



RULES OF DISTRIBUTION

As of 11 October 2024

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-distributed 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 Assembly the allocation of operational 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

Interests, changes in the market value of invested bonds and stocks, and returns on investments are distributed in proportion to an average of the rights groups' balance accounts at the beginning and end of the year and are included in the calculation of the rights groups' costs.

Article 4

Before distribution takes place, administrative costs are deducted, as well as a funds for adjustments and to meet any later legitimate claims. The reserved funds amount to 1% on the producer side and 4% on the performer side of public performance revenue (revenue from shops, bars, restaurants, etc.).

Article 5 – Distribution of the producers' remuneration

The producers' part must be distributed, to the extent possible, according to actual usage of protected tracks from radio, television, and any other sources in relation to the producer's share of the rights. In instances where this is not feasible, the distribution of non-individualized 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-individualized remuneration amounts include remuneration from public performances, mechanical rights, and similar remuneration.

Distribution plan for the producers' non-individualized remuneration amounts

Section 68 remuneration amounts from public performances must be distributed based on actual usage from radio or other sources in accordance with distribution categories. Television minutes and jingles, music in commercials and background music not produced with the purpose of sales (B2C streaming/downloads/physical media) to private consumers are not covered by the rules of distribution.

Remuneration from mechanical rights 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' unclaimed funds

Unclaimed funds are applied in advance to cover any adjustments which it has not been possible to cover by the reserved funds under Article 4. The remaining amount will be distributed, as far as possible, according to actual usage 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 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 – Distribution of performing artists' remuneration

Fixed track value

Each performing artist on each track has been allocated a number of points corresponding to their artistic role on that particular track. The net revenue for each distribution category is divided with the total number of protected minutes in that distribution category to determine the minute value. Each protected track reported as played within one of the above distribution categories is calculated in minutes and multiplied by the minute value for that category for the respective year. Each performing artist's share of the track's value depends partly on the total number of points allocated to the respective track and partly on the number of points allocated to the performing artist's role on this track.

Point categories

The artistic role of the performing artist on each track is determined by whether the individual artist is considered a featured artist or a non-featured artist. The point value of the role is variable, depending on how many featured and non-featured artists participate on the track.

Considered as featured artists and non-featured artists are:

| FA/NFA | Role | Performer type |
|---------------------------|-------------------------------|--|
| Featured artist (FA) | Musician/singer | Soloists Groups/bands Ensembles |
| | Conductor | Featured conductors |
| Non-featured artist (NFA) | Musician/singer | Session musicians Backing vocalists Remixers Assistants (choirs/orchestras) |
| | Conductor | Non-featured conductors |
| | Artistic producer | Artistic producer (see definition below) |
| | Choir singer/orchestra member | Individual choir singers/orchestra members (more than 19 members) |
| | Choir/orchestra (small) | Collective choirs/orchestras (20-49 members) |
| | Choir/orchestra (large) | Collective choirs/orchestras (more than 49 members) |

Definition of artistic producer: An artistic producer contributes creatively and has the overall responsibility for the artistic expression of the music recording.

Shares and points are calculated based on the following schedule and rules:

| | |
|---------------|-------------------|
| 1 FA | 14 points |
| 2 FA | each 13,63 points |
| 3 FA | each 13,26 points |
| 4 FA | each 12,89 points |
| 5 FA | each 12,53 points |
| 6 FA | each 12,16 points |
| 7 FA | each 11,79 points |
| 8 FA | each 11,42 points |
| 9 FA | each 11,05 points |
| 10 FA | each 10,68 points |
| 11 FA | each 10,32 points |
| 12 FA | each 9,95 points |
| 13 FA | each 9,58 points |
| 14 FA | each 9,21 points |
| 15 FA | each 8,84 points |
| 16 FA | each 8,47 points |
| 17 FA | each 8,11 points |
| 18 FA | each 7,74 points |
| 19 FA | each 7,37 points |
| 20 or more FA | each 7,00 points |

| | |
|----------------|------------------|
| 1 NFA | 2 points |
| 2 NFA | each 1,95 points |
| 3 NFA | each 1,90 points |
| 4 NFA | each 1,85 points |
| 5 NFA | each 1,80 points |
| 6 NFA | each 1,75 points |
| 7 NFA | each 1,70 points |
| 8 NFA | each 1,65 points |
| 9 NFA | each 1,60 points |
| 10 NFA | each 1,55 points |
| 11 NFA | each 1,50 points |
| 12 NFA | each 1,45 points |
| 13 NFA | each 1,40 points |
| 14 NFA | each 1,35 points |
| 15 NFA | each 1,30 points |
| 16 NFA | each 1,25 points |
| 17 NFA | each 1,20 points |
| 18 NFA | each 1,15 points |
| 19 NFA | each 1,10 points |
| 20 or more NFA | each 1,00 points |

Collective choirs/orchestras

Collective choirs/orchestras performing on tracks received before 1 August 2024 will be registered with either 22 NFA points (for choirs and orchestras with 20-49 members) or 32 NFA points (for choirs and orchestras with 50 or more members).

More instruments

Soloist or musician performances, when performed using several instruments, give the right to a corresponding number of shares, with a maximum of 3 shares for a single track. A performer can only be registered with one FA share. The second and/or third instrument is registered with an additional NFA share per instrument.

Maximum limits/minimum shares

Out of the total allocated points for each track, the proportion of NFA points cannot exceed 50% and FA points cannot exceed 90%, unless one of the following two exceptions applies:

1. If more than 35 NFA are registered on a track, the FA minimum percentage for that track is reduced from 50% to the following:
 - a. 35-45 NFA = FA minimum percentage 40%
 - b. 46-55 NFA = FA minimum percentage 35%
 - c. 56 or more NFA = FA minimum percentage 30%
2. For tracks that have only FA points and are marked in the distribution system with a complete lineup, the above maximum limit of 90% does not apply.

Article 7

The performing artists' non-individualized remuneration is distributed on the basis of actual usage 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 the purpose of 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 revenue may be used 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 revenue 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' unclaimed funds will be added to this after offsetting post-calculations that could not be covered by the reserved funds under Article 4.

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 the 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 amounts and reserved funds 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 also 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 obsolete after a period of three years to be reckoned from the end of the year the funds were earned. Amounts released due to the rule of limitation must be included in the distribution under Articles 5 and 8 in the following year.

Article 13

These rules of distribution apply from 1 June 2024.

Approved by Gramex' executive board