



**GRAMEX
DISTRIBUTION
RULES**

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DISTRIBUTION RULES AS OF 7 JUNE 2024

- Gramex's distribution rules describe and govern how the remunerations collected by Gramex and defined in the Finnish Copyright Act are calculated, distributed and paid to rightholders.

- These distribution rules are based on the decision of Gramex's general assembly on 7 June 2024.

- The legal basis for the distribution and payments made by Gramex is formed of national and international legislation, international copyright agreements, Gramex's by-laws, Gramex's distribution rules, Gramex's client agreement, and the representation and reciprocal representation agreements concluded by Gramex with other collective management organisations.

- Decision-making power and practical implementation related to distribution and payment is divided within Gramex between Gramex's general meeting, Board of Directors and office in accordance with separate internal instructions.

- The distributions and payments made by Gramex only include such phonograms and music videos which are protected in Finland by virtue of the Finnish Copyright Act and any international agreements concerning the protection of phonograms and video recordings binding on Finland as well as any connection rules and implementing provisions.

- Gramex distributes and pays rightholders the remunerations for which it has provided licenses and collected remunerations and transmits remunerations received from Finnish and foreign organisations and operators to rightholders.

- The collected remunerations will be distributed between the performing artists and phonogram producers as specified in the rules of division, and, as a rule, all distributions and payments are made per phonogram and rightholder.

- The aim is to carry out the distributions and payments mainly in

connection with the distributions and payments immediately following the collection period. The collection period can be, for example, six (6) or twelve (12) months.

- The distributions will primarily be made based on reports on each individual use of a phonogram, or on reports regarding such forms of use which are the most similar and best comparable to the forms of use in question.

- The aim is to carry out a user-specific distribution (for example each radio channel separately).

- Distribution calculations will be based on the time (duration) or other amount of use (for example instances of recording) best matching each form and type of use.

- The rightholders of protected phonograms are treated equally regardless of e.g. nationality, and all music genres are treated the same way.

- For any phonograms which include phonograms that have entered the public domain, Gramex's distribution process adheres to a principle according to which parts of such phonograms, or performances extracted from such phonograms, are allocated a remuneration share in distribution calculation but this remuneration is not paid out to any party.

- The distribution and payment will be primarily carried out in accordance with the general distribution schedule adopted for one calendar year, available on Gramex's website.

- Gramex's Board of Directors decides on the details of the distribution rules, yet so that the general meeting or the council of Gramex in accordance with

the by-laws of Gramex adopts the general principles which are observed in the distribution of the collected remunerations to rightholders. General principles include, inter alia, the actual rules of division.

- Gramex can also carry out the distributions and payments of remunerations based on copyright law on the basis of separate assignments accepted by the general meeting or the Board of Directors of Gramex without the particular form of use being specifically mentioned in Gramex's client agreement.

- The material and formal quality of the distribution and the related operations will be monitored and measured regularly.

2. KEY TERMS

- **PERFORMING ARTIST.** A person who features on a phonogram, for example a musician, singer, conductor or audiobook narrator.

- **INDIVIDUAL REMUNERATION.** A remuneration which is paid to an individual rightholder who can be identified on an individual phonogram.

- **UNDISTRIBUTED FUNDS.** Undistributed funds are comprised of collected remunerations whose rightholder has not been sufficiently identified and/or reached within three years of the collection year and Gramex has been unable to pay the remunerations to the rightholder within such three-year period.

- **COLLECTION PERIOD.** A specific, defined period of time from which the distributable funds originate on the basis of the use of a phonogram.

- **COLLECTIVE.** The remunerations of all performers participating in the same recorded performance can in certain cases be paid 'collectively' to a corporate body formed by them, typically operating behind an orchestra or choir. In such a case, the orchestra or choir is called a 'collective' and the remunerations they receive are called a 'collective remuneration'.

- **FORMS OF USE.** Licensing and distribution categories describing different ways phonograms are used.

- **PAYMENT.** The payment of the remunerations allocated to an individual rightholder in the distribution process to the bank account stated by the rightholder or their representative.

- **MUSIC VIDEO.** A visual recording containing music and featuring the

performance of a musical composition or a part of a musical composition.

- **NEGATIVE DISTRIBUTION.** The repayment of an overpayment originally received by a rightholder can take place in the form of negative distribution.

- **PERFORMER'S REMUNERATIONS.** Remunerations paid for the use of the phonogram to the artist performing on the phonogram.

- **BANK STATEMENT.** A written breakdown of the payment of an individual distribution delivered after each distribution to rightholders receiving Gramex remunerations.

- **DISTRIBUTION SCHEDULE.** The Board of Directors of Gramex adopts the distribution schedule of the main distribution of the following calendar year at the latest in the end of each calendar year. The distribution schedule will be published on Gramex's website at the latest during the January following its adoption.

- **DISTRIBUTION DATA.** Data on the use of the phonogram serving as the basis for the distribution calculation.

- **DISTRIBUTION CALCULATION.** A part of the distribution process consisting of the actual calculation of the remunerations of individual phonograms and rightholders.

- **DISTRIBUTION PLAN.** A plan drafted by Gramex's office on which collected funds an individual distribution under the distribution schedule will mainly consist of.

- **PRODUCER'S REMUNERATIONS.** Remunerations paid for the use of a

phonogram to the financial producer of the phonogram.

- **OVERPAYMENT.** A remuneration which has been paid to a rightholder and is subsequently found to have been excessive in error. This may occur, for example, if the number of musicians performing on a phonogram is, on the basis of subsequently received information, found to have been bigger than originally thought at the time of payment. In such a case, a rightholder may have originally received an overpayment.

- **RESERVE.** In an individual distribution, some of the distributable funds can be excluded from the distribution and set in reserve for future claims.

- **PHONOGRAM.** Any recording containing sounds, for example a digital audio file or a traditional record.

- **PRODUCER OF A PHONOGRAM.** A person or corporate body which is responsible for the first recording of the performance, i.e. usually the party which provides funding or bears the financial responsibility in the recording phase.

3. GENERAL

The remunerations collected and received by Gramex will be distributed and paid in accordance with these rules.

4. RIGHTHOLDERS

Rightholders entitled to remunerations in Gramex's distribution

In Gramex's distributions, rightholders entitled to remunerations are the following parties referred to in the Finnish Copyright Act:

- 1) performing artists whose performances have been recorded on a phonogram or music video;
- 2) phonogram producers; and
- 3) music video producers (video recording producers).

Performing artist

The performances of performing artists are divided into different roles in Gramex's distributions using the following role codes:

Musician: Musicians include both singers and instrumental performers who provide accompaniment or form the orchestra, the choir, or the orchestra and choir.

Soloist: Soloists include both singers and instrumental performers under the following conditions:

A soloist's performance must have an effect on the overall performance and the soloist's performance must be predominant in proportion to the performance as a whole. The soloist may perform the leading theme, and the soloist generally has an independent part to perform in a musical composition.

Conductor: A person who does not participate in the performance of a composition with sung or instrumental parts may, as a performing artist, be entitled to a conductor's share of remunerations distributed by Gramex under the following conditions:

- Activity entitling to conductor shares means the conducting of a live performance or the interpretational directing of a performance on the occasion of the recording. Sectional rehearsals, mixing, or other activities before or after the recording session do not entitle to shares under Gramex's distribution rules.

- The performance of the conductor must have an influence on the overall artistic impression of the recorded performance.

- The performance conducted or directed by the conductor must feature at least four (4) performers. Upon application, the Board of Directors of Gramex may for a specific reason decide that conducting or directing a smaller ensemble entitles to a conductor share in Gramex's distribution. Applications regarding such matters shall be addressed to the Board of Directors of Gramex in writing and must reach Gramex at the latest when the phonogram report concerning the track is registered.

The aforementioned roles shall not apply to such remuneration sums which Gramex receives from foreign collective management organisations for the purpose of paying them to its clients.

Producer of a phonogram

Producer of a phonogram means the natural or legal person who initiates and is responsible for the fixation of the sound of a performance, of other sound, or of the representation of the sound for the first time.

Music video producer

Music video producer means the natural or legal person who holds the right of the producer of a video recording as referred to in Section 46 a of the Finnish Copyright Act.

Standard process

The initial amount of remuneration allocated to the distributions at any given time is generally speaking based on the licencing and royalty revenue collected and received by Gramex, confirmed in the annual audit and the half-yearly interim audit. Other remunerations may also be processed and paid out in the case of distributions and payments based on separate assignment.

Each scheduled distribution is preceded by a written Distribution Plan, which combines the form of use-specific remuneration sums expected from the particular collection period for distribution as well as the types of use and users included in the distribution, for example specified radio channels. The Distribution Plan will be drawn up by Gramex's office and be presented to the Board of Directors of Gramex for their information.

The total amount of remuneration entered in each distribution and distribution process at any given time will be finally confirmed form of use by form of use in the Distribution Calculation preceding and concerning each scheduled distribution.

Management costs and any other deductions and reserves set out in Gramex's by-laws, client agreements and instructions will be deducted from the remuneration sums in connection with the distribution process. Correspondingly, any investment income accrued on the remunerations can be added to the distributed funds in connection with the distribution process.

The management cost deduction percentage and the investment income percentage taken into account in the distribution will be determined in accordance with the society's generally confirmed and adopted principles and in accordance with the grounds published in the transparency report.

If the accrued remuneration of a form of use is comprised of a 'bundled tariff' which contains different rights, the aim is, insofar as possible, to divide and allocate the distributable amount of remuneration to the different rights.

The management cost allocation is primarily carried out by applying the same management cost percentage to all forms of use, unless otherwise separately decided on the management cost percentage of an individual form of use or rightholder group.

Remunerations reverted to distribution

A distribution can also contain remunerations which are 'reverted to distribution'. Gramex's general meeting decides on such remunerations. Any other previously undistributed funds may be included in the distribution following the same principles.

6. MUSIC USAGE DATA USED IN DISTRIBUTION

A. General principle

The distribution is always primarily based on such phonogram-specific music usage report agreed on in connection with licensing which concerns the use in question or otherwise best corresponds to the distribution grounds of remunerations collected for the use of the phonogram in question. If no direct music usage data is available, Gramex's office decides what other usage data is best suited to the situation.

The music usage data which will be primarily used in the distribution in the case of each form of use are the following:

B. Radio use

Radio channel and phonogram-specific music usage data reported by radio stations.

C. Remuneration for radio use on top of other remunerations

If the music usage data reported by a radio channel is incomplete with respect to air play or its identification data is poorly aligned with Gramex's phonogram database, channel and phonogram-specific distribution can be abandoned and the remunerations distributed on top of other remuneration for radio use or air play. Similar procedure will be followed if no usage data is available at all or the user-specific remunerations paid and received by Gramex are not, in some cases, sufficient to adequately cover the reported use in the distribution.

Channel and phonogram-specific distribution can also be abandoned when the amount of remuneration paid by the radio station annually falls below a particular sum and distribu-

tion carried out per channel and phonogram would not be cost-effective in such a case.

D. Background music remunerations – user-specific data

If no user or phonogram-specific data is available in the distribution of the background music remunerations, music usage data of radio channels chosen for individual distribution can be used in the distribution with respect to use in both commercial radio channels and the Finnish Broadcasting Company YLE. Background music remunerations can be allocated and weighted even more specifically between commercial and public YLE air play using the total remuneration sums paid by these radio companies and the share of listening of YLE and commercial radio.

Example:

The national share of listening of the national YLE and the commercial radio channels is 50-50 in the space of a year. In such a case, a specific share of background music remunerations can be allocated evenly between the air play of commercial radio and YLE.

Instances of radio use can be utilised either by looking at individual instances of air play (in which case all instances carry the same weight financially) or by weighting the financial value (amount of remuneration) of individual instances, in which case more valuable phonograms getting airplay are also allocated more background music remunerations.

Background music remunerations can also be distributed on the basis of music usage data provided by background music operators. Such usage

data can comprise either recording or performance data (if available).

Background music remunerations can also be distributed based on various surveys and studies.

Example:

Vilken radiokanal ljuder i allmänhet på en bestämd plats?

E. Compensation for private copying

The music usage data of radio channels selected for individual distribution can be used as grounds for the compensation for private copying if no actual copying data is available.

F. Mechanical reproduction right royalties and On Demand

Remunerations concerning instances of mechanical reproduction and on-demand use will always primarily be distributed based on the specified usage information concerning the use of a phonogram.

G. With respect to remunerations which are reverted to distribution, the following data will be used as distribution data: the following data will be used as distribution data:

- The Board of Directors or office of Gramex will decide on the data used as distribution data for remunerations reverting back to distribution.

H. When no information is available

In the event that no data is available, the distribution shall be based on the most relevant reference data available or, in exceptional circumstances, data on market shares provided by sales statistics in the case of distributions to producers.

General principle

As specified above, the aim is to always base the distribution on type of use and user-specific music usage data and, financially, the amount of remuneration concerning such specified user.

Deductions

Management costs will be deducted from the sums entered in distribution calculations. The amount of management costs is confirmed through a separate process, and Gramex's Board of Directors will confirm the amount of management cost deductions (primarily %) used in each distribution and payment.

After the deduction of administration expenses, remunerations of performing artists directly represented by Gramex are deducted for music promotion use in social, cultural, educational and other purposes. However, compensation for private copying is not subject to deduction. The deduction, amounting to five (5) percent, applies to remunerations collected since January 1, 2024.

Additions

Accrued investment income will be added to the collected remunerations entered in distribution calculations if decided by Gramex's Board of Directors. The amounts of investment income entered in distribution or the grounds thereof will be adopted by the Board of Directors of Gramex.

Gramex can also apply a 'national deduction' to the distributed remunerations if Gramex's general meeting has so decided. With respect to those clients who are not Gramex's direct rightholder clients, the making of such a deduction requires a specific agreement thereon with the relevant

rightholder or their representative (for example a foreign organisation).

Remunerations attributed to phonograms, i.e. placeholder phonograms

A placeholder phonogram is a phonogram used in Finland which has already been allocated remunerations but which has incomplete rightholder or phonogram data.

All uses of phonograms reported during the collection period are pre-processed in the identification stage. In the identification stage, such protected phonograms for the use of which Gramex collects remunerations are identified. Distribution calculations of the collected remunerations will be made for these phonograms insofar as they are included in the distributions of the relevant collection period. The management cost deductions applied each calendar year as well as the added investment income distributions are taken into account in this calculation.

Once the remunerations for an individual phonogram have been calculated in this manner, the accrued remunerations will be allocated to the relevant phonogram and paid to rightholders. If Gramex does not have the phonogram or rightholder information of that phonogram, a remuneration that has been through the distribution process and calculated on a phonogram will be left waiting for information on the rightholder or their representative. Such a phonogram is said to be in 'placeholder mode' and is considered to constitute an 'unidentified phonogram'. In other words, these are phonograms which have been used in Finland and reported to Gramex and for which the remunerations have already been individually calculated and allocated but which are missing

accurate phonogram or rightholder data in whole or in part.

Recalculation

Gramex will recalculate the remunerations automatically in certain situations. Such situations can include, among others, the following: New data received on a phonogram or a performance therein supersedes previous rightholder information.

Example:

A performer or a producer has originally been registered for the phonogram on incorrect grounds, a performer/producer is removed or added so that the amount of rightholders used in the original distribution calculation changes.

Removal of information or performance registered for a phonogram.

Example:

An incorrect extra performer or producer has originally been registered for the phonogram.

Change in performer's role or producer shares.

Example:

A soloist share is changed into a musician share on the basis of new information.

Change in the protection information of a phonogram.

Example:

Upon closer inspection, a free phonogram turns out to be protected *inter alia* based on new information on the recording country.

Gramex receives more usage data, which leads to a decrease/increase in the phonogram-specific remuneration per unit.

Example:

More rightholders share the amount of remuneration allocated to a phonogram.

Negative distribution

Recalculation may lead to a negative distribution, in which case a party which has originally erroneously received remunerations is obligated to refund the sum paid in error. A negative calculation will be automatically initiated in Gramex, i.e. the “refundable” amount will be automatically deducted from the rightholder’s existing (erroneously accrued) but still unpaid remuneration balance. The rightholder’s remuneration balance can thus be negative until the erroneous remuneration sum has been fully set off by subsequent remunerations. In practice, this means that a negative distribution is used to correct an erroneous positive balance. If it is likely that an incorrect distribution cannot be set off through negative distribution, Gramex’s office may decide on the recovery and collection measures concerning such overpayment.

Funds attributed to rightholders

Remunerations collected on the basis of data on the use of identified phonograms will be allocated to artists performing on the phonogram and to the producers of the phonogram. Once the calculation of remunerations and the combination of remunerations has been carried out, the outstanding remunerations enter a phase where they wait for payment.

In this stage, the amounts due to an individual rightholder for different phonograms are combined and the remunerations are transferred to a balance payable to the individual rightholders to wait for the moment they are paid.

Gramex may have different reserves related to the distributable funds. Funds can be kept in reserve primarily on the following grounds:

Unknown musician

As a rule, likely information on the ensemble is used in the distribution calculation.

In the phonogram-specific distribution calculation, the calculation of remunerations will be conducted normally even for unknown performers. If Gramex is not aware of the precise number of performers, the number of performers per track is deemed to be seven (7) for musicians and one (1) for soloist (unless otherwise indicated by the distinctive characteristics of the particular case).

In the case of a choir, the default number is forty (40) musicians, and in the case of a symphony orchestra or similar, the default number is seventy (70) musicians.

Reserves in distribution calculations

When the distribution calculations are being drawn up, necessary funds can be set in reserve in certain amounts in case of claims made by any potentially appearing “unknown rightholders” and any mistakes in distribution caused by technical and qualitative errors in the distribution data.

Each reserve is typically maintained for a period of three (3) years after the end of the collection year. The release of funds from the reserves kept when the distribution calculations are drawn up will, as a rule, be carried out so that the released funds will be added to the next distribution following the aforementioned period. However, the reserve can be released earlier if it

is found likely that the reserve is no longer needed, for example because of technical reasons or the receipt of previously missing usage data.

Receipt and retention of remunerations

Gramex may also present claims and receive remunerations for the use of phonograms outside Finland on behalf of the rightholders which it represents. The rightholders must specifically authorise Gramex to act on their behalf outside Finland with the client agreement. This authorisation can be given regarding specific countries or forms of use.

With regard to performers, Gramex's operational activities involve making an independent decision on its client's role in the distribution of a foreign organisation.

Example:

A Finnish conductor is considered to be a 'Featured Artist' in the distribution of a foreign organisation.

Forwarding of remunerations

Gramex aims to allocate (transfer to wait for payment) foreign remunerations to the rightholder no later than within three months of receiving them. The outpayment of remunerations from Gramex will always take place in accordance with the main distribution if general conditions for the payment are met.

Management costs

As per international practice, Gramex usually does not deduct management costs from or allocate management costs to rightholder clients' remunerations received from abroad. Gramex does, however, have the right to make the actual management cost deduction from remunerations received from abroad if so decided by Gramex's Board of Directors / general meeting.

Remunerations from abroad are subject to an expense deduction. The expense deduction, amounting to (4) percent, applies from January 1, 2024.

Payment of remunerations abroad

The payment of remunerations inter alia to Gramex's indirect performer or producer clients through a foreign organisation requires that Gramex with high probability can rely on the performer and producer data received from the relevant organisation and the organisation's mandate to represent the performer in question at that time. Gramex may also have as a prerequisite to the payment of remunerations that the organisation delivers the data required for the distribution in a technical format which is generally available and generally accepted for use in distributions between organisations at that time.

If the rightholder receiving the remunerations or their representative is located outside Finland, Gramex will perform all the required tax measures, such as the withholding of tax, before the payment of remunerations. Remunerations paid abroad will chiefly be paid against invoice presented to Gramex. The invoice shall indicate the identifiers required under valid tax and accounting legislation.

General principles

The payment of remunerations to the rightholder requires that Gramex has accurate and complete information on the recipient of the remuneration. The making of the payment requires, inter alia, valid bank account information and, with respect to a person or an enterprise, valid tax information. Gramex has the right to receive rightholder-specific withholding information directly from the tax authority. Gramex has the obligation to carry out all measures required under legislation, such as the withholding of tax, before the remunerations are paid out. Gramex reports all remuneration distributions and payments and any related additional information (for example any withholdings) to the Incomes Register maintained by the Finnish Tax Administration.

Performer's remunerations

Performer's remunerations will be paid as indicated by the 'performers' roles' registered and communicated to Gramex and the rules of division included in these distribution rules.

To a decedent's estate

If the recipient of a rightholder's remunerations is their estate, the estate shall provide Gramex with bank account details as well as detailed information on the beneficiaries of the estate, for example by providing an estate inventory. Communications with the estate will take place primarily through one contact person authorised by the decedent's estate.

Producer's remunerations

Each producer right will be registered with Gramex as a percentage share (%). In distribution and payment, the producer remunerations will be paid to

the rightholder producer in accordance with their percentage share.

Joint production

The producer rights of a phonogram can be registered with Gramex in the form of a 'joint production'. The division of producer shares in joint productions must be communicated to Gramex in the form of a written document which must demonstrate each involved producer's express consent to the division of the producer shares. A joint production situation can also occur when producer rights are assigned or transferred to a new holder.

Transfers of producer rights

Any transfers of producer rights shall be notified to Gramex in writing. The document shall confirm when the transfer becomes effective.

The transfer of rights shall be specified separately for each phonogram and by indicating the percentage share per each individual phonogram. The forms of use and geographical territories shall likewise be specified.

Any remunerations remaining unpaid and held by Gramex at the moment of transfer will be paid primarily to the earlier rightholder, i.e. the party that was the rightholder of the transferred phonogram when the phonogram was used and in respect of which the remuneration was paid, unless otherwise agreed between the parties and Gramex for a justified reason.

If the remunerations or usage data of previous years are received for the distribution at a later occasion, the payments will even then be made primarily on the basis of the rightholder situation at the time of the use of the phonogram.

General prohibition on payment

If it occurs during the normal distribution process that more than one rightholder or representative of a rightholder, such as an association, presents a specific claim over the remunerations of a particular performer, or a system at that time used between organisations in distributions and payments reports the existence of overlapping claims (conflict), the remuneration shall be subjected to a general prohibition on payment by Gramex's order.

Example of a conflict:

an individual performing artist is a member of several organisations with respect to the same form of use and/or geographical territory.

Smallest distributed remuneration

Gramex's general meeting will confirm the smallest distributable amount of remuneration which will be paid to rightholders regularly in the payments made in accordance with the distribution schedule.

Bank statement

An individual rightholder will be provided with a bank statement of each payment containing at least the following information:

- form of use-specific total amount of remuneration
- actual deductions (e.g. management costs) from and additions to the remunerations
- taxation (tax withheld)
- bank account details used in the payment.

Enforcement and prohibitions on payment

Any share of a payable amount which is subject to enforcement and garnishment under the enforcement authority's orders will be deducted from the payable amount. Gramex will

deliver such deducted share directly to the enforcement authority which has issued the withholding notice. The payment made to the enforcement authority will be shown on the bank statement provided to the rightholder.

Distribution report

After each payment following a distribution, Gramex's office will draw up a distribution report concerning such distribution and payment and present it to Gramex's Board of Directors.

11. DISTRIBUTION AND PAYMENT OF REMUNERATIONS TO COLLECTIVES

The distributed remunerations can in certain situations also be paid 'collectively'. In other words, the 'individual remunerations' of each member (performer) taking part in the recorded performance of an orchestra or a choir, which normally are payable to the individual rightholders, can also be paid collectively.

Such ensembles receiving collective remuneration shall, as a rule, be an orchestra or a choir, and the collective shall have at least four (4) performers.

A collective receiving remunerations shall be a corporate body which has independent taxation status, i.e. in practice it can be a non-profit association, foundation, other corporate body or corresponding foreign association with similar independent tax status behind the orchestra or choir. The remuneration will be paid to such a corporate body.

The distribution and payment can be conducted to the collectives per phonogram. The payment of remunerations to a collective requires each member of the collective to have given and addressed to Gramex an express written declaration of intent and authorisation concerning the payment of the individual remunerations to the corporate body behind the collective.

12. USE OF A PROXY

Gramex's clients have the right to do business with Gramex also through a proxy. The proxy shall demonstrate its right to act as a proxy and provide Gramex with a written power of attorney indicating that an assignment concerning such authorisation has been given.

13. UNDISTRIBUTED AND STATUTE-BARRED REMUNERATIONS: MANAGEMENT OF AND MEASURES CONCERNING REMUNERATIONS

The distribution and payment process of remunerations will run for three calendar years after the year of their collection. Two calendar years after the end of the year of collection, Gramex publishes a list of 'placeholder phonograms' (unidentified phonogram tracks) on its website.

If the rightholder of an individual phonogram and the remunerations belonging to the phonogram does not present itself or Gramex otherwise cannot locate the rightholder within the deadline set out in legislation, the remunerations calculated for the phonogram will become 'undistributed remunerations'.

Gramex complies with the process set out in applicable legislation in respect of the use of undistributed funds and the locating of the rightholders. Under applicable legislation, the general meeting of Gramex will decide on the use of undistributed funds as set out in law, until the remunerations are found to have become statute-barred on the basis of legislation concerning the limitation of claims.

14. RULES OF DIVISION

Division between performers and producers. The entire distributable sum shall be divided fifty-fifty between the producers and the performing artists form of use by form of use in the manner adopted by the Board of Directors. The current form of use-specific division is available on a separate appendix.

Gramex currently (1 January 2020) recognises the following forms of use:

- radio and television use
- rebroadcasting / satellite, background music
- Internet and data network
- audio fixations or audiovisual programs
- private copying compensation
- music videos
- lending and rental

The distributable sum concerning music recordings containing images will be divided between the performing artists.

Producer's share

The producer's share of the amount of remuneration payable for an individual track on the phonogram will be divided in proportion to the percentage shares of rights managed by each producer.

Performer's share

A remuneration which has accrued on an individual track of a phonogram will be divided among the artists performing on the phonogram in accordance with the following table:

| MUSICIAN (M) | SOLOIST (S) | CONDUCTOR (C) | EXPLANATION |
|------------------------|-----------------------|------------------------|--|
| 100 - 50 | - 100 50 | - - - | |
| 49 45 76 | 42 40 - | 9 15 24 | Under the direction of, and in addition to The conductor, the track features fewer than 10 performers (M&S). Under the direction of, and in addition to, the conductor, the track features at least 10 performers (M&S). Under the direction of, and in addition to, the conductor, the track features fewer than 10 performers (M). |
| 60 - - | - 76 60 | 40 24 40 | Under the direction of, and in addition to, the conductor, the track features at least 10 performers (M). Under the direction of, and in addition to, the conductor, the track features fewer than 10 performers (S). Under the direction of, and in addition to, the conductor, the track features at least 10 performers (S). |

The shares shall be divided among several conductors, soloists or musicians in accordance with the number of the shares, with the exception of the shares mentioned below.

The share of conductors participating in a performance shall be divided in accordance with the number of the conductors. If the report received by Gramex indicates a chief conductor, the assistant conductor shall receive one third of the share (1/3).

The Board of Directors of Gramex may, for a specific reason, accept an agreement between the rightholders regarding division of the shares in a manner deviating from the provisions of the distribution rules. Agreements regarding the division of shares shall be made in writing in accordance with a procedure adopted by the Board of Directors of Gramex.

Several performances. The singing or playing or, for example, the sequencer programming of one part gives entitlement to one soloist or musician share.

Soloist or musician performances carried out using several instruments and performances of different parts shall give entitlement to a corresponding number of soloist or musician shares, subject to restrictions set out below. If soloists or musicians perform one and the same part several times within one and the same performance, they are likewise entitled to a corresponding number of soloist or musician shares, subject to restrictions set out below.

Limitation: A single performer shall be entitled to a maximum of six (6) soloist or musician shares for any one phonogram track

15. CHARITY PHONOGRAMS

Based on application, Gramex may for special reasons accept the payment of remunerations accruing on a phonogram to a specifically designated charity. Acceptance of a phonogram as a 'charity phonogram' requires that all rightholders (performers and producers) give their written consent to the payment of the remunerations in full to the charity in question. The consent shall be demonstrated by means of a document specifically indicating the transfer of the rights to the charity.

16. PROTECTED PHONOGRAMS

Gramex distributes and pays remunerations for such phonograms used in Finland which are protected by Gramex in the case of public performance, communication to the public, recording or on-demand use.

The scope of the phonogram's protection is affected by the country of the phonogram's first recording, the original producer's domicile, and the publication or recording year of the phonogram. As for remunerations from outside Finland, copyright protection of phonograms is determined in accordance with the national legislation of each country of use and the connection rules of international agreements binding the countries in question.

17. APPLICATION OF DISTRIBUTION RULES

Application and interpretation. Any questions regarding the application and interpretation of these distribution rules shall be settled by the Board of Directors of Gramex.

18. DECISION-MAKING

In Gramex, Gramex's general meeting will make decisions concerning the inclusion of new types of use in the client agreement.

19. ENTRY INTO FORCE

These rules enter into force on 7 June 2024 and shall fully supersede Gramex's earlier distribution rules.

After the entry into force of these distribution rules, phonogram reports received by Gramex will be registered as required under these distribution rules and the distributions and payments of remunerations collected and received by Gramex will be performed in accordance with these distribution rules.

