



*The following policy was adopted at Gramex' Annual General Assembly on 30 May 2024*

The executive board recommends to the General Assembly that the following general distribution policy is applied for the financial year 2023, which will be distributed in 2024, and for the financial year 2024, which will be distributed in 2025:

## **GENERAL DISTRIBUTION POLICY**

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### **GENERAL POLICY FOR DISTRIBUTION OF REMUNERATION PAYABLE**

## **DISTRIBUTION BETWEEN THE TWO RIGHTS GROUPS:**

The General Assembly decides annually on the general distribution policy. Within the framework of the general distribution policy, the executive board then determines how the revenue is to be allocated to the various business areas.

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Remuneration received in relation to section 68 of the Danish Copyright Act is distributed 50 percent to the performing artists and 50 percent to the producers.

Remuneration received in relation to separate mandates and distribution agreements are distributed 100% to the rights group that has relinquished the relevant mandate/ distribution agreement, unless the rights groups collectively notify Gramex otherwise.

### **Reduction in remuneration for administration**

In the collected remuneration, there is a reduction to cover Gramex' justified and actual costs in connection with the management of the rights. The costs are distributed between the performing artists and the producers according to a distribution key agreed upon unanimously by the two rights groups on the executive board. In relation to the work associated with areas covered by section 68 of the Copyright Act, the costs are allocated on a fifty-fifty basis, understood as Gramex' total costs. In relation to mandate areas that a group wants Gramex to manage, the same level of costs (costs ratio) as for the section 68 area will be charged, so the overall cost level is reduced for both parties.

Interests, exchange rate changes, and returns are distributed according to an average of the rights groups' corresponding accounts at the beginning and end of the year.

The net amount for each rights group is then distributed as described in this distribution policy.

## **DISTRIBUTION OF THE PRODUCERS' NET PROCEEDS OF THE OVERALL DISTRIBUTION:**

The net proceeds will be distributed as follows:

### **PRODUCERS' INDIVIDUALIZED DISTRIBUTION:**

Remuneration attributable to actual usage of protected tracks on radio, television, and other sources will be distributed on an individualized basis.

The individual remunerations are divided into distribution categories consisting of:

Revenues minus costs on nationwide channels.

Revenue minus costs on regional channels.

Revenue minus costs on commercial nationwide channels.

Revenue minus costs on commercial local radio.

Revenue minus costs on DAB.

Revenue minus costs on instore radio.

Other distribution categories can be established based on actual usage of protected tracks.

The area's cost share of the total costs is deducted from the individual remunerations.

The net proceeds in each distribution category are related to the total number of protected minutes in the respective distribution category, after which the minute value is determined. Each individual protected track that is reported as played within one of the above distribution categories is calculated in minutes, which are then multiplied by the minute value of the distribution category for the respective year.

## **PRODUCERS' NON-INDIVIDUALIZED DISTRIBUTION:**

Remuneration not directly attributable to actual usage of protected tracks.

The non-individualized remunerations for distribution relate to section 68 remuneration from other public performances, copying remunerations, and similar remunerations. In addition, unclaimed funds are included – i.e. remunerations that it has not been possible to settle and that are more than 3 years old.

The remuneration amounts are distributed as follows:

First, the non-individualized remuneration is deducted by the area's costs' proportion of the total costs.

Next, a percentage (currently 1%) is allocated to a reserve fund, which is used for track adjustments and to address any potential legitimate claims that may arise later.

The remaining amount is distributed as follows:

- Unclaimed funds are used in advance for track adjustments that could not be covered by the reserve fund. The remaining amount is then, as a general rule, distributed based on actual usage of protected tracks on radio, TV, and any other sources, according to the distribution categories. However, the producers' representatives on the executive board may decide that the funds be used wholly or partly for social, cultural, and educational purposes.
- Section 68 remuneration from other public performances is distributed on the basis of reported radio plays and any other sources according to distribution categories. Television minutes as well as 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.
- Copying remuneration and similar remuneration are distributed according to the same principles as the section 68 remuneration from other public performances described above.

Efforts are continually made to obtain distribution data from new sources, which may be included in the future distribution of section 68 remuneration from other public performances.

## **PRODUCERS' DIRECT DISTRIBUTION:**

The direct distribution applies to areas where we receive reports on the specific use and where it is not related to radio/TV broadcasts, as well as remunerations from abroad.

The area's cost share of the total costs is deducted from the individual remunerations.

The following remunerations are included in the direct distribution:

Remuneration from abroad.

Remuneration to Greenland and the Faroe Islands.

Remuneration for copying jukeboxes etc.

Remuneration for copying theatres etc.

Remuneration for use in connection with theatres etc. for background music.

Costs are not deducted from revenues from abroad in accordance with the international standards that apply to bilateral agreements.

**DISTRIBUTION OF THE PERFORMING ARTISTS' NET PROCEEDS OF THE OVERALL DISTRIBUTION:**

The net proceeds are distributed as follows:

**PERFORMING ARTISTS' INDIVIDUALIZED DISTRIBUTION:**

Remuneration amounts attributable to actual usage of protected tracks on radio, television, and other sources are distributed individually.

The individual remunerations are divided into distribution categories consisting of:

Revenues minus costs on nationwide channels.

Revenue minus costs on regional channels.

Revenue minus costs on commercial nationwide channels.

Revenue minus costs on commercial local radio.

Revenue minus costs on DAB.

Revenue minus costs on instore radio.

Other distribution categories can be established based on actual usage of protected tracks.

The area's cost share of the total costs is deducted from the individual remunerations.

Each performer on each track has been allocated a number of points corresponding to that performer's artistic role on the track in question. The rules for the allocation of points are set out in the rules of distribution decided by the executive board. The rules of distribution are available on Gramex' website.

The net revenue for each distribution category is compared to the total number of protected minutes in that distribution category to determine the minute value. Each protected track reported to have been played within one of the above distribution categories is calculated in minutes and multiplied by the distribution category's minute value for that year. Each performer'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 performer's role/roles on this track.

## **THE PERFORMING ARTISTS' NON-INDIVIDUALIZED DISTRIBUTION:**

Non-individualized remuneration relating to section 68 remuneration from other public performances is distributed as follows:

First, the non-individualised remuneration is deducted by the area's costs' proportion of the total costs.

Next, a percentage (currently 4%) is allocated to a reserve fund, which is used for track adjustments and to address any potential legitimate claims that may arise later.

The remaining amount is distributed based on actual usage of protected tracks on radio and any other sources according to distribution categories. Television minutes as well as 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.

## **PERFORMING ARTISTS' DIRECT DISTRIBUTION:**

The direct distribution applies to areas where we receive reports on actual usage of protected tracks that do not fall under a distribution category, as well as remuneration from abroad.

The area's cost share of the total costs is deducted from the individual remunerations.

No costs are deducted from foreign revenues according to the international standards applicable to bilateral agreements.

The following remuneration is included in the direct distribution:

Remuneration from abroad.

Remuneration to Greenland and the Faroe Islands.

Remuneration for use in connection with theatres etc. foreground music.

Remuneration from the 20% pool.

## **DEDUCTIONS USED FOR SOCIAL, CULTURAL, AND EDUCATIONAL PURPOSES**

The performing artists in Gramex use funds for social, cultural, and educational purposes. These are financed through deductions from the remuneration in accordance with the Danish Act on Collective Management of Copyright section 14.

The deduction is calculated as 10% of the revenues related to section 68 of the Danish Copyright Act.

Additionally, deductions of up to 10% are made from the revenues Gramex collects on behalf of performing artists represented by foreign rights management organisations, to the extent that the relevant foreign rights management organisation has given its explicit consent, in accordance with the Danish Act on Collective Management of Copyright section 18, subsection 1.

The net revenue is then distributed as described above.



## **PERFORMING ARTISTS' UN-DISTRIBUTABLE REMUNERATION**

Remunerations collected during the calendar year that accrues to the rights but cannot be distributed individually are accounted for separately.

Gramex shall take all necessary measures in accordance with section 15 of the Danish Act on Collective Management of Copyright cf. section 16 of the Act.

Unclaimed funds that could not be paid out are classified as un-distributable remuneration. These are used first for track adjustments and to address any potential legitimate claims that could not be covered by the reserve fund. The remaining amount is used for social, cultural, and educational purposes.