

## Regulations of the Council of Members

The Council of Members of Vereniging Buma and Stichting Stemra, with its registered office in Amstelveen, decided in a meeting on 16 September 2020 to establish the following regulations of the Council of Members. The regulations are based on Article 20d.3 of the Articles of Association of Vereniging Buma and Stichting Stemra.

### Definitions and preamble

#### Article 1

##### Definitions

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 BumaStemra;
  - c. **BumaStemra:** 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 BumaStemra;
  - f. **Regulations:** the regulations as described in this document;
  - g. **Council of Members:** the Council of Members of BumaStemra;
  - h. **Articles of Association:** the Articles of Association of BumaStemra;
  - 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.

##### Preamble:

2. These Regulations were drawn up under the following considerations:
  - a. the purpose of BumaStemra is to represent the copyright interests of composers, lyricists and music publishers, and their legal successors;
  - b. the General Members' Meeting is the highest body of BumaStemra, where the members/affiliates of BumaStemra have the authority to decide on (some of) the most important matters within BumaStemra, including:
    - adoption of the annual accounts;
    - the content of the Articles of Association;
    - approval of the Distribution Regulations;
    - the general policy regarding undistributed amounts, investments of rights income, deductions from rights income, the use of undistributed amounts;
    - approval of the annual transparency report; and
    - approval of mergers and partnerships;
  - c. the Council of Members has an essential role in representing the interests of the members/affiliates of BumaStemra, and on the one hand has an advisory task to the Board of Directors and the Supervisory Board and on the other hand a preparatory role for decision-making at the General Members' Meeting;
  - d. the Council of Members has established these Regulations from the perspective of the proper and efficient performance of its tasks.

## Purpose, determination and

### scope

#### Article 2

1. These Regulations provide further details on the performance of tasks and decision-making methods of the Council of Members, also in relation to the Board of Directors and the Supervisory Board.
2. 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 Council of Members

#### Article 3

1. The Council of Members consists of at least twelve and at most thirteen people.
2. The members of the Council of Members are appointed, suspended and dismissed in the manner provided for in the Articles of Association.
3. A member of the Council of Members may not be a Supervisory Board member, a member of the Board of Directors or an employee of:
  - a. Stichting Buma Cultuur;
  - b. Stichting Sociaal Fonds Buma or a similar institution receiving money.<sup>11</sup>
4.
  - a. Membership of the Council of Members is not compatible with membership of the Supervisory Board of BumaStemra or the Board of Directors of BumaStemra.
  - b. A person who has been a member of the Supervisory Board cannot become a member of the Council of Members for two years (2x 365 days) after resigning from the Supervisory Board. Any nominations may take place before then, but an appointment will only take effect after the aforementioned two years have elapsed.
5. The members of the Council of Members of the Vereniging and the Council of Members 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.

## Task and working

### method

#### Article 4

1. In accordance with Article 20d paragraph 1 of the Articles of Association, the Council of Members is tasked with:
  - a. advising the Board of Directors and the Supervisory Board; and
  - b. preparation of decision-making at the General Members' Meeting.
2. The meetings and the manner of decision-making of the Supervisory Board take place in the manner foreseen in the Articles of Association.
3. In addition to the provisions of the previous paragraph, each meeting of the Council of Members is prepared by means of an agenda. The agenda has a fixed structure in which the topics relevant to the Council of Members are discussed. For each agenda item, a note is included to identify whether this item serves for information, for discussion, or whether it concerns advice by the Council of Members.
4. The standing agenda is:

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<sup>1</sup> The Council of Members also deals a lot with socio-cultural interests and topics. For example, a member of the Council of Members would then both assess the application and act as the subsidy recipient.

- a. opening and announcements;
  - b. explanation by the Board of Directors about the general course of events;
  - c. topics that concern advice from the Council of Members;
  - d. topics for which the Council of Members can act as a sounding board;
  - e. topics concerning the functioning of the Council of Members itself, possibly without the presence of the Board of Directors;
  - f. report of the previous meeting; and
  - g. any other questions and closing.
5. The Council of Members establishes an annual calendar for the meetings. This annual calendar indicates the fixed agenda items such as: budget, annual report, preparation of membership meeting and evaluation.
  6. The chairman of the Council of Members, together with the vice-chairman and in consultation with the Board of Directors, prepares the agenda, including the expected time spent per agenda item.
  7. The agenda and meeting documents will be sent to the members of the Council of Members and the Board of Directors in a timely manner, at least five working days before the meeting date. If desired, employees or external parties can provide an explanation of the relevant topics at the meeting of the Council of Members and the Board of Directors.
  8. Minutes are drawn up of the meetings of the Council of Members, and these minutes are approved in the same meeting or the following meeting.

## Relationship with the Board of Directors

### Article 5

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 6. 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 rights holders 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 6, paragraph 1.
2. The Board of Directors shall 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 working method with regard to distribution;
  - 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.
  - a. The Board of Directors shall further inform the Council of Members regarding the topics of strategy and policy.
  - b. The Council of Members shall inform the Board of Directors of the issues that concern the Board of Directors. In any case, the Council of Members reports in advance to the Board of Directors what expenditure shall be made in relation to the Council of Members budget made available.
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.

## Relationship with the Supervisory Board

### Article 6

1. The Supervisory Board shall ask the Council of Members for advice regarding the appointment, suspension and dismissal of board members in connection with the preparation of decision-making at the General Members' Meeting.
2. The Supervisory Board shall hear the Council of Members before making a proposal to the members' meeting to appoint three independent persons as members of the Supervisory Board, of which one member shall also be appointed chairman, also known as independent chairman.

## Committees

### Article 7

1. The Council of Members can set up a committee for certain subjects that deals with a specific subject on behalf of the Council of Members. The Council of Members will in any case appoint a Distribution Committee, see Article 8 of these Regulations.
2. The Council of Members does not delegate or mandate powers to a committee. The committee only provides the Council of Members with advice on the subject or subjects for which it has been established. The committee keeps the Council of Members informed of developments.
3. The Council of Members appoints and, if necessary, dismisses the members of the committee and determines who chairs a committee. If a member of the Council of Members resigns from the Council of Members, his/her membership in a committee will also lapse.
4. A committee can ask experts within and outside the Council of Members for advice. Permanent participation of experts outside the Council of Members (i.e. more than twice<sup>2</sup>) must be agreed in advance at the Council of Members meeting.
5. Permanent participation of experts outside the Council of Members (i.e. more than twice<sup>2</sup>) must sign a confidentiality statement before participating in a committee. This does not apply to experts who participate in the Distribution Committee, who must sign a confidentiality statement at all times.

## Distribution committee

### Article 8

1. In accordance with the provisions of the Articles of Association, a Distribution Committee shall be established, which shall work on the substantive principles and rules regarding the distribution of distribution funds, including the collection of data. This work covers the entire chain, from collection to repair, so they can see and understand the outgoings along the way, i.e. where and why money/information flows have been diverted.
2. The Distribution Committee includes at least one (1) member/affiliate from each of the categories pop, serious, multimedia and publishers. A change in composition must be approved by the meeting. In case of doubt about the composition of the Distribution Committee, interested parties can raise this with the Council of Members.

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<sup>2</sup> In other words, at the 3<sup>rd</sup> participation.

## Conflicting interests

### Article 9

1. If there is a (potential) conflict of interest with BumaStemra, the member must report this to the chairman of the Council of Members and provide the chairman of the Council of Members with all relevant information. A conflicting interest is understood to mean: a direct or indirect personal interest of a member to such an extent that he/she is no longer able, or appears to be hindered, from carrying out his/her role in an honest, objective and unbiased manner.
2. After a report from a member of the Council of Members to the chairman of the Council of Members, as referred to in the previous paragraph, the Council of Members may determine whether there is a conflict of interest without the member concerned being present.
3. If it is established that there is a conflict of interest, the member in question will not participate in the preparation, deliberation, decision-making and implementation of these matters.
4. If there is a (potential) conflict of interest with a member of the Council of Members with regard to matters for advice to the Board of Directors, the Council of Members must inform the Board of Directors of this.

## Confidentiality

### Article 10

1. Each and every member of the Council of Members 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 Council of Members and, to the extent that it regards confidential information, observe confidentiality. For the purposes of this article, confidential information is understood to mean: information with regard to which the Board of Directors has determined that it qualifies as confidential.
2. Each member of the Council of Members shall not take confidential information outside the Council of Members or make it public or otherwise make it available to third parties unless BumaStemra has made this information public or it has been established that this information is already generally known.

## Consultation with the Board of Directors and the Supervisory Board

### Article 11

Twice a year, a joint meeting is held between the Board of Directors, the Supervisory Board, and the Council of Members. This consultation is led by the Chairman of the Supervisory Board.

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