

# **Articles of Association of Danish Music Producers' Collective Management Organisation – MPO**

Adopted at the Statutory General Assembly on 19 November 2015.

## **1. Name and domicile**

- 1.1. The name of the Association is "MusikProducenternes forvaltningsOrganisation" ("the Music Producers' Collective Management Organisation").
- 1.2. The domicile of the Association is Copenhagen.

## **2. Objects**

- 2.1. The Association is a non-profit collective collecting society.
- 2.2. The objects of the Association is to administer producer rights in phonograms and "music videos" (videograms produced for a track on a phonogram), including to collect and distribute remuneration therefrom on behalf of copyright holders

## **3. Members and copyright owners**

- 3.1. Natural or legal persons resident within the EU/EEA who produce or based on an exclusive right distribute phonograms and music videos ("Music Producer") on the Danish territory can be admitted as members.
- 3.2. On admission as a member, the Association can charge from the Music Producer a registration fee determined by the General Assembly.
- 3.3. An application for admission as a member of the Association is made by filling in a form as adopted by the board of directors, to be signed by one or more persons authorised to bind their organisation and submit it to the secretariat. If the applicant meets the criteria in article 3.1 , the Music Producer is admitted as a member of the organisation.
- 3.4. If a member acts disloyally to the Association, other members or copyright owners, commences bankruptcy proceedings or accrues a too high balance with the Association, in the assessment of the board of directors, the member can be excluded, unless the member amends the matter within 14 days after having been properly made aware of the breach. Irrespective of exclusion, the member retains its right to receive any royalties.

#### **4. Administration of rights**

- 4.1. A member transfers to the Association a non-exclusive right to administer the phonogram and music video rights of the member within areas determined by the General Assembly, in compliance with sections 66-67 of the Danish Copyright Act and acquired section 65 rights (or similar provisions in the event of amendments to the Danish Copyright Act). Further, a member transfers to the Association the right to administer other rights to the extent that such are resolved by the General Assembly and to the extent it is necessary to administer the rights mentioned in the first sentence of this article.
- 4.2. A member is entitled to issue non-commercial licences to use the member's rights in the areas administered by the Association. No later than on the issue of a non-commercial licence must the member inform the Association thereof. The board of directors may lay down a suitable fee for handling non-commercial licences.
- 4.3. A Music Producer, which has left the administration of rights to the Association, by giving notice of at least six months and to the end of a financial reporting period, can withdraw its authorisation for administration of rights wholly or partially. A notification about this article 4.3 must be made in writing to the secretariat.
- 4.4. The Association distributes royalties to all copyright holders irrespective of membership of the Association if the rights have been used by a user and is included in the basis for the royalties, which the Association distributes.
- 4.5. As part of the administration of the members' rights, the Association is authorised to enter into agreements on behalf of all or part of the members. The Association is entitled hereto to the extent that an agreement can obtain extended collective licence status.
- 4.6. The Association can represent the copyright holders to the legislator, the Ministry of Culture of Denmark, and other collective management societies in areas that fall within the objects of the Association. The Association is entitled to delegate the administration to a third party to a specific extent. Delegation of material parts of the Association's assignments requires the resolution of the General Assembly.

#### **5. Finances**

- 5.1. The Association distributes all received remuneration to the copyright holders, less costs incidental to the administration of the Association, administration of rights and other deductions resolved by the General Assembly. Administration costs and the distribution thereof among copyright holders are determined by the board of directors based on the adopted annual budget and the cost policy adopted by the General Assembly, see article 7.2.7-8.
- 5.2. Based on the policy for distribution of remuneration determined by the General Assembly, see article 7.2.6, the board of directors lays down distribution keys for the distribution of remuneration to the copyright holders. Remuneration received based on agreements entered into on behalf of a share of the members are only distributed to members covered by the agreement.

To the widest extent possible, the distribution keys must reflect the actual consumption of the rights or a suitable analogue distribution, see article 5.5. The distribution keys are published on the Association's website and are adopted at the annual General Assembly, see article 7.2, no. 6.

- 5.3. The copyright holders' share of remuneration is distributed through the Association directly to the copyright holders and is settled by the Association as quickly as possible and no later than nine months after the end of the financial year in which the said remuneration has been collected, unless there are objective reasons to prevent this. If remuneration accrue to the Association on an ongoing basis, the Association will, to the widest possible extent, distribute the received amounts on account among the members based on the distribution keys most recently adopted.
- 5.4. The Association is entitled to make reservations of remuneration for the purpose of reducing the risk of any later repayment claim vis-à-vis a copyright holder.
- 5.5. The secretariat lays down the guidelines for the reporting required by users of rights and collective management societies, where a representation agreement has been concluded, for the purpose of collection and distribution of remuneration. The guidelines must ensure the necessary identification of the copyright holders.
- 5.6. If in connection with the distribution of remuneration, there are funds remaining that cannot be distributed owing to lack of identification of the copyright holder, the secretariat is obliged to take the necessary measures to attempt to identify the copyright holder. The board of directors lays down the specific rules for the necessary measures.
- 5.7. Any copyright holder is entitled to object to the distribution of remuneration within a period of three months after the holding of the annual General Assembly of the Association.

## **6. Transparency report**

- 6.1. With the approval of the board of directors, the secretariat prepares an annual transparency report and a report on the Association's deductions, if any, for social, cultural and educational services. The contents of the transparency report and the services report are determined by the board of directors.
- 6.2. The secretariat ensures that the reports mentioned in article 6.1 are published so that all copyright holders can access them on the website of the Association.

## **7. General Assembly**

- 7.1. The ultimate authority of the Association is the General Assembly.
- 7.2. Before the end of August every year, the annual General Assembly is held, the agenda of which must include the following items:
  1. Election of a chairman of the Assembly.

2. The chairman's presentation of the annual review.
  3. Presentation of the financial statements and transparency report for adoption.
  4. Adoption of the budget for the coming calendar year.
  5. Determination of the registration fee.
  6. Determination of a policy for distribution of remuneration, collective remuneration and non-distributable funds.
  7. Determination of the Association's expenditure policy and the use of non-distributable funds.
  8. Determination of the Association's investment policy.
  9. Determination of areas within which the Association can administer the members' rights.
  10. Election of members to the board of directors and determination of their board fees.
  11. Choice of critical auditors among the members of the Association.
  12. Appointment of auditors.
  13. Any other business.
- 7.3. The General Assembly must, when relevant, make a decision about the Association's risk management policy, acquisition, sale or mortgaging of real property, approval of mergers and alliances, establishment of subsidiaries, acquisition of equity investments and rights, approval of borrowings, granting of loans or provision of security for loans.
- 7.4. An extraordinary General Assembly is held when the chairperson, three board members jointly or the secretariat deems it desirable or when at least one fourth of the members, measured in votes, make a request to that effect.
- 7.5. Both annual and extraordinary General Assemblies are convened in writing by giving at least one month's notice and with a specification of an interim agenda.
- 7.6. Notification of the standing for election as a board member or critical auditor must be given to the secretariat no later than seven days before the General Assembly takes place. Likewise, proposals sought to be included in the agenda, must be sent to the secretariat no later than seven days prior to the General Assembly.
- 7.7. No later than five days before the annual General Assembly the final agenda and a list of candidates are sent.

7.8. At the General Assemblies, minutes of meetings are taken and signed by the chairperson of the meeting and sent to the members within 14 days of the holding of the General Assembly.

## 8. Voting rules

8.1. At the general meeting, resolutions are made by a simple majority among the present members according to number of votes.

8.2. Resolutions on:

- a) termination of and/or entering into agreements with other collective management societies (representation agreements),
- b) exclusion of members,
- c) amendment of the Association's articles of Association, and
- d) the dissolution of the Association,

can only be adopted if at least three fourths of the members of Association, according to number of votes, are present and if three fourths of the members thus present vote in favour thereof.

8.3. If a member cannot attend a General Assembly, the member can be represented by proxy or exercise its authorities by sending an e-mail to the secretariat no later than three business days before the General Assembly. The power of attorney must be written and state the authorisation within which the representative acts. The power of attorney must concern a specific General Assembly to be valid.

8.4. Each member has a number of votes which as a percentage of the total voting number (100) is determined as the average figure between the following fractions:

$$1: \frac{\text{The remuneration paid to the member for the past financial statements}}{\text{The total remuneration paid in the past financial statements}}$$

$$2: \frac{1}{\text{The number of members}}$$

8.5. A member may exercise its voting rights electronically by sending its comments to the items on the agenda and cast its vote by e-mail to the secretariat no later than three days before the holding of a general meeting.

## **9. Board of directors**

- 9.1. The overall management of the Association is handled by a board of directors comprising six members elected by the General Assembly, each elected for a period of three years. At the Statutory Assembly, two board members are, however, elected for a period of two years, and two board members are elected for a period of one year (first General Assembly). Thus, after the first three years there are continuously four board members with seniority of at least two years. To ensure a balanced representation of the members, three board members must represent Music Producers that cannot be categorised as multinational (in addition to Scandinavia), and three board members who represent major Music Producers (multinationals in addition to Scandinavia).
- 9.2. If a member of the board of directors resigns before the expiry of an election term or is absent for a long period, the board of directors convenes an extraordinary General Assembly for the election of a new board member for the election term of the resigning board member. The newly elected board member must represent the same group of Music Producers as the resigning board member, see article 9.1. To the extent a board member no longer represents a Music Producer or no longer represents a Music Producer in the category from which the board member has been elected, the board member must resign from the board of directors.
- 9.3. The chairman of the board of directors is elected by the board among the board members. The chairman is elected for a period of three years. Re-election may take place. A board member cannot be elected chairman for more than two consecutive board terms, see article 9.1.
- 9.4. The rules of procedure of the board of directors, including procedures to prevent conflicts of interest and supervision of the secretariat, are laid down by the board of directors.
- 9.5. Board meetings are held as often as necessary and are convened by the chairman, by the secretariat or by two board members jointly. The meetings are convened in writing giving at least seven days' notice. Minutes of meeting are taken of the meetings and sent to the board members immediately after the holding of a board meeting.
- 9.6. The board of directors constitutes a quorum when the chairman and at least three board members are present. Resolutions of the board of directors are made by simple majority. In the event of an equality of votes, the chairman has the casting vote.
- 9.7. The board of directors is entitled to take any legal step to safeguard the objects of the Association. Before any legal steps are initiated, the board of directors is obliged to seek the out-of-court settlement of any disputes. The board of directors is also entitled to enter into agreements with users of the Association's administered rights within the objects of the Association. The competency under this article 9.7 can be delegated to the secretariat in full or in part.
- 9.8. The board of directors is obliged to ensure that the activities imposed on the secretariat are handled in a proper and satisfactory way, including that the secretariat observes the rules on distribution and use of remuneration determined at the General Assembly, see article 5.

- 9.9. The board of directors has the possibility of choosing 1-3 observer seats. The observers have a right to attend board meetings, but have no voting rights.
- 9.10. The board of directors recommends suitable remuneration for their work. The amount of the board fees is determined at the annual General Assembly, see article 7.2, no. 10.

## **10. Secretariat**

- 10.1. The day-to-day operations, administration and financial management of the Association are handled by a secretariat director, who is appointed by the board of directors.
- 10.2. The secretariat director must possess expert knowledge of copyright issues and be experienced in the administration of copyright remuneration schemes. The secretariat must ensure efficient, transparent and smooth administration of the funds received by the Association and ensure that the articles of Association and the relevant legislation are observed. The secretariat must ensure that the administration otherwise takes place in compliance with the guidelines set out by the board of directors and the General Assembly.

## **11. Powers to bind the Association**

- 11.1. The Association is bound by the signature of the secretariat director or by the joint signatures of two board members and the chairman of the board of directors.

## **12. Audit**

- 12.1. The Association's financial year runs from 1 January to 31 December.
- 12.2. The Association's financial statements and transparency report are audited by a state-authorized public accountant elected by the General Assembly. In addition to auditing, the auditor must also ensure, in compliance with good auditing practice and the relevant legislation, that the distribution of remuneration is made in compliance with the distribution policy adopted by the General Assembly. The board of directors may determine that the financial statements and transparency report of the Association are prepared as one report.
- 12.3. In addition to the state-authorized public accountant, the General Assembly may elect up to two critical auditors elected from among the members of the Association. The election as critical auditor is made for one year at a time. There is a possibility of re-election for up to three subsequent years.

## **13. Dissolution and liability**

- 13.1. The Association can only be dissolved at the end of a financial year, through a resolution of the General Assembly, see article 8.2.

13.2. No personal liability for the obligations of the Association rests on the board of directors, the secretariat or any member.

**14. Notifications**

14.1. When the articles of Association mention "convened", "sent" or the like, where the Association must give written notification, this must be made by letter, e-mail or by other secure electronic means. Notifications are sent to the most recent address and e-mail address stated by the member.

14.2. All statutory information is communicated on the website of the Association.