

General policy on deductions from rights revenue (including 'cultural contributions') and from any income arising from investments of rights revenues, as recommended by Koda's Board for the General Assembly's adoption on 26 April 2023

1. General policy for deductions for administrative expenses

Koda deducts an amount from the collected rights revenues to cover its reasonable and documented administrative costs.

The administrative costs must be proportionate to the revenues generated within the relevant individual income areas or specific events, which is why they might differ on the different areas. Koda will reflect this in different deductions for administrative costs on the different areas.

The principles of such differentiation and the annual deduction rates must be presented in the Annual Transparency Report.

2. General policy for deductions for cultural contributions

According to Article 18(b) of Koda's Articles of Association, Koda deducts an amount from the rights revenues collected to be used for cultural contributions. No deductions for cultural contributions are made in revenues generated abroad, from mechanical rights or KulturPlus (blank media levies).

According to the same Article, the annual General Assembly must also decide on the matters listed under items a-c below:

a. The relative shares of the cultural contributions to be managed by Koda and by the Organisations, respectively

The Board of Directors recommends that the shares of cultural contributions should be divided so that

- 1) 71,2 per cent is managed by the four Organisations¹ and the General Assembly recommends an equal further division between the Organisations
- 2) 28,8 per cent is managed by Koda.

Koda's share includes a number of jointly managed pools, common culture political initiatives and the shares generated on the Faroe Islands and in Greenland, which are set aside for use respectively on the Faroe Islands and in Greenland.

b-c. The relative shares of cultural contributions to be used for administration, cultural and music business political purposes and grants/project support.

The Board of Directors recommend that the relative shares, in per cent, allocated to the individual purposes are set as follows:

68-71 per cent of the cultural contributions shall be used for grants or project support.

17-20 per cent of the cultural contributions shall be used for cultural purposes, including cultural and business politics.

12-15 per cent of the cultural contributions can be used on the administration of said contributions.

3. General policy for deductions in any revenues generated from the investment of rights revenues

As regards revenues generated from investments made using rights remuneration, deductions for cultural contributions are made. However, no deductions for administrative expenses are made.

Recommended for adoption by Koda's General Assembly in Copenhagen, 25 April 2023, to take effect on the calendar year 2024.

¹ As defined in Koda's Articles of Association, article 7 (2).