

## Regulations of the Board of Directors

Version 1 November 2019

The Board of Directors of Vereniging Buma and Stichting Stemra, statutorily established in Amstelveen, adopted the following board regulations at a meeting held on 13 June 2019. The management regulations are based on Article 21.14 of the Articles of Association of Vereniging Buma and Stichting Stemra and were approved by the Supervisory Board of Buma/Stemra on 20 June 2019 and approved by the CvTA on 31 October 2019.

## Definitions

### Article 1

For the purpose of these Regulations the following is understood as:

- a. **General Members' Meeting:** the general members' meeting of the Vereniging and the meeting of affiliates of the Stichting;
- b. **Board of Directors:** the board of directors of Buma/Stemra;
- c. **Buma/Stemra:** the Vereniging and the Stichting;
- d. **CvTA:** the Copyright and Neighbouring Rights Collective Management Organizations Control Board as referred to in Article 2 of the Dutch Collective Management Organizations for Copyrights and Neighbouring Rights and Dispute Settlement (Supervision) Act;
- e. **Supervisory Board:** the Supervisory Board of Buma/Stemra;
- f. **Regulations:** these regulations;
- g. **Council of Members:** the Council of Members of Buma/Stemra;
- h. **Articles of Association:** the Articles of Association of Buma/Stemra;
- i. **Stichting:** Stichting Stemra, having its corporate seat in Amstelveen;
- j. **Vereniging:** Vereniging Buma, having its corporate seat in Amstelveen;
- k. **Chair:** the chair of the Supervisory Board;
- l. **Deputy Chair:** the deputy chair of the Supervisory Board.
- m. **Work organisation:** the office of Buma/Stemra as referred to in Article 4 and Article 22 of the Articles of Association.

## Objective, adoption, and scope

### Article 2

1. These Regulations provide further details on the internal affairs of the Board of Directors. These Regulations also regulate the relationship between the Board of Directors and other bodies of Buma/Stemra.
2. These Regulations may be amended by decision of the Board of Directors after approval by the Supervisory Board.
3. If these Regulations are in violation of Dutch law or the Articles of Association then the latter shall prevail. If these Regulations are compatible with the Articles of Association but in violation of Dutch law then the latter shall prevail. If a provision of these Regulations is not or no longer valid then this shall not affect the validity of the other provisions of which the effect, given the relevant content and scope, corresponds, in the best way possible, with that of the invalid provision(s).

## Composition of the Board of Directors

### Article 3

1. The Board of Directors consists of at least two members, including one chairman of the board and one Chief Financial Officer. Only natural persons who are not members, affiliates or participants of Buma/Stemra and who do not have a seat on the Supervisory Board can be members of the Board

- of Directors.
2. Members of the Board of Directors are appointed, suspended and dismissed in the manner provided for in the Articles of Association.
  3. Profile sketches of the members of the Board of Directors are drawn up in advance by the Supervisory Board, showing the required knowledge, experience and competencies. The Supervisory Board is considering involving experts from outside Buma/Stemra in the procedure for filling a position on the Board of Directors.
  4. The members of the Board of Directors of the Vereniging and the Board of Directors of the Stichting form a personal union. Meetings of both bodies are usually combined, unless expressly resolved otherwise, all with due observance of the tasks and responsibilities of both bodies.

## Working method

### Article 4

1. The Board of Directors, under the supervision of the Supervisory Board, is responsible for managing Buma/Stemra and leading the Work Organisation. In fulfilling its task, the Board of Directors focuses on the interests of Buma/Stemra and the Work Organisation associated with Buma/Stemra and to this end weighs the relevant interests of the stakeholders involved in Buma/Stemra.
2. The meetings and the manner of decision-making of the Board of Directors take place in the manner foreseen in the Articles of Association.

## Conflicts of interest, conflicting interests, additional positions of members of the Board of Directors

### Article 5

1. Any form and semblance of a conflict of interests and conflicting interests between members of the Board of Directors and Buma/Stemra is avoided.  
A conflict of interest is defined as: a situation in which a member of the Board of Directors has multiple interests or functions that overlap.  
Conflicting interest is defined as: a direct or indirect personal interest of a member of the Board to such an extent that he/she is no longer able to represent the interests of the organisation in an honest, objective and unbiased manner.
2. Members of the Board of Directors have no business or artistic interests or relationships with the organisation other than as members of the Board of Directors.
3. Prior approval from the Supervisory Board is required for all additional positions of members of the Board of Directors. Buma/Stemra will in any case disclose the relevant additional positions of members of the Board, also indicating whether the position is remunerated or not.
4. To (a) signal a conflict of interests at the earliest stage possible, to (b) avoid undesirable conflicts of interests, and to (c) safeguard that members of the Board of Directors handle any conflicting interests in a transparent and diligent manner, each member of the Board of Directors makes, in any case, an annual declaration about their conflicting interests, which declaration contains the following information:
  - a. any interest in Buma/Stemra;
  - b. any remuneration received from Buma/Stemra in the financial year preceding the year in which the statement is made, including pension schemes, benefits in kind and other types of benefits;
  - c. any amounts they have received from Buma/Stemra as entitled parties in the financial year preceding the year in which the declaration is made;
  - d. a statement of any direct or indirect personal interest that conflicts with the interest of Buma/Stemra; and
  - e. a report of investments and related transactions in sector-related companies or companies with which Buma/Stemra has a business relationship.

5. Without prejudice to paragraph 2 of this article, a member of the Board of Directors must in all instances, including potential ancillary positions, in which this results (may result) in (potential semblance) of a conflict of interests or (potential) conflicting interests with Buma/Stemra, report this to the Chair and provide the Chair with any and all thereto-pertaining information.
6. After the notification of a member of the Board of Directors to the Chair, as intended in the previous paragraph, the Supervisory Board resolves, without the presence of the relevant member of the Board of Directors, as to whether there is question of an undesirable (semblance of a) conflict of interests or conflicting interests and it shall take appropriate measures. To this end, the Supervisory Board provides openness within the organisation and external stakeholders.
7. If it is observed that there is question of an undesirable (semblance of a) conflict of interests or conflicting interests then the relevant member of the Board of Directors shall ensure that the said (semblance of a) conflict of interests does not occur or is cancelled as soon as possible. The Supervisory Board supervises this and takes measures if the relevant member of the Board of Directors fails to comply.
8. If it is observed that there is question of a (semblance of a) conflicting interest then the relevant member of the Board of Directors shall, in any case, not take part in the preparation, the deliberation, decision-making, and implementation of these matters. If an administrative decision cannot be taken as a result, the decision will be taken by the Supervisory Board.

## **Role of the Supervisory Board in case of conflicts of interests, conflicting interests, or ancillary positions of members of the Board of Directors**

### **Article 6**

1. The present article contains the tasks and authorities of the Supervisory Board with regard to (a potential semblance of a) conflict of interests, conflicting interests or ancillary positions of members of the Board of Directors. The Supervisory Board regulations contain a similar regulation.
2. The Supervisory Board resolves on the granting (or not) of prior consent for ancillary positions of members of the Board of Directors.
3. A member of the Board of Directors must report a (potential semblance of a) conflict of interests or (any) conflicting interests that they have with Buma/Stemra to the Chair, together with any thereto-pertaining relevant information.
4. After the notification of a member of the Board of Directors to the Chair, as intended in the previous paragraph, the Supervisory Board resolves, without the presence of the relevant member, as to whether there is question of an undesirable (semblance of a) conflict of interests or conflicting interests and it shall take appropriate measures. To this end, the Supervisory Board provides openness within the organisation and external stakeholders.
5. If it is observed that there is question of an undesirable (semblance of a) conflict of interests of a member of the Board of Directors, then the Supervisory Board monitors that the relevant member of the Board of Directors shall ensure that the said (semblance of a) conflict of interests does not occur or is cancelled as soon as possible. The Supervisory Board takes measures if the relevant member of the Board of Directors fails to comply.
6. If a decision of the Board of Directors that is urgent in terms of the continuity of Buma/Stemra cannot be taken due to a conflicting interest of one or more members of the Board of Directors, then the relevant decision will be taken by the Supervisory Board.

## **Relationship with the Supervisory Board**

### **Article 7**

1. The Board of Directors gives account to the Supervisory Board and provides the latter with any and all information that is required for the proper performance of the Supervisory Board. The Board of Directors does this in a solicited, unsolicited, and timely fashion.
2. The Board of Directors reports to the Supervisory Board on the implementation of the policy for the dialogue with internal and external stakeholders.

Without prejudice to the statutory provisions and the provisions set forth in the Articles of Association, the Board of Directors requires the approval of the Supervisory Board for the following resolutions:

- a. the adoption of the policy plan and the associated annual budget of Buma/Stemra, with the exception of the policy regarding the management of funds relating to rights income as referred to in Article 2d, paragraphs 6a to 6e of the Dutch Collective Management Organizations for Copyrights and Neighbouring Rights and Dispute Settlement (Supervision) Act and the approval of the adoption of the annual transparency report as referred to in Article 2d, paragraph 6j of the same Act;
  - b. transferring the company or organisation or a significant or (sub)part of the company or organisation of Buma/Stemra to a third party;
  - c. entering into or terminating a long-term partnership between Buma/Stemra or a subsidiary with another legal entity or company or as a fully liable partner in a limited partnership or general partnership, if this collaboration or termination is of major significance for Buma/Stemra;
  - d. the closing – including transfer of ownership or enjoyment – of the company or organisation of Buma/Stemra or of a major participation of Buma/Stemra;
  - e. making a proposal to dissolve Buma/Stemra;
  - f. applying for bankruptcy of Buma/Stemra and requesting a suspension of payments;
  - g. making a proposal to amend the Articles of Association;
  - h. entering into a merger or demerger of Buma/Stemra within the meaning of Book 2, Title 7 of the Civil Code;
  - i. terminating the employment contracts of a significant number of employees of Buma/Stemra or a subsidiary simultaneously or within a short period of time;
  - j. drastically changing the working conditions of a significant number of employees of Buma/Stemra or a subsidiary;
  - k. the lending or borrowing of funds, with the exception of the withdrawal of funds in current account at the bank(s) of Buma/Stemra designated by the Supervisory Board, provided that Buma/Stemra is not in debit with a relevant bank for an amount that exceeds the amount established by the Supervisory Board and communicated to the Board of Directors; the Supervisory Board is always authorised to change this amount;
  - l. establishing legal entities;
  - m. the performance of legal transactions (also including the renewal of agreements) in so far as they have not been included in the budget and individually exceed a value of 3% of the total cost budget or in so far as they are otherwise of significant importance to the strategy or the policy of Buma/Stemra;
  - o. changes in withholding percentages at Buma/Stemra in conformity with the general policy with regard to withholdings from royalty income as established by the General Members' Meeting, other than as determined in internationally binding arrangements;
  - p. legal transactions, e.g. the provision of securities and the purchase or sale of registered property, that exceed an amount to be determined by the Supervisory Board from time to time;
  - q. the financing of the strategy;
  - r. the provisions for the control of the performance of the organisation through an adequate risk management and control system;
  - s. resolutions regarding the conclusion of transactions or relationships where conflicting interests of members of the Board of Directors are (may be) relevant;
  - t. the strategy as laid down in the strategic plan prepared by the Board;
  - u. the risk management policy;
  - v. any acquisition, sale or encumbrance of registered property;
  - w. the withdrawal of loans, the provision of loans and securities for loans; and
  - x. decisions regarding transactions or relationships that (may) involve conflicting interests of members of the Board, whereby the Supervisory Board records these decisions in writing with reasons and reports on them in the management report accompanying the annual accounts.
3. Without prejudice to the statutory provisions and the provisions set forth in the Articles of Association, the Board is required to consult the Supervisory Board in advance before resolving on:
- a. establishing the policy regarding bonus schemes and special remuneration structures with regard to employees who are not members of the Board of Directors;

- b. the general licensing policy or the common licensing terms and conditions;
- c. entering into licensing agreements, if they deviate significantly from the usual licensing conditions;
- d. making agreements to prevent or terminate legal proceedings with users of repertoire with a contract value of more than 1 million Euros per year, where the settlement amount is more than 25% of the annual contract value.

## Relationship with the CvTA

### Article 8

1. The members of the CvTA have access to the offices of Buma/Stemra and can attend the meetings of the Board of Directors.
2. The members of the CvTA also have the right to inspect books and documents and other information carriers of Buma/Stemra, to the extent that knowledge of these is necessary for the exercise of supervision.
3. Without prejudice to the statutory provisions and the provisions set forth in the Articles of Association, the Board of Directors requires the approval of the CvTA for the following resolutions:
  - a. a decision to adopt or amend regulations or model agreements regarding the exercise and enforcement of copyright;
  - b. a decision to increase the rates other than as a result of an indexation to be determined by or pursuant to a general administrative order, agreements in this regard with representative organisations of payers or increased use of protected works;
  - c. a decision establishing the format and timeframe within which users of a collective management organisation must provide relevant information about the use of the rights represented by the collective management organisation for the collection of rights revenues and their distribution and payment to rightholders. In determining this decision, collective management organisations and users shall, as far as possible, comply with voluntary industry standards.
4. Without prejudice to the provisions of the law and the Articles of Association, the Board of Directors is obliged to inform the CvTA about decisions to be taken that have a significant influence on the exercise by Buma/Stemra of its tasks, including:
  - a. investments that exceed an amount to be determined by the CvTA by regulation (currently an amount of 5% of the total collection of the financial year preceding the year in which this investment is intended);
  - b. establishing or co-establishing a legal entity under private law or participating in a company;
  - c. the appointment of the external auditor, if the General Members' Meeting and the Supervisory Board do not do so;
  - d. the change in the structure of the annual accounts;
  - e. making substantial provisions or reservations;
  - f. increasing withholding rates;
  - g. the temporary retention of all or a significant part of the distribution.

## Relationship with the Council of Members

### Article 9

1. Under the Articles of Association, the Board of Directors is obliged to inform and consult the Council of Members in a timely manner on the topics of Distribution, Social and Cultural Deductions and other topics that are submitted to the General Members' Meeting for decision-making, with the exception of the topics described in Article 14 of the regulations of the Supervisory Board regarding appointment, suspension and dismissal of the Board of Directors. The Council of Members advises the Board of Directors, solicited and unsolicited, on the subjects of Distribution and Social Cultural Deductions, and also on such subjects of a substantial nature that affect the interests of some of the rightholders as to which the Council of Members shall decide with a majority of the votes cast and finally, on the topics that are submitted to the General Members' Meeting for decision-making, with the exception of the

- topics described in Article 14 of the Supervisory Board regulations regarding appointment, suspension and dismissal of the Board of Directors.
2. The Board of Directors shall in any case ask the Council of Members for advice on the following topics:
    - a. budget for the current financial year;
    - b. management reports accompanying the annual accounts for the previous financial year;
    - c. major changes to the distribution regulations, the distribution method, the investment policy and the organisational structure;
    - d. the appointment of the accountant charged with auditing the annual accounts, if the General Members' Meeting and the Supervisory Board do not appoint the accountant; and
    - e. setting up and preparation of the General Members' Meeting.
  3. The Board of Directors shall further consult the Council of Members regarding the topics of strategy and policy.
  4. The Board of Directors shall provide a substantive response to any advice received from the Council of Members within two months of receipt thereof, without prejudice to the possibility that in special circumstances the Board of Directors may extend that period with reasons.

## Information provision Supervisory Board

### Article 10

1. The Board of Directors provides the Supervisory Board with any and all information, which is required for a proper performance of the function of the Supervisory Board, in a timely fashion. The Board of Directors and the Supervisory Board agree further arrangements about the supply of information in the information protocol.
2. The members of the Supervisory Board jointly and each individually have a personal responsibility to obtain any and all information that they require to properly perform their role. The Supervisory Board can, via the Chair, request the Board of Directors for information, as well as other functionaries after consultation with the Board of Directors, bodies, the external auditor, and (external) advisers of Buma/Stemra.
3. The Supervisory Board can, in coordination with the Board of Directors, request other stakeholders for information as well as employees who hold presentations during meetings of the Supervisory Board on specific topics.

## Evaluation of the Board of Directors

### Article 11

1. A delegation of the Supervisory Board annually conducts at least one performance review with all members of the Board of Directors. The Chair is part of the delegation.
2. The outcome of these performance reviews is discussed by the Supervisory Board without the presence of the Board of Directors.
3. The Supervisory Board prepares a report of the performance reviews with each member of the Board of Directors.

## Confidentiality

### Article 12

1. Each and every member of the Board of Directors is required to observe the necessary discretion in respect of any and all information and documentation obtained in the context of their capacity as a member of the Board of Directors and, to the extent that it regards confidential information, observe confidentiality.
2. Each member of the Board of Directors shall not take confidential information outside the Board of Directors or make it public or otherwise make it available to third parties, unless Buma/Stemra has made this information public or it has been established that this information

is already generally known.

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