

## SPPF'S GENERAL POLICIES

### GENERAL POLICY ON DISTRIBUTIONS

The sums due to rightsholders are distributed according to the distribution schedule and according to the following areas of fee collection.

#### EQUITABLE REMUNERATION

Provisionally in year N+1 for all broadcasters according to the results of the phonogram identifications at the time of allocation.

Definitely, the amounts generated by phonograms broadcast on all broadcasters are calculated in year N+5 and distributed in June of the following year.

#### PRIVATE AUDIO COPYING BASED ON PHYSICAL AND DIGITAL SALES

Provisionally in year N+1 at the rate of 40% of the amounts received in June and 50% in December.

Definitely in year N+2, following the audit of sales, on the balance of the amounts to be distributed.

#### AUDIOVISUAL PRIVATE COPYING OF VIDEOGRAMS

Definitely, the amounts generated by videograms broadcast on all broadcasters are calculated in N+2 and distributed in June of the following year.

## EXCLUSIVE RIGHT OF PHONOGRAMS

On a definitive basis in N+2 the amounts generated by phonograms broadcast on all broadcasters are calculated according to the results of phonogram identifications at the time of the distribution in June of year N+2.

On an additional basis, the amounts generated by phonograms broadcast on all broadcasters are calculated in year N+5 and distributed in June of the following year.

## EXCLUSIVE RIGHT OF VIDEOGRAMS

### ➤ *For generalist channels:*

Definitely every 3 months.

### ➤ *For music channels:*

Provisionally in year N according to the results of the videogram identifications at the time of allocation.

Definitely in year N +5

N being the year of rights.

An explanatory note on the criteria, methods and process of the distributions is made available to SPPF Members on their reserved space on the site [www.sppf.com](http://www.sppf.com) (changer pour le lien qui mènera vers le site en version UK).

## GENERAL POLICY ON THE USE OF AMOUNTS WHICH COULD NOT BE DISTRIBUTED

The amounts that cannot be distributed or that could not be distributed before the legal prescription period of 5 years (defined in Article L. 324-16 of the Intellectual Property Code) are those that cannot be distributed to the associates and beneficiaries, due to the lack of information allowing the identification or location of tracks, or to the absence of claim for the rights distributed despite the unsuccessful reminders made by the SPPF to the beneficiaries.

The SPPF uses these amounts in several ways:

- All amounts from compulsory **collective management**, registered in the security special account, provided under Article 7.2 of the Status are necessarily allocated to cultural actions (in accordance with Article L. 324-17. 2° of the Intellectual Property Code).
- The amounts from **voluntary collective management** of the exclusive right include, on the other hand, several allocations: these amounts may be allocated, by decision of the Administration Board, either to the operating budget or to cultural actions.

The amounts allocated to each of these purposes are allocated by the Administration Board every year.

It is recalled that the amounts collected by the SPPF for unidentified registrations falling under the voluntary collective management of the exclusive right are distributed to SPPF associates or their beneficiaries.

## GENERAL INVESTMENT POLICY REGARDING INCOME GENERATED BY EXPLOITATION OF RIGHTS' AND REVENUES RESULTING FROM SUCH INVESTMENTS

Financial investments must be made and managed by the SPPF reasonably and without risk, with a focus on guaranteed rates of return, with the approval of the investment committee set up by the Administration Board.

In accordance with Article L. 324-11 of the Intellectual Property Code, financial investments:

- must serve the sole interest of rightsholders,
- will have to guarantee the safety, quality, liquidity and profitability of the entire **portfolio**,
- will need to be properly diversified to avoid over-reliance on a particular asset and build-up risks across the portfolio.

## GENERAL POLICY ON MANAGEMENT FEES AND WITHHOLDING

In accordance with Article 7.2 of the Status, withdrawals are made to finance SPPF's management fees.

The percentage of these withdrawals is provisionally fixed by the Administration Board the beginning of each year according to the nature and origin of the rights, in accordance with the general policy on deductions established by the General Assembly.

The Administration Board may modify this percentage as often as necessary, even during the year, to ensure the balance of the management account and the continuity of SPPF's operations. At the end of each year, the Administration Board makes final decision on these percentages.

For the setting of these withdrawals' rates, the Administration Board must respect the principle of proportionality of management fees set out in Article L. 324-10 of the Intellectual Property Code, according to which " *The sums deducted in respect of management fees may not exceed the justified costs incurred by the organization for the management of the economic rights entrusted to it* ".

## **GENERAL POLICY ON THE USE OF AMOUNTS WHICH COULD NOT BE DISTRIBUTED DURING THE YEAR**

In accordance with Article L. 324-17 of the Intellectual Property Code, all amounts collected under Articles L.122-10, L.132-20-1, L.214-1, L.217-2 and L.311-1 of the said Code and which could not be distributed, either pursuant to international conventions to which the France is a party, or because their addresses could not be identified or found before the expiry of a period of 5 years (Article L. 324-16 of the aforementioned Code), are used for the different types of financial support defined in Article R. 321-6.

These financial supports are the subject of SPPF Auditor's Report according to Article L. 326-8 of the Intellectual Property Code.

It is recalled that, to this day, the amounts collected by the SPPF in for unidentified registrations falling under the voluntary collective management of the exclusive right are distributed to SPPF's associates or their beneficiaries.

## **RISK MANAGEMENT POLICY**

Regarding financial advance mentioned in Article 26 of the General Regulations: if the reimbursement threshold of the financial advance (previously determined by the Administration Board) is not reached, no other advance may be paid to an associate until the previous one has been fully reimbursed under the conditions defined by the Administration Board and ratified by the General Assembly.

Any resigning associate struck off by the Administration Board, excluded by the Extraordinary General Assembly, or who has been the subject of a complete catalogue redemption and who is debtor of sums to SPPF may immediately demand the reimbursement of all due amounts, of whatever nature.

## **APPROVAL OF REAL ESTATE ACQUISITION, SALE OR MORTGAGE**

To this day, this specific provision does not apply to SPPF.

The General Assembly grants permission o the Administration Board to engage this type of action only if needed. In any case, all operation alike must be submitted to the General Assembly approval.

## **APPROVAL OF MERGER, ALLIANCES, BRANCH CREATION, BODY ACQUISITION OR LEGAL PARTICIPATION IN OTHER ENTITIES**

To this day, this specific provision does not apply to SPPF.

The General Assembly grants permission of the Administration Board to engage this type of action only if needed. In any case, all operation alike must be submitted to the General Assembly approval.