

## Regulations of the Audit Committee of the Supervisory Board

The Supervisory Board of the association with full legal capacity: Buma Association and the Supervisory Board of the foundation: Stemra Foundation adopted the following Regulations of the Audit Committee of the Supervisory Board in their combined meeting held in Hoofddorp on 8 April 2019.

### Article 1. Definitions

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

- a. **the Association:** Buma Association, having its corporate seat in Amstelveen;
- b. **the Foundation:** Stemra Foundation, having its corporate seat in Amstelveen;
- c. **Buma/Stemra:** the Association and the Foundation;
- d. **Regulations:** the present Regulations of the Audit Committee;
- e. **Board:** the committee of the Association and the board of the Foundation;
- f. **Membership Meeting:** the membership meeting of the Association and the meeting of affiliates of the Foundation;
- g. **Audit Committee:** the audit committee as intended in article 29.3 of the Articles.
- h. **the Articles:** the Articles of the Association and the Foundation.

### Article 2. Objective

1. These Regulations provide general rules regarding the composition, task, and working method of the Audit Committee.
2. The Audit Committee advises, in a solicited and unsolicited manner, the Supervisory Board on the legitimacy and efficacy of the financial management, on the quality of the risk management, and on the management of IT, and prepares the relevant decision-making of the Supervisory Board.
3. The Audit Committee is a standing committee of the Supervisory Board.

### Article 3. Tasks and authorities

1. The Audit Committee advises the Supervisory Board. The Audit Committee does not have authorities in terms of the adoption of resolutions or the establishment of documents, other than its minutes and reports to the Supervisory Board.
2. The Audit Committee:
  - a. has the task to supervise the Board in terms of the administrative organisation and internal control, including key changes for the coming financial year;
  - b. acquires insight into the financial forecasts and budgets of the coming financial year and the board positions taken in connection therewith;
  - c. monitors that the board provides for an adequate organisation and operation of processes and systems; and
  - d. monitors to what degree the Board and the Work Organisation follow up on observations and recommendations regarding the business operations with sufficient expeditiousness and depth.
3. More specifically, the Audit Committee has the task:
  - a. The supervision on the Board regarding the internal risk control and control systems and the supervision on compliance with the legislation and regulations applicable in this respect, as well as obtaining and maintaining insight into the areas where Buma/Stemra incurs the main financial risks and the manner that the Board is effectively controlling these risks;
  - b. The supervision on and the assessment of the financial management reporting by Buma/Stemra, including the assessment of the applied accounting systems and principles, of the handling of estimated items in reports, of the quality of forecasts and verification of the follow-up of comments of the internal and external auditor;
  - c. The provision of advice to the Supervisory Board with regard to the adoption by the Board of

- the financial statements compiled by the Membership Meeting, the approval of the annual budget and important capital investments. This includes the discussion of the financial statements and the outcome of the audit of the financial statements with the Board and the external auditor;
- d. The supervision on and the assessment of the financing and risks and effectiveness of the investment policy of Buma/Stemra;
  - e. The supervision on and the assessment of the ICT applications in business processes and information systems;
  - f. A proposal to the Supervisory Board regarding the nomination by the Supervisory Board to the Membership Meeting for the appointment of an external auditor.
  - g. The supervision on the quality of and the relationship with the external auditor, including in particular the assessment of the independence, remuneration, and any non-audit activities; the establishment of the involvement of the external auditor with regard to the content of financial publications other than the financial statements; the perusal of the findings with regard to the content of financial reporting as outlined by the external auditor.
  - h. Other activities at the request of the Supervisory Board
4. The Audit Committee has the possibility of placing items that request examination in the context of its responsibilities as the Audit Committee and that bear importance to the organisation as a whole on the agenda for further information. Initially, it shall address this request for information to the Board. The Audit Committee can, in consultation with the Board, order the performance of a specific examination, for instance by the Audit Department. In those instances, the Audit Committee shall report the findings directly to the Audit Committee. The Audit Committee shall consult with the Board following the result of the report.  
It is included in the job profile of the internal auditor of Buma/Stemra that it has a direct line with the chair of the Board respectively the chair of the Audit Committee.
5. The Supervisory Board authorises the Audit Committee, within the authorities of the Audit Committee, to gain information:
- a. Internally: from controllers or other employees, after relevant consultation with the Board;
  - b. Externally: from external parties, other than the external auditor, after relevant consultation with the Board and the chair of the Supervisory Board;
  - c. External advisers or experts to be hired at the expense of Buma/Stemra for advice or for a second opinion, after consultation with the chair of the Supervisory Board and the chair of the Board.
6. The Audit Committee has unlimited and direct access to all members of the Board and other employees for the benefit of the performance of its tasks and responsibilities. If in a certain instance the Audit Committee - in the interest of its tasks and responsibilities - cannot inform the Board in advance then the chair of the Audit Committee forthwith reports this to the chair of the Supervisory Board.
7. The Audit Committee consults at least annually with the Board regarding its observations and findings and the manner that the Board handles the said observations and findings.
8. The Audit Committee gives written account to the Supervisory Board about its supervisory activities, its findings, and its final conclusions, potentially accompanied by relevant reports and conclusions regarding specific topics. The said reports at least refer to:
- a. the manner that the effectiveness of the organisation and the operation of the internal risk control and control systems was assessed;
  - b. the manner that the effectiveness of the internal and external audit process was assessed;
  - c. material considerations regarding the financial reporting; and
  - d. the manner that the material risks and uncertainties were analysed and discussed and what the main findings of the Audit Committee are.

#### **Article 4. Composition of the Audit Committee**

1. The Audit Committee shall consist of at least two members of the Supervisory Board.
2. At least one member of the Audit Committee is a financial expert, which implies that the said person has gained, as the person with ultimate responsibility, relevant knowledge and experience in the area of financial reporting. The other members of the Audit Committee are able to understand the financial statements and assess them in the context of the supervisory function.

3. In addition, the Audit Committee must dispose of knowledge in the area of risk control, ICT applications, and the relevant legislation and regulations.
4. The members of the Audit Committee are appointed by the Supervisory Board for at most the term that they were appointed in the Supervisory Board.
5. With due observance of the provisions set forth in the previous paragraph, the Supervisory Board shall appoint one of the members of the Audit Committee as the chair. The chair is, in particular, responsible for the proper performance of the Audit Committee. They act as the spokesperson of the Audit Committee and they shall be the main point of contact for the Supervisory Board. The chair of the Audit Committee is not simultaneously the chair of the Supervisory Board.
6. The Audit Committee is supported by an administrative secretary.

### **Article 5. Meetings (committee agenda, participants, and minutes)**

1. The Audit Committee meets at least four times a year (resolution of the Supervisory Board of 19 June 2018) and moreover as often as one or more of its members deem this to be required. The meetings shall usually be held at the office of Buma/Stemra, but can also be held elsewhere.
2. The member of the Audit Committee who is a financial expert must always attend the meetings of the Audit Committee. The other members of the Audit Committee can be absent at most one meeting per year.
3. The meetings of the Audit Committee shall basically be attended by the CEO, the CFO, and the controller.
4. The Audit Committee meets in the presence of the external auditor of Buma/Stemra, if the management letter and the annual plan and the opinion of the auditor on the financial statements are discussed. A part of this meeting shall take place without the presence of the members of the Board and other employees. The chair of the Audit Committee can, moreover, as the occasion arises, request the external auditor of Buma/Stemra to attend a meeting of the Audit Committee.
5. Without prejudice to the above, the chair of the Audit Committee can determine if and when the Board and/or employees can attend its meetings.
6. Meetings of the Audit Committee shall be called by the chair of the Audit Committee. Barring in urgent instances, the latter at the discretion of the chair, the agenda of the topics to be discussed is made available to the members of the Audit Committee five working days prior to the start of the meeting. A concise explanation of the purpose of the inclusion in the agenda is provided for each and every item on the agenda and the relevant documents are attached.
7. Minutes are kept of the meetings of the Audit Committee. Forthwith after the meeting the minutes are adopted by the Audit Committee and, evidencing their adoption, signed by the chair of the Audit Committee. The minutes are made available to the members of the Audit Committee.

### **Article 6 - Reporting to the Supervisory Board**

1. Each member of the Supervisory Board has unlimited access to any and all data of the Audit Committee. A member of the Supervisory Board exercises the said right in consultation with the chair of the Audit Committee.
2. The minutes of the Audit Committee shall be submitted for information in the first following meeting of the Supervisory Board and the Audit Committee provides, where required or appropriate, recommendations and advice to the Supervisory Board in connection therewith.
3. The Audit Committee shall annually prepare a report of its deliberations, findings, and recommendations about the past period and submit it to the Supervisory Board. The report of the Supervisory Board in the annual report refers to the composition of the Audit Committee, the number of meetings of the Audit Committee, and the main topics discussed during the same.

### **Article 7. External auditor**

1. At least once a year, the Audit Committee shall report to the Supervisory Board on the developments in the relationship with the external auditor, including, in particular, their independence, including the desirability of rotation of responsible partners within a firm of external

auditors that is encumbered with the audit and the performance of non-audit activities.

2. At least once every four years, the Audit Committee shall, in association with the Board, perform a thorough assessment of the performance of the external auditor. The main conclusions hereof are communicated to the Supervisory Board for the benefit of the appointment of the external auditor.

### **Article 8. Evaluation of the Audit Committee**

1. The Audit Committee annually evaluates and assesses its tasks and authorities, its performance, as well as the adequacy of these Regulations. The Audit Committee reports on the said assessment to the Supervisory Board and submits, where required, proposed changes to the Supervisory Board.

--/--