

Basis for Remuneration 2014

This document provides additional information about the playlists Sena uses and processes as part of its payments over the year 2014.

Sena aims to achieve the fairest possible distribution of these payments and ensures they accurately represent music use in the Netherlands while simultaneously remunerating right holders at the lowest possible cost.

1) Distribution of media income

a) Sena's current approach involves processing playlist information from all regional and almost all national radio and television broadcasters, both commercial and public. Fees are distributed based on this information. In the interest of cost efficiency, playlists from small local broadcasters are not included in the remuneration procedure.

Please consult the attached list of radio and television broadcasters whose playlist information is used.

b) Processing playlist information and repertoire reference

A portion of the collected fees is not distributed on the basis of playlist information from broadcasters; namely, the fees collected from the multitude of small local broadcasters, commercial and public alike. Processing this playlist data would be neither manageable nor desirable from a cost-benefit perspective and would inhibit the actual remuneration. It would also have a negative effect on Sena's cost percentage. The fees collected from these small local broadcasters are added to the amount collected from the larger broadcasters whose playlists have been processed. Sena does this on a *pro rata* basis according to the total airplay of the broadcasters whose playlists have been processed.

Fees collected from cable companies - for channels whose primary focus is not the Netherlands - are also added to the other broadcasters' amount, as described above.

New media income

Income related to new media (internet) is paid based on information regarding legal downloads. GfK supplies Sena with this information.

2) Distribution of income from Public Performance

Income from 'Public Performance' includes all fees collected from trade and industry, such as offices, retailers, supermarkets, restaurants, bars and so forth. Sena uses extensive market research to determine the correct division of funds. This research is carried out biannually by research agency GfK for Sena and Buma/Stemra and allows both organisations to accurately determine the listening habits of Dutch businesses. Roughly 2400 organisations are surveyed by telephone regarding their use of music. If music is played at a business, respondents are given the option to indicate what they listen to.

The following answers are possible:

(1) They listen to or watch a major broadcaster, in which case they are required to indicate which one;

(2) They listen to music provided by a supplier of background music, in which case they are required to indicate which one;

(3) They listen to their own music/CDs.

(ad 1) Fees collected from retailers, supermarkets and offices are calculated on the basis of the listened-to broadcaster's market share and added to the fee collected from that broadcaster. Playlist information is then used to determine the correct division of remuneration.

(ad 2) The results of GfK's research provide a strong insight into the market share of suppliers of background music in the areas of retail, supermarkets, hospitality and offices. Due to the playlist information provided by subscription broadcasters or narrowcasters such as Mood Media, Mediatools and Eazis, Sena is able to make accurate payments in these sectors. Our goal is to gather and process more playlist data from background music suppliers.

(ad 3) Gaining insight into the use of "own music" is challenging, as not a single organisation keeps track of exactly what music is played. At the moment, Sena adds fees collected for the use of "own music" to the sum collected from broadcasters. This is, in turn, based on the market share information gathered by GfK and forms the basis of the remuneration procedure. Naturally, Sena strives to further refine this process and is currently in discussion with external partners about potential developments.

Income from hotel and food service industries

Payment of the fees collected from the hotel and food services industries is based on the research by GfK and playlists from roughly 2,500 bars and cafés.

This information gives Sena an extremely clear, detailed and reliable insight into the use of music in the hospitality and food services industries.

Dance revenues

Dance revenues will continue to be paid on the basis of DJ Monitor's data of the 20 largest dance events as soon as an agreement between the dance sector and Sena has been reached.

Appendix 1: Broadcasters whose playlist information is processed:

- 1) Sky Radio
- 2) 100% NL
- 3) Omroep Brabant
- 4) Classic FM
- 5) RTV Drenthe
- 6) Omroep Fryslan
- 7) Omroep Limburg / L1
- 8) Net 5 (SBS)
- 9) RTV Noord
- 10) Radio 1 (Ned. Publieke Omroep)
- 11) Radio 2 (Ned. Publieke Omroep)
- 12) 3FM (Ned. Publieke Omroep)
- 13) Radio 4 (Ned. Publieke Omroep)
- 14) Nederland 1 (Ned. Publieke Omroep)
- 15) Nederland 2 (Ned. Publieke Omroep)
- 16) Nederland 3 (Ned. Publieke Omroep)
- 17) Omroep Flevoland
- 18) Omroep Gelderland
- 19) Omroep Zeeland
- 20) Q Music
- 21) Radio 10 Gold
- 22) Radio 538
- 23) RTV Noord Holland
- 24) RTV Oost
- 25) RTV Rijnmond
- 26) RTV Utrecht
- 27) Omroep West
- 28) RTL 4
- 29) RTL 5
- 30) RTL 7
- 31) RTL 8
- 32) SBS 6
- 33) Slam! FM
- 34) Veronica (SBS)
- 35) Sublime
- 36) Radio 6 (Ned. Publieke Omroep)
- 37) Veronica Radio 103FM
- 38) Eazis
- 39) Mediatools
- 40) Mood Media

N.B. Contrary to previous years, in 2014 a start was made to already process playlists of the current year. This had been completed for 60% of the playlists in January 2015. Sena will complete the remainder during the year.

In previous years, playlists were processed per list or per block (e.g. "Commercial radio", "Public television", etc.) Since 2014, Sena has been doing this for all playlists simultaneously. This has the advantage of making processing more efficient as, for example, a track that occurs on multiple lists is now only processed once.