

RULES OF DISTRIBUTION

As of 1 January 2020

The following provisions are set out pursuant to the Statutes for Gramex and the approved policies for distribution of remuneration amounts and handling of un-distributable remuneration amounts:

Article 1

Before the total distribution amount is distributed equally between the two rights groups, income only accruing to one of the rights groups must be deducted.

Article 2

Each year, the executive board of Gramex must present for adoption by the general meeting the allocation of operating expenses. In relation to the work associated with areas covered by section 68 of the Copyright Act, Gramex' total costs must be allocated on a fifty-fifty basis. In relation to mandate areas which one group wants Gramex to manage, the same level of costs (costs ratio) as for the section 68 area will be charged.

Article 3

Any interest income must be applied in advance to reduce the administrative expenses of each rights group.

Article 4

From each rights group's non-individualised remuneration, 1% will be deducted as a reserve to cover justified and validly existing claims from rights holders who – as a consequence of lacking or incorrect registration – have not received remuneration.

Article 5

The producers' part must be distributed, as far as possible, according to the reported number of playbacks of protected tracks from radio, television and any other sources in relation to the producer's share of the rights to the individual track. In instances where this is not feasible, the distribution of non-individualised remuneration amounts must be carried out according to a distribution plan to be proposed by the producers' rights group and adopted by the executive board.

The producers' non-individualised remuneration amounts include remuneration from other public performances, copying and similar remuneration.

Distribution plan for the producers' non-individualised remuneration amounts:

Section 68 remuneration amounts from other public performances must be distributed on the basis of reported playbacks on the radio or other source in accordance with distribution categories. Television minutes and jingles, music in commercials and background music not produced with a view to sales (B2C streaming/downloads/physical media) to private consumers are not covered by the Rules of Distribution.

Reproduction remuneration amounts and similar remuneration amounts must be distributed according to the same principles as the remuneration under section 68 from other public performances as described above.

Distribution plan for the producers' time-barred amounts:

Time-barred remunerations are applied in advance to cover any adjustments which it has not been possible to cover by the reserve under Article 4. The remaining amount will be distributed, as far as possible, according to the reported number of playbacks of protected tracks from radio, television and any other sources in accordance with distribution categories. The producers' representatives on the executive board may, however, resolve to fully or partially spend the remaining amount for social, cultural and educational purposes.

Calculation of producers' remuneration

The net proceeds on the individual distribution categories are proportioned to the total number of protected minutes in the individual distribution category thus finding the minute value. Each protected track reported to have been played back within one of the above-mentioned distribution categories is calculated in minutes multiplied by the minute value of the distribution category for the year in question.

Article 6

Based on a proposal from the performing artists' rights group and as adopted by the executive board, the performing artists' share of income from reported playbacks of protected tracks from radio, television and any other sources is distributed by multiplying in each distribution category the total number of minutes played back by the total number of points for the tracks that have been played back and using this figure to divide the total amount for distribution within that distribution category. This results in a minute points value which is multiplied by the number of points the individual artist has been registered for within that distribution category thus yielding the amount for distribution.

Illustration: $\text{Distribution amount} / (\text{Minutes} \times \text{Points}) = \text{Minute points value}$

$\text{Minute points value} \times \text{the individual artist's points} = \text{The artist's amount for distribution}$

Points are calculated according to the following scale:

C) Soloists 14 points

The number of points obtained is modified when several C soloists perform together, according to the following scale:

2 soloists	10.00 points each
3 soloists	6.17 points each
4 soloists	5.00 points each
5 soloists	4.30 points each
6 soloists	3.83 points each
7 soloists	3.50 points each
8 soloists	3.25 points each

A) Studio musicians, backing vocalists or remixers 2 points

E) Groups, small orchestras and small choruses. The number of points obtained is modified when several group members perform together, according to the following scale:

2 group members	8.50 points each
3 group members	6.17 points each
4 group members	5.00 points each
5 group members	4.30 points each
6 group members	3.83 points each
7 group members	3.50 points each
8 group members	3.25 points each
9 group members	3.06 points each
10 group members	2.90 points each
11 group members	2.77 points each
12 group members	2.67 points each
13 group members	2.58 points each
14 group members	2.50 points each

15 group members	2.43 points each
16 group members	2.38 points each
17 group members	2.32 points each
18 group members	2.28 points each
19 group members	2.24 points each
F) Orchestras or choruses from 20 to 50 participants	22 points
G) Orchestras or choruses with more than 50 participants	32 points
B) Soloists with an orchestra or a chorus, see F and G	14 points
D) Featured conductors, see F and G	14 points
The number of points stated under B) and D) is modified when several B soloists perform together, or when B soloists perform with D featured conductors, according to the following scale:	
2 soloists/conductors	10.00 points each
3 soloists/conductors	6.17 points each
4 soloists/conductors	5.00 points each
5 soloists/conductors	4.30 points each
6 soloists/conductors	3.83 points each
7 soloists/conductors	3.50 points each
8 soloists/conductors	3.25 points each
D2) Non-featured conductors, see F and G	3 points
K) Conductors of choruses and orchestras with up to 19 participants	3 points

Article 7

Upon recommendation from the performing artists' rights group and as decided by the executive board, the non-individualised remuneration amounts due to the performing artists will be distributed according to reported playbacks of protected tracks on the radio and any other sources according to distribution categories. Television minutes and jingles, music in commercials and background music not produced with a view to sales (B2C streaming/downloads/physical media) to private consumers are not covered by the Rules of Distribution.

Article 8

A deduction of up to 10% of the performing artists' total income may be made for cultural, social and educational purposes in the areas managed by Gramex under section 68 of the Copyright Act. However, deduction may only be made from the income that Gramex collects on behalf of the performing artists represented by foreign collective management organisations to the extent that the relevant foreign collective management organisation has granted its express consent for it.

The performing artists' time-barred remuneration amounts will be added to this after setoff of costing amounts which it has not been possible to cover by the reserve under Article 4. This was decided by the executive board upon recommendation by the artists' rights group.

The annual funds for cultural, social and educational purposes are distributed through the performing artists' organisations for the purposes referred to in Article 9.

The distribution between the organisations has been agreed as follows:

Dansk Kapelmesterforening (Danish Conductors Association)	9.0%
Dansk Musiker Forbund (Danish Musicians Union)	29.25%
Dansk Korforbund (Union of Danish Choirs)	8.0%
Dansk Artist Forbund (Danish Artists' Union)	29.25%
Dansk Solist Forbund (Danish Soloist Association)	5.5%
Solistforeningen af 1921 (Soloist Association of 1921)	8.0%
Dansk Skuespillerforbund (Danish Actors' Association)	9.0%
Dansk Organist- og Kantorsamfund (Danish Association of Organ Players and Cantors)	2.0%

For accounting purposes, the organisations must keep these funds separate from their other funds.

Each year, on or before 1 October, the organisations must submit, on a form drawn up by Gramex, specified accounts of the funds received during the previous calendar year.

The organisations must disburse the funds not later than nine months after the end of the calendar year in which the organisations received the funds.

The performing artists' rights group on the executive board may, upon recommendation from management, suspend payment of funds to an organisation if 1) the organisation does not submit its accounts in due time; 2) the submitted accounts do not contain the requisite specification of the way(s) in which the funds have been applied; or 3) the organisation disregarded the rules set out in Article 9 when applying the funds.

Article 9

The funds covered by Article 8 must be applied for the following purposes:

- a) Measures for the promotion of music, including contributions to live music performances, singing, and musical drama, and support for the recording, release, and promotion of music.
- b) Educational purposes for performing artists, including awards of scholarships, travel grants and contributions towards professional education.
- c) Social and humanitarian purposes for performing artists, including awarding honorary grants, support for holiday and recreational purposes, and for pension and assistance funds for performing artists.
- d) Support of publications and other measures to strengthen the working conditions and legal position of the performing artists, including the operations of the Joint Council of Performing Artists in Denmark (Fællesrådet for udøvende kunstnere).
- e) Contributions to each individual organisation's management of the funds referred to above.

The funds must primarily be applied for the purposes set out in paragraphs a) and b) above, and both members and non-members of the organisations mentioned in Article 8 must be able to apply for them.

Article 10

Remuneration amounts which cannot be distributed by Gramex in accordance with Articles 5 and 6 may be set aside to provide for such claims as may subsequently be made by the respective artists or producers.

Article 11

Remuneration which has been received and reserved must be placed appropriately and in the best way possible. The funds may only be deposited to accounts in national banks as cash deposits in said banks or in Danish quoted bonds and Treasury notes, see the general investment policy.

The general manager must see to it that the funds are adequately spread out and suitably distributed among banks and bonds, and the duration of the investments must also be adequately spread out and suitably distributed.

Article 12

The funds set aside under Articles 4 and 10 become time-barred after a period of three years to be reckoned from the end of the year the funds were earned. Amounts released upon time-barring must be included in the distribution under Articles 5 and 8 in the year following the time-barring.

Article 13

These Rules of Distribution apply from 1 January 2020.

Gramex' Executive Board, 17 March 2021