

General principles for other deductions (as administrative costs) including deductions for the SKE

Pursuant to Section 14 (2) clause 3 VerwGesG 2016 (Collecting Societies Act 2016), the general assembly (General Members' Meeting) shall, among others, determine the general principles for other deductions [as administrative costs], including deductions for social and cultural institutions (SKE).

These shall be made publicly available on the website, pursuant to Section 44 clause 12 VerwGesG 2016 (Collecting Societies Act 2016).

The general assembly (General Member's Meeting) of VdFS has passed the following resolution on June 21st, 2016:

1

Provisions

Pursuant to Section 90 (2) UrhG (Copyright Act), the claims of the individual eligible parties or of groups of claimants against the collecting society become time-barred 3 years from this point in time, irrespective of the claimant's knowledge of the facts justifying the collecting society's obligation to pay.

VdFS is hereby legally required to make provisions for the satisfaction of claims made by domestic and foreign beneficiaries subsequently registered or asserted. For this reason, provisions shall fundamentally be made at the level of 20% of the income from the rights (license revenues).

The determination of the amount of this percentage (continuation, increase or decrease) shall be made separately for each financial year following extensive discussion with the auditor, upon recommendation of the Board of Directors and the Supervisory Board and by resolution of the general assembly (General Member's Meeting).

For the distribution budget of the 2015 broadcast year, provisions of 30% were established, taken into account various considerations.

2

SKE deductions

For the social and cultural institutions (SKE) of VdFS, deductions from the income from rights (license revenues) shall be applied as follows:

- a. **Legal deduction:** 50% for storage media remuneration (Section 33 (2) VerwGesG 2016 (Collecting Societies Act 2016) and
- b. **Voluntary deduction:** on the basis of a recommendation by the Board of Directors and the Supervisory Board by resolution of the general assembly (General Member's Meeting).

For the distribution budget of broadcast year 2015 (as in previous years), voluntary deductions were resolved in the amount of 10% each from all other income from the rights (except for storage media remuneration).

Vienna, June 21st, 2016