,609 | 5,928 |
| - Other | - | 629 |
| Total royalties still in progress | 23,491 | 31,872 |
| 3. Accrued in prior financial years | 36,786 | 25,971 |
| Total | 178,022 | 187,279 |

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 2021. The majority will be paid out during 2022.

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 (€ 117.7 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) | 2021 | 2020 |
|---|----------------|----------------|
| Revenue from copyright royalties | 164,489 | 167,471 |
| Administration fee withheld in the year of collection | -20,763 | -14,938 |
| Addition from release of copyright royalty reserves | | 6,493 |
| Available for Fund for Social and Cultural Purposes | -7,949 | -8,593 |
| Subtotal of distribution of received copyright royalties | 135,777 | 150,433 |
| Distributed in financial year * | -18,032 | -20,997 |
| Total as at 31 December | 117,745 | 129,436 |

* this distribution partly consists of royalties accrued in previous years

The collection in 2021 decreased by € 3.0 million compared to 2020. The withheld administrative fee of € 20.8 million relates to the deduction from the realised collection. The deduction is approximately € 5.8 million higher than last year. Taking into account the € 4.8 million withheld from distribution in 2020, the regular deduction in 2021 is approximately € 1.0 million higher than last year. Due to the changed basis, the amounts withheld in 2021 and 2020 are less comparable.

Due to the transition to the deduction method for direct debit and the reassessment of 'undistributed', the release of reserves from copyright royalties in 2021 will no longer be added to the category 'accrued current financial year', but to the category 'accrued previous financial years'.

A total of € 135.8 million net will be made available for distribution in 2021. € 18.0 million of this was paid out during the year, after which € 117.7 million remains at the end of 2021 in distributable royalties that have been accrued in the current financial year.

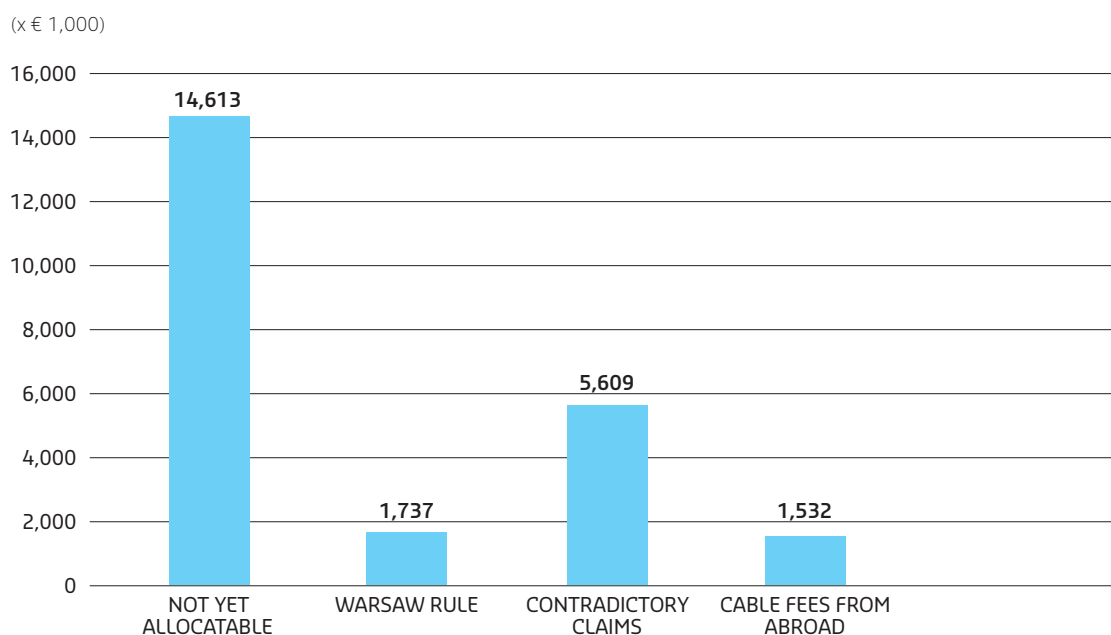
The copyright royalties were received from the following categories:

| (x € 1,000) | 2021 | 2020 |
|---------------------------------|----------------|----------------|
| Radio, TV and Network Providers | 72,663 | 67,854 |
| Live performances | 6,423 | 16,045 |
| Restaurants and bars | 7,780 | 9,057 |
| Work spaces | 16,449 | 17,265 |
| Shops and stores | 11,521 | 12,159 |
| Online | 36,050 | 29,856 |
| Abroad | 13,603 | 15,235 |
| Total | 164,489 | 167,471 |

2. ROYALTIES STILL IN PROGRESS (€ 23.5 MILLION)

The Supervision Act stipulates periods within which rights revenue received must be distributed by. 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.

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.



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

Not yet allocatable royalties (€ 14.6 million)

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

- no detailed data is available about broadcasts or this data is incomplete, which means no or only incomplete information about the musical works used.
- no copyright data is available or this data has not yet been fully processed, which means no active copyright is available that can serve as a basis for the distribution. The data is submitted by the rights owner and 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 the 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.

Contradictory claims (€ 5.6 million)

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

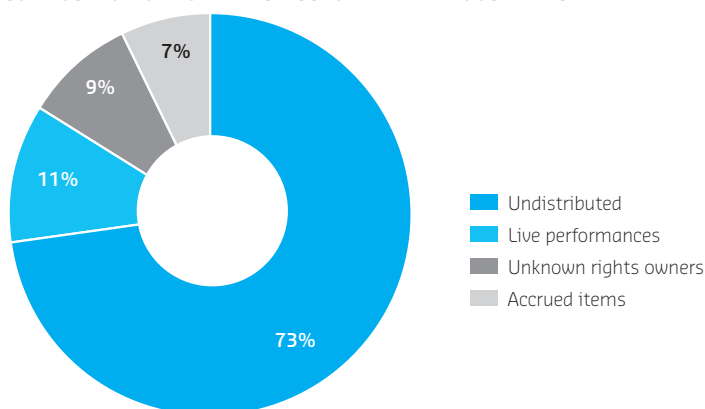
Cable fees from abroad (€ 1.5 million)

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.

3. ACCRUED IN PREVIOUS YEARS (€ 36.8 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



Undistributed (€ 26.6 million)

A significant part of the item accrued in previous years relates to undistributed copyright royalties. Up to and including 2020, these undistributed amounts were added to the available copyright royalties in the current financial year. As a result of the transition to fixed administration fees, 'undistributed' has been disconnected from the variable deduction method. From now on, this item will be presented under: 'accrued in previous years'.

In 2021, the item 'undistributed' will be € 20.1 million higher than in 2020. This is caused by a number of factors. First of all, an extra annual layer of undistributed amounts of € 10.4 million has become available as a result of the reassessment. In addition, € 6.0 million more has become available for the regular year, an amount mainly coming from the RTV and Live business lines. Finally, an amount of € 3.7 million has been made available from the Online Streaming & Downloads business line.

In 2021, Buma started a reassessment process in close collaboration with the Distribution Committee and the Council of Rights Owners. As far as 'undistributed' is concerned, the Distribution Rules and the policy and implementation practice with regard to distribution are aligned. The aim is to structure the policy in such a way that the available 'undistributed' amounts are paid out more based on the source and the year of origin. These amounts will then be paid out in accordance with the established policy with regard to 'undistributed' (per business line).

Live performances (€ 4.2 million)

To enable the proper distribution of royalties, not only the collection amounts but also the associated music use needs to be identified. Information about music use associated with royalties received from Live Performances needs 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 (€ 3.4 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.

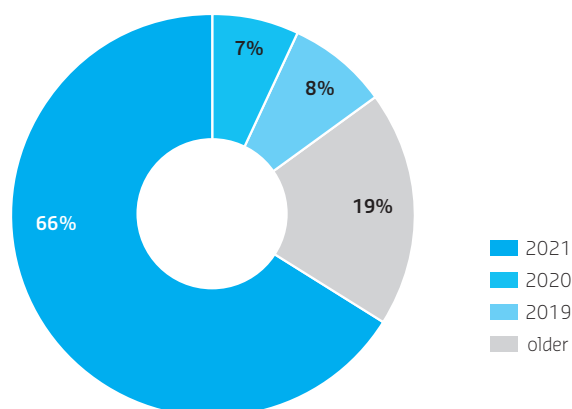
This item partly concerns royalties for which the manual verification process could not be completed in time. It is expected that the processing of these royalties will be completed in 2022, so that they can be distributed.

Accrued items (€ 2.6 million)

This concerns royalties which became available for distribution late in 2021 and which could therefore not be processed in 2021. Most of these royalties will be distributed in 2022.

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 | 2021 | 2020 | 2019 | older |
|---|----------------|----------------|---------------|---------------|---------------|
| Accrued in financial year | 117,745 | 117,745 | - | - | - |
| Royalties still in progress: | | | | | |
| - As yet unallocatable royalties | 14,613 | -221 | 8,006 | 6,828 | - |
| - Warsaw rule | 1,737 | 89 | 360 | 397 | 891 |
| - Contradictory claims | 5,609 | 48 | 572 | 677 | 4,312 |
| - Cable fees from abroad | 1,532 | - | 1,376 | 31 | 125 |
| Accrued in prior financial years * | 36,786 | 100 | 1,723 | 7,037 | 27,926 |
| Total as at 31 December | 178,022 | 117,761 | 12,037 | 14,970 | 33,254 |

* The amount under annual tranche 2021 was accrued in 2021. 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, if possible, 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 are contradictory claims.

In addition to € 5.3 million in royalties still in progress, the total amount from the years before 2019 mainly consists of € 26.6 million available for undistributed.

A considerable amount of the royalties accrued in previous years is expected to be distributed in 2022. In this respect, Buma depends, among other things, on the successful completion of the recalibration process with regard to 'undistributed', sufficient operational processing capacity and the timely submission of information by third parties. Part of the copyright royalties to be distributed has a long-term character.

(12) OTHER LIABILITIES

(x € 1,000)

| | 2021 | 2020 |
|--|---------------|---------------|
| Obligations in respect of social and cultural purposes | 9,012 | 10,326 |
| Stemra current account | - | 1,258 |
| SCAN current account | 111 | - |
| Sociaal Fonds Buma current account | 11 | 8 |
| Buma members and participants | 1,375 | 1,068 |
| Other | 1,018 | 1,196 |
| Total as at 31 December | 11,527 | 13,856 |

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

(x € 1,000)

| | 2021 | 2020 |
|---|--------------|---------------|
| Grant obligations to Stichting Buma Cultuur for 2022 and 2021 | 2,820 | 3,475 |
| Grant obligations to Stichting Buma Cultuur payment relating to previous years | 254 | 254 |
| Retirement provisions for musicians and publishers | 5,129 | 5,652 |
| Surcharge Serious | 347 | 551 |
| Grant obligations to Stichting Brein for 2022 and 2021 | 379 | 298 |
| Grant obligations to Stichting Sociaal Fonds Buma for financial years 2022 and 2021 | 83 | 96 |
| Total as at 31 December | 9,012 | 10,326 |

(13) ACCRUALS AND DEFERRED INCOME

(x € 1,000)

| | 2021 | 2020 |
|------------------------------------|--------------|--------------|
| Invoices to be paid | 1,234 | 1,368 |
| Amounts invoiced in advance | 974 | 879 |
| Holiday allowance and annual leave | 827 | 817 |
| Rental payments in coming years | 46 | 59 |
| Other | 2,207 | 2,293 |
| Total as at 31 December | 5,288 | 5,416 |

No amounts with a term of more than one year were included under accruals and deferred income as at 31 December 2021.

Other prepayments and accrued income as at 31 December 2021 include an amount of € 0.5 million that is still available for the Music Emergency Fund and Music Investment Fund. These royalties are part of the liquid assets of Buma, which provides the cashier function.

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). The applications were permanently rejected in 2021, mainly because Buma does not recognise the collected royalties as turnover and the decrease in royalties therefore does not qualify as a loss of turnover. The provisional grants were largely repaid in 2021.

NOTES TO THE OPERATING STATEMENT

(14) INCOME

(x € 1,000)

| | 2021 | 2020 |
|--|---------------|---------------|
| Administration fee withheld upon distribution | - | 4,801 |
| Administration fee withheld in the year of collection | 20,763 | 14,938 |
| Administration fee withheld on gross copyright royalties to be distributed at the end of 2020 (one-off gain) | 5,430 | - |
| Contributions and registration fees | 1,030 | 975 |
| Other income | 55 | 58 |
| Total | 27,278 | 20,772 |

For information on the administration fee, please refer to section 1.2.4 of the Directors' Report.

(15) PERSONNEL COSTS

(x € 1,000)

| | 2021 | 2020 |
|---|---------------|---------------|
| Salaries | 7,948 | 7,972 |
| Social security contributions | 1,119 | 1,183 |
| Pension costs | 1,040 | 781 |
| Hiring of temporary personnel | 584 | 630 |
| Remuneration Supervisory Board and Council of Rights Owners | 324 | 320 |
| Reimbursement of travel expenses | 89 | 151 |
| Other personnel costs | 456 | 402 |
| | 11,560 | 11,439 |
| Allocated to third parties | -1,251 | -1,317 |
| Total | 10,309 | 10,122 |

Salaries plus social security costs were indexed but following a small decline in the average number of FTEs, they were € 0.1 million lower than in 2020. An increase in staffing was included in the 2021 budget, but the majority of vacancies was not filled in 2021 to save costs. Pension costs, on the other hand, rose by almost € 0.3 million. The industry-wide pension fund has indicated that pension contributions rose sharply in 2021 as a result of changed statutory calculation rules for the expected return on contributions. To keep the contribution level acceptable, the pension plan has been cut back on a number of points as of 2022. Other personnel costs, including the hiring of temporary staff and travel expenses, are slightly lower in total than in 2020. As a result, total personnel costs for 2021, after allocation to Stemra and other parties, were € 0.2 million above the level of 2020.

The coverage ratio of Pensioenfond PNO Media as at 31 December 2021 was 111.3% (31 December 2020: 94.9%).

In 2021, the average number of FTEs fell slightly compared to 2020. During the 2021 financial year, the average number of employees converted to FTE was 121.1 (2020: 123.7). 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 | 2021 | 2020 |
|--|--------------|--------------|
| Management and secretariat of the Management | 5.7 | 4.0 |
| Secretariat of the Board | 2.4 | 2.0 |
| Legal Affairs & Lobbying | 6.2 | 6.7 |
| General Affairs | 30.0 | 29.3 |
| Front office | 24.5 | 31.0 |
| Back office | 52.3 | 50.7 |
| Total | 121.1 | 123.7 |

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 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 2021 – as defined in the Supervision Act – can be specified as follows (in €)*:

| Name | Position | Employed | Total remuneration plus taxable expense allowance 2021 | Post-contract benefits | Total WNT remuneration 2021 | WNT maximum 2021 |
|--|----------|------------------------|--|------------------------|-----------------------------|------------------|
| Senior official with an employment contract | | | | | | |
| B.H. Kobes | CEO | 1 Jan - 31 Dec 100% | 187,763 | 21,237 | 209,000 | 209,000 |
| M.C. Kloppers | CFO | 1 Jan - 31 Dec 100% | 187,818 | 21,182 | 209,000 | 209,000 |

In 2020, it was as follows:

| Name | Position | Employed | Total remuneration plus taxable expense allowance 2020 | Post-contract benefits | Total WNT remuneration 2020 | WNT maximum 2020 |
|--|----------|------------------------|--|------------------------|-----------------------------|------------------|
| Senior official with an employment contract | | | | | | |
| B.H. Kobes | CEO | 1 Jan - 31 Dec 100% | 182,870 | 18,130 | 201,000 | 201,000 |
| 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 2021 – as defined in the Supervision Act – can be specified as follows (in €)*:

| Name | Position | Employment | Total WNT remuneration 2021 | WNT maximum 2021 | Total WNT remuneration 2020 | WNT maximum 2020 |
|--|------------|------------|-----------------------------|------------------|-----------------------------|------------------|
| Senior officials without an employment contract | | | | | | |
| S.H. van Elsloo | Acting CFO | - | - | - | 130,900 | 131,254 |

* This concerns the total remuneration received from Buma/Stemra; the Board member does not have an employment contract.

1B. SENIOR SUPERVISORY OFFICIALS

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration per individual for 2021 – as defined in the Supervision Act – can be specified as follows (in €)*:

| Name | Position | Period served 2021 | Total WNT remuneration 2021 | WNT maximum 2021 | Period served 2020 | Total WNT remuneration 2020 | WNT maximum 2020 |
|---------------------------------|--------------------------------------|-----------------------|-----------------------------------|------------------------|-----------------------|-----------------------------------|------------------------|
| J. de Zwaan | Chairman of the Supervisory Board | 1 Jan - 31 Dec | 31,350 | 31,350 | 1 Jan - 31 Dec | 30,150 | 30,150 |
| A. Beets | Member of the Supervisory Board | 1 Jan - 31 Dec | 20,900 | 20,900 | 27 Aug - 31 Dec | 6,974 | 6,975 |
| R.J.M. Hopstaken | Member of the Supervisory Board | 1 Jan - 31 Dec | 20,900 | 20,900 | 1 Jan - 31 Dec | 20,100 | 20,100 |
| M. Krüs | Member of the Supervisory Board | 1 Jan - 31 Dec | 20,900 | 20,900 | 27 Aug - 31 Dec | 6,974 | 6,975 |
| J.P. Messer- schmidt | Member of the Supervisory Board | 1 Jan - 31 Dec | 20,900 | 20,900 | 1 Jan - 31 Dec | 20,100 | 20,100 |
| A.B. Molema | Member of the Supervisory Board | 1 Jan - 31 Dec | 20,900 | 20,900 | 1 Jan - 31 Dec | 20,100 | 20,100 |
| E. Severs | Member of the Supervisory Board | 1 Jan - 31 Dec | 20,900 | 20,900 | 27 Aug - 31 Dec | 6,974 | 6,975 |
| M.H. Swemle | Member of the Supervisory Board | 1 Jan - 31 Dec | 20,900 | 20,900 | 1 Jan - 31 Dec | 20,100 | 20,100 |
| N.M. Walboomers | Member of the Supervisory Board | 1 Jan - 31 Dec | 20,900 | 20,900 | 1 Jan - 31 Dec | 20,100 | 20,100 |
| A. Fiumara | Member of the Supervisory Board | - | - | - | 1 Jan - 26 Aug | 13,125 | 13,125 |
| R. Meister | Member of the Supervisory Board | - | - | - | 1 Jan - 26 Aug | 13,125 | 13,125 |
| R. van Vliet | Member of the Supervisory Board | - | - | - | 1 Jan - 26 Aug | 13,125 | 13,125 |

* 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 2021 – as defined in the Supervision Act – can be specified as follows (in €)*:

| Name | Position | Period served 2021 | Total WNT remuneration 2021 | WNT maximum 2021 | Period served 2020 | Total WNT remuneration 2020 | WNT maximum 2020 |
|----------------------------|---|-----------------------|-----------------------------------|------------------------|-----------------------|-----------------------------------|------------------------|
| R. Zipora-Verbrugge | Chairman of the Council of Rights Owners | 1 Jan - 31 Dec | 13,205 | 31,350 | 1 Jan - 31 Dec | 15,203 | 30,150 |
| M.A. Bremer | Vice-chairman of the Council of Rights Owners | 1 Jan - 31 Dec | 9,809 | 20,900 | 1 Jan - 31 Dec | 10,452 | 20,100 |
| W. Burkens | Member of the Council of Rights Owners | 1 Jan - 31 Dec | 8,338 | 20,900 | 27 Aug - 31 Dec | 2,921 | 6,975 |
| D. Dramm | Member of the Council of Rights Owners | 1 Jan - 31 Dec | 7,988 | 20,900 | 27 Aug - 31 Dec | 2,571 | 6,975 |
| J.M.F. Everling | Member of the Council of Rights Owners | 1 Jan - 31 Dec | 9,038 | 20,900 | 1 Jan - 31 Dec | 9,552 | 20,100 |
| G. van Offeren | Member of the Council of Rights Owners | 1 Jan - 31 Dec | 8,863 | 20,900 | 27 Aug - 31 Dec | 2,921 | 6,975 |
| D. van Peursen | Member of the Council of Rights Owners | 1 Jan - 31 Dec | 9,563 | 20,900 | 1 Jan - 31 Dec | 10,602 | 20,100 |
| J.S. de Raaff | Member of the Council of Rights Owners | 1 Jan - 31 Dec | 9,563 | 20,900 | 27 Aug - 31 Dec | 3,096 | 6,975 |
| A. Romeijn | Member of the Council of Rights Owners | 1 Jan - 31 Dec | 10,010 | 20,900 | 1 Jan - 31 Dec | 8,327 | 20,100 |
| M. Schimmer | Member of the Council of Rights Owners | 1 Jan - 31 Dec | 10,088 | 20,900 | 1 Jan - 31 Dec | 9,727 | 20,100 |
| K. Vergouwen | Member of the Council of Rights Owners | 1 Jan - 31 Dec | 8,338 | 20,900 | 1 Jan - 31 Dec | 8,327 | 20,100 |
| J. van der Voet | Member of the Council of Rights Owners | 1 Jan - 31 Dec | 7,638 | 20,900 | 1 Jan - 31 Dec | 7,802 | 20,100 |
| I.M. Chronis | Member of the Council of Rights Owners | - | - | - | 1 Jan - 26 Aug | 6,281 | 13,125 |
| D.D. van den Dungen | Member of the Council of Rights Owners | - | - | - | 1 Jan - 26 Aug | 5,231 | 13,125 |
| M. Krüs | Member of the Council of Rights Owners | - | - | - | 1 Jan - 26 Aug | 4,881 | 13,125 |
| W. Kwakman | Member of the Council of Rights Owners | - | - | - | 1 Jan - 26 Aug | 7,156 | 13,125 |

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

2. OTHER REPORTING OBLIGATIONS UNDER THE WNT

2A. REMUNERATION OF NON-SENIOR OFFICIALS

The titular director with an employment contract in 2020 does not have a position implying (day-to-day) management of the entire organisation, nor did he have decision-making powers. This means the titular director did not serve as a senior official in 2020, and his or her 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 – as defined in the Supervision Act – can be specified as follows (in €)*:

| Position | Employed | Total remuneration plus taxable expense allowance 2021 | Total remuneration plus taxable expense allowance 2020 | Post-contract benefits | Total WNT remuneration 2020 | WNT maximum 2020 |
|-----------------------------|----------|--|--|------------------------|-----------------------------|------------------|
| Non-senior officials | | | | | | |
| Titular Director** | - | - | 343,163 | 18,129 | 361,292 | 201,000 |

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

** The severance payment is included in the remuneration.

| OTHER EXPENSES (16) | 2021 | 2020 |
|-------------------------------------|---------------|---------------|
| Service agencies | 3,858 | 3,703 |
| Outsourcing | 5,040 | 4,783 |
| Advisory fees | 1,356 | 1,323 |
| Other IT costs | 131 | 423 |
| Lease & maintenance of IT equipment | 1,485 | 1,349 |
| Commercial expenses | 179 | 197 |
| Office supplies | 49 | 67 |
| Other expenses | 996 | 868 |
| | 13,094 | 12,713 |
| Charged-on general costs | -2,642 | -2,699 |
| Total | 10,452 | 10,014 |

In 2021, other expenses, before charging on to third parties, increased by € 0.4 million. This was mainly due to the € 0.3 million higher costs for outsourcing, including the costs for outsourced processing of online use of music, which increase in line with the growth in this market segment.

Buma charged on 20% of other expenses to Stemra and other parties. As in 2019 and 2020, 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 are distributed 50% / 50%.

(17) INVESTMENT RESULTS

(x €1,000)

| | 2021 | 2020 |
|------------------------|--------------|--------------|
| Income from securities | 1,153 | 654 |
| Changes in value (6) | 6,088 | 8,378 |
| Asset management costs | -318 | -310 |
| Total | 6,923 | 8,722 |

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 shares in the securities portfolio.

(18) TAXES

In an advance tax ruling extended to no later than 31st December 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 2021. 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 (70% of the balance sheet total; 2020: 67%). Securities are used for the performance of 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 (25% of the balance sheet total; 2020: 30%), which are valued 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 € 327k in 2021 due to a reduction in exempt cash (2020: € 69k).

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 78% of the balance sheet total (2020: 83%). The main component of this are the copyright royalties to be distributed, which account for 71% (2020: 74%). 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 remunerations to 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 | Chairman of the Supervisory Board | A |
| Alexander Beets | Member of the Supervisory Board | B |
| Ruud Hopstaken | Member of the Supervisory Board | A |
| Monique Krüs | Member of the Supervisory Board | B |
| Jolanda Messerschmidt | Member of the Supervisory Board | A |
| Arriën Molema | Member of the Supervisory Board | B |
| Edith Severs | Member of the Supervisory Board | F |
| Marc Swemle | Member of the Supervisory Board | E |
| Niels Walboomers | Member of the Supervisory Board | B |
| Bernard Kobes | Director | A |
| Marleen Kloppers | Director | A |

RECHARGING 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 (SoCu Fund). 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 € 1.9 million (2020: € 1.8 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) | 2021 | 2020 |
|------------------------------|--------------|--------------|
| Stichting Stemra | 3,485 | 3,441 |
| Stichting Buma Cultuur | 45 | 80 |
| Stichting Sociaal Fonds Buma | 29 | 29 |
| SCAN | 249 | 312 |
| Total | 3,808 | 3,862 |

(21) OFF-BALANCE SHEET ASSETS AND LIABILITIES

Buma and Stemra work together 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) | 2021 | 2020 |
|--------------------------------|------------|------------|
| Less than 1 year | 300 | 273 |
| Between 1 and 5 years | 501 | 492 |
| Longer than 5 years | 119 | 216 |
| Total as at 31 December | 920 | 981 |

Long-term liabilities

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

| (x €1,000) | 2021 | 2020 |
|--|--------------|--------------|
| Joint contracts with Stichting Stemra | | |
| Less than 1 year | 2,397 | 2,847 |
| Between 1 and 5 years | 349 | 1,244 |
| Longer than 5 years | - | - |
| | 2,746 | 4,091 |
| Contracts entered into independently | | |
| Less than 1 year | 1,124 | 983 |
| Between 1 and 5 years | 2,945 | 2,896 |
| Longer than 5 years | 701 | 1,269 |
| | 4,770 | 5,148 |
| Total as at 31 December | 7,516 | 9,239 |

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 2021: 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 (2020: € 0.2 million) and the obligations between one and five years are € 0.1 million (2020: € 0.1 million).

Replacement of IT systems

Buma has entered into contractual obligations for the development of the new IT environment. The costs are divided between Buma and Stemra (in 2021: 83% / 17%). The obligations for less than one year are € 0.4 million (2020: € 0.2 million) and the obligations between one and five years are € 0.2 million (2020: € 0.3 million).

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 2021: 83% / 17%). The total rental obligation for the remaining term of the contract amounts to € 3.9 million (2020: € 4.3 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 € 0.5 million (2020: € 0.8 million). The costs of ICE are divided between Buma and Stemra (in 2021: 83% / 17%).

Outsourcing of activities – NMP

Buma and Stemra have jointly extended the contractual obligation to outsource the processing of online use to NMP for a period of two years (starting in March 2020). The remaining financial liability resulting from this amounts to € 1.2 million (2020: € 1.5 million). These costs are divided between Buma and Stemra (in 2021: 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 € 1.0 million (2020: € 1.8 million). These costs are divided between Buma and Stemra (in 2021: 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.

Buma is also jointly and severally liable for any contributions to be recovered by the Ministry of Education, Culture and Science from the Music Investment Fund, if this support measure has not been implemented in accordance with the conditions.

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

Tightening monetary policy and the war in Ukraine will cause declines in international stock exchanges and bond markets in the first months of 2022. These events arose after the balance sheet date and do not provide any further information about the actual situation as at the balance sheet date. This means that the financial consequences of 2022 have not been recognised in the 2021 financial statements. When preparing the financial statements for 2021, the financial impact on Buma's securities portfolio is negative. The provision for temporary differences in cost absorption serves to absorb this impact.

Stichting Sociaal Fonds Buma will in principle be dissolved before the end of 2022. Further decisions will be made, including with regard to the continuation of the activities of Stichting Sociaal Fonds Buma.

Signature

Hoofddorp, 25 April 2022

MEMBERS OF THE SUPERVISORY BOARD:

| | |
|-----------------------|---------------------------------|
| Josephine de Zwaan | Chairman |
| Alexander Beets | Member of the Supervisory Board |
| Ruud Hopstaken | 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
2021 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the financial statements 2021 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 2021, and of its result for 2021 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 2021;
2. the operating statement for 2021; 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:

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

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

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

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

Amsterdam, 26 April 2022
Mazars N.V.

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

—APPENDICES

1.REFERENCE TABLE TRANSPARENCY REPORT

| Section | Description | Part of the annual report | Page number |
|------------------|---|---|-------------------|
| Section 2 | | | |
| 2a | Cash flow statement | Cash flow statement | 38 |
| 2b | Information about refusals to grant a licence on the basis of Section 2l(3) of the Supervision Act; | | 24 |
| 2c | A description of the legal and governance structure of the collective management organisation; | Notes to the financial statements | 39 |
| 2d | Information on entities directly or indirectly owned or controlled, wholly or in part, by the collective management organisation; | Notes to the financial statements | 39 |
| 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 | 56-59 |
| 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, 37, 39 ff. |
| 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, 37, 39 ff. |
| | 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, 37, 39 ff. |
| | 3. Operating costs and financial costs for services other than rights management, including social, cultural and educational services; | Notes to the financial statements | 47-48 |
| | 4. Funds used to cover costs; | Coverage of the management costs | 14-15 |
| | 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 | 14-15, 47 |
| | 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 | 49-54 |
| | 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; | | 24 |
| | 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 | 49-54 |

| Section | Description | Part of the annual report | Page number |
|------------------|---|--|-------------|
| | 5. The total amount allocated to but not yet distributed among rights owners, with a breakdown per category of rights managed and per type of use, and specification of the financial year in which these amounts were collected; | Notes to the financial statements, copyright royalties to be distributed | 49-54 |
| | 6. If a collective management organisation has not carried out the distribution and payment within the period laid down in Section 21(3) of the Supervision Act: the reasons for the delay; | Notes to the financial statements, copyright royalties to be distributed | 49-54 |
| | 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 | 49-54 |
| 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 | 47-48 |
| 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 | 47-48 |

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

2.1 SUPERVISORY BOARD MEETING DATES, ITEMS DISCUSSED AND RESOLUTIONS

Summary of resolutions

| Date | Body | Topics | Decision-making |
|------------------|-------------------|---|---|
| 27 January 2021 | Supervisory Board | <ul style="list-style-type: none"> - Full update Buma/Stemra (including strategy and Pyramid) - Follow-up budget 2021 - Long-term plan Gizeh | <ul style="list-style-type: none"> - Follow-up budget 2021 - Long-term plan Gizeh |
| 17 February 2021 | Supervisory Board | <ul style="list-style-type: none"> - Internal Audit (review plan 2021 + key points 2021-2023) - Phasing out of intensified supervision - Update stakeholders | <ul style="list-style-type: none"> - Internal Audit Plan (review plan 2021 + key points 2021-2023) |
| 31 March 2021 | Supervisory Board | <ul style="list-style-type: none"> - General update: the situation at Buma/Stemra - Draft management letters 2020 Buma and Stemra - Update long-term forecast 2021-2025 and reserves - Self-evaluation CMOs - Training: note training Supervisory Board/Council of Rights Owners | <ul style="list-style-type: none"> - Self-evaluation CMOs: report to Supervisory Authority for Collective Management Organisations (Copyright and Neighbouring Rights) - Training: note training Supervisory Board/Council of Rights Owners |
| 5 May 2021 | Supervisory Board | <ul style="list-style-type: none"> - Draft annual report 2020 Buma and Stemra - Draft audit report 2020 Buma and Stemra - Full update Buma/Stemra - Assessment reserve against reserve policy - Monthly report March 2021 - Remuneration Committee Regulations - Update stakeholders - Agenda with attachments GMM 2 June 2021 | <ul style="list-style-type: none"> - Annual report 2020 Buma and Stemra - Remuneration Committee Regulations - Amendments to the Articles of Association |
| 11 May 2021 | Supervisory Board | <ul style="list-style-type: none"> - Reserves/reserve policy - Adjustment text Distribution Rules - Monthly report April 2021 | <ul style="list-style-type: none"> - Reserves/reserve policy |
| 6 September 2021 | Supervisory Board | <ul style="list-style-type: none"> - Full update Buma/Stemra - Internal Audit, Risk Management & Compliance - Elaboration of recommendations from the Supervisory Authority for Collective Management Organisations (Copyright and Neighbouring Rights) following the end of intensified supervision - Update retirement schedule Supervisory Board following elections 2 June 2021 - Update reliability test for members of the Management Board and Supervisory Board - Update stakeholders - Confirmation e-mail decision-making Supervisory Board on cost percentage Private Copy distributions 2016-2019 - Draft agenda GMM 10 November 2021 - Result Supervisory Board email decision-making regarding letter from the Supervisory Authority for Collective Management Organisations (Copyright and Neighbouring Rights) phasing out intensified supervision | <ul style="list-style-type: none"> - Investment Fund 2 - Self-evaluation supervisor Supervisory Board - Update retirement schedule Supervisory Board and Council of Rights Owners - Draft agenda GMM 10 November 2021 |
| 14 October 2021 | Supervisory Board | <ul style="list-style-type: none"> - Elaboration reserve policy, including risks and distribution policy | <ul style="list-style-type: none"> - Support proposed reserve policy, continue to monitor strategic and operational impact |
| 27 October 2021 | Supervisory Board | <ul style="list-style-type: none"> - Self-evaluation Supervisory Board | <ul style="list-style-type: none"> - Self-evaluation Supervisory Board |
| 27 October 2021 | Supervisory Board | <ul style="list-style-type: none"> - Strategic ambition "sustainable in global top" - Workshop Key risk selection - Evaluation and possible reappointment auditor (Mazars) - Reappointment independent member of the Supervisory Board - Josephine de Zwaan - Reappointment independent member of the Supervisory Board - Jolanda Messerschmidt - Confirmation e-mail decision-making Supervisory Board on cost percentage Private Copy distributions 2016-2019 - Annual planning 2022 Supervisory Board meetings - Event fees - Salt - Letter of intent - GMM 10 November 2021: update state of affairs - Training day four boards 2 November 2021: update state of affairs | <ul style="list-style-type: none"> - Replacement of AX (Pyramid). - Nomination re-appointment Supervisory Board member |
| 7 November 2021 | Supervisory Board | <ul style="list-style-type: none"> - Self-evaluation Supervisory Board | <ul style="list-style-type: none"> - Self-evaluation Supervisory Board (follow-up) |

| Date | Body | Topics | Decision-making |
|-----------------|-------------------|---|---|
| 8 December 2021 | Supervisory Board | <ul style="list-style-type: none"> - Policy memorandum transfer right of claim to investment fund - Budget 2022 - Planning annual report 2021 - Investment plan 2022 - Remuneration Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT) 2022 - Approach evaluation governance Buma/Stemra and supervisory vision Supervisory Board - Event fees - RASCI table | <ul style="list-style-type: none"> - Budget 2022 - Investment plan 2022 - Proposed decision: the Supervisory Board and Management Board agree with the proposal set out in the memorandum of 1 December 2021 (prepared by Arrien Molema and Ruud Hopstaken) (doc. no. 211072), including submitting a proposal to the GMM about extending the term of 5 (five) Supervisory Board members until 2023 after the Supervisory Board and Works Council have given a positive advice, the professional associations have been consulted and the Supervisory Authority for Collective Management Organisations (Copyright and Neighbouring Rights) has raised no objection. - Fees for events subject to a comparable approach for the Council of Rights Owners and coordination with the auditor. |

2.2 AUDIT COMMITTEE MEETING DATES, ITEMS DISCUSSED AND RESOLUTIONS

Summary of resolutions

| Date | Body | Topics | Decision-making |
|-------------------|-----------------|--|---|
| 8 February 2021 | Audit Committee | <ul style="list-style-type: none"> - Provisional figures 2020 - Monthly report December 2020 - Update tax position Buma/Stemra - Update project Pyramid (replacement AX) - Succession IT director - Corona scenarios - Audit Plan 2020 - Internal Audit Plan 2021 - Quarterly Report IA - Tracklist recommendations IA YTD | <ul style="list-style-type: none"> - The 2020 Audit Plan will be submitted to the Supervisory Board with a positive recommendation. |
| 15 March 2021 | Audit Committee | <ul style="list-style-type: none"> - Draft management letters Buma and Stemra 2020 - Update project Pyramid (replacement AX) - Status of recruitment and selection of new IT director - Presentation SIG - Financial strategy, including draft long-term financial plan - Claims & Litigation: claims status - Investments: asset management report Q4 2020 and FY 2020 (final) - ABN report investments Q4 2020 | None |
| 19 April 2021 | Audit Committee | <ul style="list-style-type: none"> - Draft annual report Buma and Stemra 2020 - Draft audit report Buma and Stemra 2020 - Monthly report Q1 2021, including LE - Update project Pyramid (replacement AX) - Status of recruitment and selection of new IT director - Assessment reserves against reserve policy - Other subjects, including any new legal matters and/or requests for advice | None |
| 3 May 2021 | Audit Committee | <ul style="list-style-type: none"> - Annual report Buma and Stemra 2020 - Reserves | <ul style="list-style-type: none"> - The annual reports for both Buma and Stemra are submitted to the Supervisory Board with a positive recommendation from the Audit Committee. |
| 23 August 2021 | Audit Committee | <ul style="list-style-type: none"> - Internal Audit, Risk Management & Compliance - Monthly report July 2021 - Monthly report investments - Status research reserve policy - Update project Pyramid (replacement AX) - Other subjects, including any new legal matters and/or requests for advice | None |
| 29 September 2021 | Audit Committee | <ul style="list-style-type: none"> - Reserve policy | None |
| 11 October 2021 | Audit Committee | <ul style="list-style-type: none"> - Reserve policy/Distribution rules - Monthly figures August 2021 - Introduction new IT director - Update project Pyramid (replacement AX) - Internal audit: progress audit plan and main findings - Claims and litigations | None |
| 22 November 2021 | Audit Committee | <ul style="list-style-type: none"> - Portal - Budget 2022 - Reserve and negative interest memorandum - Investment plan 2022 Vereniging Buma - Main points interim audit - Monthly report October | <ul style="list-style-type: none"> - The budget for 2022 is submitted to the Supervisory Board with a positive recommendation from the Audit Committee. - The investment plan for 2022 is submitted to the Supervisory Board with a positive recommendation from the Audit Committee. |

2.3 REMUNERATION COMMITTEE MEETING DATES, ITEMS DISCUSSED AND RESOLUTIONS

Summary of resolutions

| Date | Body | Topics | Decision-making |
|------------------|------------------------|--|--|
| 10 February 2021 | Remuneration Committee | <ul style="list-style-type: none"> - Supervisory Authority for Collective Management Organisations (Copyright and Neighbouring Rights) self-evaluation governance - Frequency meetings - Alignment of Remuneration Committee expectations with regard to the Management Board - Duties/responsibilities Remuneration Committee - Drafting Remuneration Committee Regulations | None |
| 24 March 2021 | Remuneration committee | <ul style="list-style-type: none"> - Self-evaluation - Draft Remuneration Committee Regulations - Update director test Supervisory Authority for Collective Management Organisations (Copyright and Neighbouring Rights) - Supervision agenda/workable participatory governance - Update HR matters - Update training | <ul style="list-style-type: none"> - The Remuneration Committee gives positive advice to the Supervisory Board regarding the self-evaluation of CMOs. - The Remuneration Committee gives positive advice to the Supervisory Board regarding the draft Remuneration Committee Regulations. - The Remuneration Committee gives positive advice to the Supervisory Board regarding the training programme memorandum for the Council of Rights Owners and the Supervisory Board. |
| 12 May 2021 | Remuneration Committee | <ul style="list-style-type: none"> - Update training - Update HR matters - Development course Governance - Proposal deputy Supervisory Board member to GMM - Plan self-evaluation Supervisory Board (date and location) | None |
| 25 August 2021 | Remuneration Committee | <ul style="list-style-type: none"> - Update training/self-evaluation/memorandum retirement schedule Supervisory Board/Council of Rights Owners - Update HR matters - Update development course Governance - Update plans, actions and results Management Board 2021 - Fee for attending events - Nomination appointment deputy Supervisory Board member (absence) | <ul style="list-style-type: none"> - The Remuneration Committee gives a positive advice to the Supervisory Board regarding the retirement schedule Supervisory Board/Council of Rights Owners. - The Remuneration Committee gives positive advice to the Supervisory Board regarding the fee for attending events. |
| 20 October 2021 | Remuneration committee | <ul style="list-style-type: none"> - Update relevant HR matters (vacancies, post-corona policy, international, annual interviews with the Management Board) - Update Governance (course, preparing training day for four boards, administrative pressure, self-evaluation Supervisory Board) - Update GMM - Reappointments two independent Supervisory Board members | None |
| 1 December 2021 | Remuneration committee | <ul style="list-style-type: none"> - Update relevant HR matters (corona, update request for reorganisation advice) - Evaluation (training day for four boards, self-evaluation of the Supervisory Board and status of reappointment of two independent Supervisory Board members) - Annual interviews Management Board - Remuneration Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT) Executive Board and Supervisory Board 2022 - Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT) 2022 | <ul style="list-style-type: none"> - The Remuneration Committee gives a positive advice on the Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act Executive Board and Supervisory Board E372022. |

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

Summary of advice

| Date | Body | Topics | Advisory |
|------------------|--------------------------|--|--|
| 27 January 2021 | Council of Rights Owners | <ul style="list-style-type: none"> - Licence/front - Distribution Committee: <ul style="list-style-type: none"> - Schouw reassessment - Update Management Board (addition to professional associations 2021, budget Buma Cultuur 2021 and current state of affairs regarding COVID-19) - Provisional decision 2020 withdrawals from SoCu fund - Reappointment 2nd term member Supervisory Board - Role of the Council of Rights Owners working group | <ul style="list-style-type: none"> - Solicited advice: The Council of Rights Owners gives positive advice to on the Schouw Reassessment and opts for the less far-reaching scenario. - Solicited advice: the Council of Rights Owners gives positive advice to the Supervisory Board and GMM with regard to the reappointment of Ruud Hopstaken to the Supervisory Board. |
| 17 March 2021 | Council of Rights Owners | <ul style="list-style-type: none"> - Self-evaluation CMOs - Payment percentage ODV - Update GMM - Working group Role of the Council of Rights Owners - Update Management Board - Portal state of affairs and prospects | <ul style="list-style-type: none"> - Solicited advice: the Council of Rights Owners gives positive advice to the Management Board with regard to the payment percentage of 8.5%. - Solicited advice: the Council of Rights Owners gives positive advice to the Management Board with regard to keeping the 2021 GMM online. - Unsolicited advice: the Council of Rights Owners gives unsolicited advice with regard to the change of the role of the Council of Rights Owners (mandate function). |
| 21 April 2021 | Council of Rights Owners | <ul style="list-style-type: none"> - Distribution Committee: impact COVID on distribution categories: <ul style="list-style-type: none"> - HaFaBra/choirs - Childcare centres/holiday parks for 2020 and beyond - Mechanical background 2020 - Update Reserves - Draft annual reports 2020 - Draft audit reports 2020 - Distribution policy book - Update appropriation reserves - Letter BAM! Popauteurs 'Fingerprinting' | <ul style="list-style-type: none"> - Solicited advice: the Council of Rights Owners gives positive advice to the Management Board on the impact of COVID on distribution categories. - Preliminary advice: The Council of Rights Owners is positive about the Annual Report, subject to addressing the reserve issue. This will be discussed further at the next meeting. - Solicited advice: the Council of Rights Owners indicates that it is very good that the Distribution Policy Book is available and advises that this should be brought to the attention of the members. |
| 4 May 2021 | Council of Rights Owners | <ul style="list-style-type: none"> - Draft annual reports 2020 - Amendments to Buma and/or Stemra Distribution Rules: <ul style="list-style-type: none"> - Textual clarification about publication of loss - Indemnity Stichting Leenrecht regarding Reprabel - Amendments to the Articles of Association of Buma and Stemra <ul style="list-style-type: none"> - In accordance with the Management and Supervision of Legal Entities Act - Adjusting the ascription of professional associations in Articles of Association - Adjustment term retirement schedule for the Council of Rights Owners and the Supervisory Board - Indexation of monetary amounts in the Articles of Association - Mandate GMM towards Council of Rights Owners - Indexation Rules amendment - Update appropriation reserves - Royalty-free music/online licensing | <ul style="list-style-type: none"> - Solicited advice: the Council of Rights Owners gives positive advice to the Management Board with regard to the 2020 annual reports of Buma and Stemra. - Solicited advice: the Council of Rights Owners gives positive advice to the GMM with regard to the Amendments to Buma and/or Stemra Distribution Rules. - The Council of Rights Owners gives positive advice with regard to the proposed amendments to the Articles of Association and advises the GMM to do the same. - Solicited advice: the Council of Rights Owners gives positive advice to the Management Board with regard to the amendment of the Indexation Rules. |
| 9 June 2021 | Council of Rights Owners | <ul style="list-style-type: none"> - Update Management Board - GM online licensing/pre-cleared music - Distribution Committee <ul style="list-style-type: none"> - State of affairs publisher portal - Foreign Committee: state of affairs - Update negotiations Facebook - Evaluation GMM 2 June 2021 | |
| 7 July 2021 | Council of Rights Owners | <ul style="list-style-type: none"> - Advice on payment of continuity reserve Stemra, including assignment to Distribution Committee on distribution of royalties. - Point of contact for advisor regarding reserve policy | <ul style="list-style-type: none"> - Solicited advice: the Council of Rights Owners gives positive advice with regard to the distribution of 4.3 million from Stemra's continuity reserve. - The Council of Rights Owners asks the Distribution Committee to look at a correct distribution method. |
| 8 September 2021 | Council of Rights Owners | <ul style="list-style-type: none"> - Distribution Committee: <ul style="list-style-type: none"> - Reassessment image-independent use of music - Impact COVID-19 on surcharges and voting rights - Undistributed royalties - Distribution continuity reserve Stemra distribution method - Online licensing - Retirement schedule - Course Council of Rights Owners/Supervisory Board - Update fingerprinting at Dance Events - Update web crawling - Set-up meetings of Council of Rights Owners | <ul style="list-style-type: none"> - Solicited advice: the Council of Rights Owners gives positive advice, including a few points for attention, to start a pilot regarding online licensing. - The Council of Rights Owners agrees to the new retirement schedule. |

| Date | Body | Topics | Advisory |
|------------------|--------------------------|---|--|
| 13 October 2021 | Council of Rights Owners | <ul style="list-style-type: none"> - Advice Foreign Committee - Tightening of undistributed royalties amendment Distribution Rules - Deputy Supervisory Board - Update reserve policy, including amendment Distribution Rules as a result of changed reserve policy | <ul style="list-style-type: none"> - Unsolicited advice: the Council of Rights Owners adopts the advice of the Foreign Committee and asks the Management Board to adopt the decision. - Solicited advice: the Council of Rights Owners gives positive advice with regard to the tightening of the Distribution Rules regarding private copy and public lending rights and advises the GMM to adopt this motion. - Solicited advice: the Council of Rights Owners gives positive advice with regard to the nomination for the deputy to the Supervisory Board. - Solicited advice: the Council of Rights Owners, based on the advice of the Supervisory Board and AC, agrees to the change in the methodology as described in the Distribution Rules. The approval is subject to the final approval of the Supervisory Board on 14 October. |
| 24 November 2021 | Council of Rights Owners | <ul style="list-style-type: none"> - Update NPO negotiations - Transfer right of to claim to investment company - Distribution Committee - Carillons and Chimes <ul style="list-style-type: none"> - Distribution on status-2 works in ICE - Discuss draft budget 2022 - Signalling function Council of Rights Owners explanation | <ul style="list-style-type: none"> - Solicited advice: the Council of Rights Owners gives positive advice to the Management Board with regard to Carillons and Chimes and the distribution on status-2 works in ICE. - Solicited advice: the Council of Rights Owners supports the draft budget. |
| 15 December 2021 | Council of Rights Owners | <ul style="list-style-type: none"> - Distribution Committee: <ul style="list-style-type: none"> - Policy undistributed online - Regional channels 1-on-1 - Reassessment calendar 2022 - Settlement football stadiums - Planning Foreign Committee - Buma Cultuur policy plan/budget - Signalling function Council of Rights Owners - Reappointment Supervisory Board members - Update pilot music under user-generated content | <ul style="list-style-type: none"> - Solicited advice: the Council of Rights Owners gives positive advice to the Management Board with regard to the subjects dealt with by the Distribution Committee. - Solicited advice: the Council of Rights Owners gives positive advice to the Management Board with regard to the reappointment of the Supervisory Board members. |

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 | Chairman of the Supervisory Board of Fairphone BV | 1 Jan - 31 Dec |
| | | Chairman of the Supervisory Board of Stichting Cito | 1 Jan - 31 Dec |
| | | Chairman of the Board of Stichting Administratiekantoor Aandelen Triodos Bank NV | 1 Jan - 31 Dec |
| | | Member of the Supervisory Board of Avans University of Applied Sciences | 1 Jan - 31 Dec |
| | | Chairman of the Supervisory Board of ROM InWest | 1 Oct - 31 Dec |
| | | Supervisor project Menswaardige governance of MVO Nederland and Goldschmeding Foundation | 1 Dec - 31 Dec |
| | Unpaid | Board member of Stichting Academeia | 1 Jan - 31 Dec |
| | | Chairman of the Board of Stichting Register Code Sociale Ondernemingen | 1 Jan - 31 Dec |
| Mr Alexander Beets | Paid | Director / Owner of Maxanter Muziek Groep BV | 1 Jan - 31 Dec |
| | | Producer of (music) theatre productions | 1 Jan - 31 Dec |
| | | International World Jazz saxophonist / improviser / composer | |
| | | Festival director of Amersfoort Jazz Festival | 1 Jan - 31 Dec |
| | | Lecturer of Enterprise at Fontys Rock Academy / Head of Business Department | 1 Jan - 31 Dec |
| | Unpaid | Stage Arts Fund Advisor (Upstream scheme) | 1 Jan - 31 Dec |
| | | Board member of Stichting Promotie Popcultuur Nederland | 1 Jan - 31 Dec |
| | | Treasurer of Stichting JazzNL | 1 Jan - 31 Dec |
| | | Chairman of Jazz Podium Amersfoort | 1 Jan - 31 Dec |
| | | Member of the Music Emergency Fund complaint committee | 1 Jan - 31 Dec |
| Mr Ruud Hopstaken | Paid | Board member of Eligius BV | 1 Jan - 31 Dec |
| | Unpaid | Supervisory Board member of PharmAccess Group Amsterdam | 1 Jan - 31 Dec |
| Ms Monique Krüs (retired on 12 January 2022) | Paid | Composer / Producer / Conductor / Soprano / Vocal coach | 1 Jan - 31 Dec |
| | | Vice-chairwoman of New Geneco | 1 Jan - 31 Dec |
| | | Partner at Lunam Publishing | 1 Jan - 31 Dec |
| Ms Jolanda Messerschmidt CPA | Paid | Director / Owner of TB&E Advice BV | 1 Jan - 31 Dec |
| | | Supervisory Board member of BMW Finance NV | 1 Jan - 31 Dec |
| | | Supervisory Board member of BMW International Investments BV | 1 Jan - 31 Dec |
| | | External Adviser Align Matters (discontinued in January 2022) | 1 Jan - 31 Dec |
| | | Owner of J. Messerschmidt Beheer BV | 1 Jan - 31 Dec |
| | | Member of the Supervisory Board of NV Haagse Milieu Service | 1 Jan - 31 Dec |
| | | Member of the Supervisory Board of Krauthammer Investments Holding BV | 1 Feb - 31 Dec |
| | Unpaid | Member of the Union Council of the Athletics Union | 1 Jan - 31 Dec |
| | | Member of the Accountability Body of Stichting Shell Pensioen Fonds (as of March 2022) | - |
| Mr Arriën Molema | Paid | Songwriter / Composer / Producer | 1 Jan - 31 Dec |
| | | Guitarist and business manager of Room Eleven | 1 Jan - 31 Dec |
| | | Chair of Beroepsvereniging voor Auteur-Muzikanten (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 Sep - 31 Dec |
| | | Member of the Supervisory Board of HKU | |
| | | | 1 Jan - 31 Dec |
| | Unpaid | Vice-President 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 | Paid | Director / Owner of music publishing company Copyright Power International BV | 1 Jan - 31 Dec |
| | | Partner at Fully Charged Music Group | 1 Jan - 31 Dec |
| | Unpaid | Vice-chairwoman of Nederlandse Muziek Uitgevers Vereniging (NMUV) | 1 Jan - 31 Dec |

OTHER POSITIONS/OCCUPATIONS OF MEMBERS OF THE SUPERVISORY BOARD

| | | | |
|----------------------------|--------|---|----------------|
| 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 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 | 1 Jan - 31 Dec |
| | | Board member of BMPA (Belgium Music Public Association) | 1 Jan - 31 Dec |
| | | Member Advisory Board Specta | 1 Jul - 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 | Paid | Composer / musician / theatre producer | 1 Jan - 31 Dec |
| | | Theatre producer / director of The Legends | 1 Jan - 31 Dec |
| | | Member of Council of Members of Kunstenbond | 1 Jan - 31 Dec |
| | | Section head and principal subject lecturer Amsterdam University of the Arts | 1 Jan - 31 Dec |
| | Unpaid | Advisory Council of De Concertzender | 1 Jan - 31 Dec |
| David Dramm | Paid | Vice-chairwoman of New Geneco | 1 Jan - 31 Dec |
| | | Teacher Royal Conservatory The Hague | 1 Jan - 31 Dec |
| | Unpaid | Board member of 7090 (music theatre collective) | 1 Jan - 31 Dec |
| Hans Everling | Paid | Board member of Stichting Rodeo of Wonder | 1 Jan - 31 Dec |
| | | Director/owner of SOB Audio Imaging BV | 1 Jan - 31 Dec |
| | | Vice-chairman of BCMM | 1 Jan - 31 Dec |
| Darko Esser (appointed with effect from 9 February 2022) | Paid | Director/owner of Haramitsu Holding BV | 1 Jan - 31 Dec |
| | | DJ / producer / live performer | 1 Jan - 31 Dec |
| | | Sound designer / engineer | 1 Jan - 31 Dec |
| | | Owner of Wolfskuil records, Balans Records & Tripeo | 1 Jan - 31 Dec |
| | | Partner in CircularPET | 1 Jan - 31 Dec |
| | | Coach HTN | 1 Jan - 31 Dec |
| | Unpaid | Member of the Supervisory Board of Homebass Foundation | 1 Jan - 31 Dec |
| | | Nachtraad Nijmegen | 1 Jan - 31 Dec |
| | Paid | Co-founder of www.duurzameles.nl | 1 Jan - 31 Dec |
| | | DJ / producer / composer / lyricist | 1 Jan - 31 Dec |
| | | Label owner | 1 Jan - 31 Dec |
| | Unpaid | Publisher | 1 Jan - 31 Dec |
| | | | |

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

| | | | |
|------------------------------|--------|---|----------------|
| Davo van Peursen | Paid | Managing Director and Director/Major Shareholder of Donemus Publishing BV | 1 Jan - 31 Dec |
| | | Director of NMUV/VMN | 1 Jan - 31 Dec |
| | | Lecturer of Enterprise at Amsterdam Academy of Music | 1 Jan - 31 Dec |
| | Unpaid | Chairman of Schuldhulpmaatje Rijswijk | 1 Jan - 31 Dec |
| | | Board secretary at Stichting Donemus Beheer | 1 Jan - 31 Dec |
| | | Chairman of Johann A. Alsbach Stichting | 1 Jan - 31 Dec |
| Jitze de Raaff | Paid | Owner of CTM Entertainment | 1 Jan - 31 Dec |
| | Unpaid | Board member of Nederlandse Muziek Uitgevers Vereniging (NMUV) | 1 Jan - 31 Dec |
| | | Bookkeeper of Jaap ter Haar | 1 Jan - 31 Dec |
| Aafke Romeijn | Paid | Musician / Composer / Producer | 1 Jan - 31 Dec |
| | | Writer and journalist | 1 Jan - 31 Dec |
| | | Board member of BAM! Popauteurs | 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 |
| | | Director / owner of Xusic BV | 1 Jan - 31 Dec |
| | | Partner / owner of Online Cookie Collective BV | 1 Jan - 31 Dec |
| 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 sciences | 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 |
| | 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 | Paid | Board member of Vereniging 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 |
| | | Member of the Supervisory Board and chairman of the Finance Committee | |
| | | Information provision Rijndam Revalidatie | 1 Jan - 31 Dec |
| | | Owner of Hotel Oudegracht | 1 Jan - 31 Dec |

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

PUBLICATION

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EDITORIAL BOARD

VERENIGING BUMA

DRAFT, DESIGN & REALISATION

MERKELIJKHEID BV

The first part of the paper discusses the importance of understanding the local context in which a project is implemented. This includes a thorough analysis of the social, economic, and cultural factors that may influence the success or failure of the intervention. The second part of the paper presents a detailed description of the project itself, including its objectives, activities, and the resources that were mobilized to implement it. The third part of the paper discusses the challenges that were encountered during the implementation of the project, and the strategies that were used to overcome these challenges. The fourth part of the paper presents the findings of the evaluation, and discusses the implications of these findings for the design and implementation of similar projects in the future.