



## STATUTES

(version dated 18/06/2019)

The Statutes are available in German and in English. In case of inconsistencies between the German and the English version, the German version shall prevail.

### Article 1 Name, Headquarters, Legal Capacity, Business Operation, Financial Year

1. The commercial association  
VG Musikedition – Collecting Society -  
Granted Association with legal capacity  
has its headquarters in Kassel.
2. According to Article 22 German Civil Code (BGB), the legal capacity as an economic association is based on state grant by the State of Hessen.
3. The Association's business operation is based on the permit granted by the supervisory authority, the German Patent and Trademark Office (Art. 77 Administration of Copyrights and related Rights Act (VGG)).
4. The financial year is the calendar year.

### Article 2 Purpose of the Association

1. The purpose of the Association is to assume the rights and claims of its members in trust which were granted to it contractually through the Rights Agreement. The Association is not geared to generating a profit. The VG Musikedition can also assume other collection, administration and performing mandates.
2. When granting rights of use, administering remuneration rights and designing tariffs, any religious, cultural and social concerns will be adequately taken into account, including the concerns of youth welfare (Article 39 (3) VGG).

### Article 3 Chambers

VG Musikedition consists of three chambers:

Chamber I: Author/Editor in terms of Articles 70/71 German Copyright Law (UrhG)

Chamber II: Publisher

Chamber III: Composer/lyricist

### Article 4 Membership

1.
  - a) The Association differentiates between affiliated, regular and honorary members. Only regular and honorary members are members in terms of the law of association.
  - b) Affiliated right holders are right holders that have a direct perceptual relationship to VG Musikedition based on law or contract, however, do not (yet) fulfil the requirements for regular membership according to Article 4 (4) of the Statutes. The admission as an affiliated member must be applied for in text form (postal or electronic). The application must contain information on the fact that the

applicant is the owner of rights or claims that are administered by VG Musikedition. Management decides on the application. Appeals against a rejection, which must be justified, can be submitted within four weeks of its receipt; this must be addressed to the board of directors whose decision is binding.

2.
  - a) Admission as an affiliated member begins with the conclusion of the Rights Agreement.
  - b) When concluding the Rights Agreement, the beneficial owner must decide which chamber he/she belongs to. In the event of admission as a regular member according to Art. 4 (4), he/she then exercises his active and passive voting right in this chamber. The decision on belonging to the respective chamber can be changed upon application.
3. Should an originator or author/editor have several successors, they will exercise their rights through an authorised person. He/she will continue the Rights Agreement in the name of the legal successor.
4.
  - a)
    1. On application the beneficial owner must be admitted as a regular member in Chamber I after he/she has been an affiliated member for at least three years and has received on average at least EUR 50 in each of the last three financial years as royalties from VG Musikedition.
    2. The beneficial owner is entitled to apply for admission as a regular member in Chamber II after he/she has been an affiliated member for at least three years and has received on average at least EUR 500 in each of the last three financial years as royalties from VG Musikedition.
    3. The beneficial owner is entitled to apply for admission as a regular member in Chamber III after he/she has been an affiliated member for at least three years and has received on average at least EUR 100 in each of the last three financial years as royalties from VG Musikedition.
  - b) The managing director decides on the application. Appeals against rejection, which must be justified, can be submitted; these must be sent to the board of directors in text form within four weeks after receiving the rejection. The decision by the board of directors is binding.
  - c) Furthermore, the board of directors can admit affiliated members, personalities from the music industry or legal entities as regular members who support the interests, tasks and goals of VG Musikedition in a particular manner or whose cultural, artistic or scientific significance makes their admission seem desirable.

## **Article 5 Termination of Membership**

1. Membership shall end as follows:
  - a) By terminating the Rights Agreement or otherwise ending the Rights Agreement at the time the contract ends. Notice can be given annually with a notice period of six months to 31.12. It must occur in writing either by registered letter or electronically. In the latter case, the electronic document must carry a qualified electronic signature pursuant to the signature act;
  - b) for companies, after the end of the liquidation process or by instituting insolvency procedures over the member's assets;
  - c) through exclusion for an important reason which can only be decided by the board of directors after hearing the defence of the person concerned. An important reason exists if a member has intentionally or gross negligently infringed the Statutes, the Distribution Scheme, the Rights Agreement, the Association's interests or the copyright law.
  - d) at the end of the proxy according to Art. 4 (3).
2. VG Musikedition is obligated to continue collecting, administering and distributing the revenue from the rights according to the general provisions if the beneficial owner is entitled to revenue from the rights
  - a) for usage during a period before the administrative relationship was effectively terminated or the withdrawal of rights was effective, or
  - b) from a right of use that the collecting society granted before the administrative relationship was effectively terminated or the withdrawal of rights was effective.

## **Article 6 Management Bodies**

The Associations management bodies are

- the members' meeting in terms of BGB and VGG,
- the board of director as supervisory body in terms of VGG,
- the executive board in terms of BGB.

The executive board consists of one or two people (managing directors) that form full-time management.

## Article 7 Meeting of Affiliated Members

1.
  - a) The president invites the affiliated members with three weeks prior notice. The invitation must be in written form. The notice period begins on the day the invitation is sent. For the invitation to be effective, it is sufficient to properly send it to the last address communicated to VG Musikedition (email address). In this meeting, which is chaired by the president or his/her deputy, the board of directors presents the annual financial report and provides information to the affiliated members.
  - b) The board of directors can decide to hold the meeting of affiliated members together with the members' meeting.
2. Every three years, the meeting elects up to two delegates from each chamber from its midst for the meeting of regular members (members' meeting). The delegates remain in office until the end of the meeting in which the new election takes place. Re-election is possible.
3. The delegates of the affiliated members are entitled to all the rights of regular members until the end of their office with the exception of
  - the passive voting right,
  - the nomination, dismissal and discharge of management as well as the board of directors,
  - the right to be represented.The delegates can participate in an advisory capacity in all decisions taken by the member' meeting on which they are not entitled to vote.

## Article 8 Members' Meeting

1. The president invites the regular members to the annual members' meeting with three weeks' notice within eight months after the end of the financial year. The invitation must be in writing by specifying the agenda and providing an extract from the annual financial report. The notice period begins on the day the invitation is sent. For the invitation to be effective, it is sufficient to properly send it to the last address communicated to VG Musikedition (email address). The date of the members' meeting is generally announced on the website four months before the meeting. Later announcement, if it occurs immediately, has no influence on the resolutions of the members' meeting.
2. An extraordinary meeting is held upon request by the board of directors or upon request by a third of the regular members.
3.
  - a) Applications to the members' meeting can only be made in writing by adhering to a notice period of at least 10 weeks before the meeting by
    - each member if the application is verifiably supported by 7 other members;
    - the board of directors;
    - management.
  - b) Applications must be handed to management.
  - c) Applications with regard to points on the agenda can be made in the members' meeting by every member with a right to vote. This shall also apply to applications to change the Statutes which refer to Statute provisions that were made at due date. Otherwise emergency motions on changes to the Statutes are not permitted.

Nominations for the board of directors, the committees and the board of trustees as well as for the auditor of the board of trustees can be submitted by regular members to management no later than 10 weeks before the members' meeting; with the exception of nominations for the board of directors, this right is also granted to the delegates from among the affiliated members. With the exception of any necessary subsequent nominations, additional nominations are not possible in the members' meeting. Management assesses the nominations with regard to passive eligibility and publishes a list of candidates in the agenda of the members' meeting.
4.
  - a) Each regular member has one vote during the meeting.
  - b) Legal entities exercise their right to vote through their legal or organisational representative. If they are prevented from exercising their right to vote, the right to vote can be exercised by a representative entered in the trade register or by an authorised signatory in terms of Art. 54 German Commercial Code (HGB). These representatives must be permanently employed by the company. A written authorisation must be sent to the office at least two weeks before the members' meeting using the form intended for this; in the event of a verifiably non-culpable omission, this must be rectified immediately, however at the latest three workdays before the start of the members'

meeting by submitting a doctor's certificate. A representative may not exercise the right to vote for more than five publishers.

- c) Every member may be represented in the members' meeting provided the representation does not raise fears of a conflict of interests. Fear of a conflict of interests is general raised by authorising
- members of other chambers,
  - affiliated members,
  - users or persons economically intertwined with users,
  - persons that represent the interests of users or members of other chambers.

Fear of a conflict of interests is generally not raised if another regular member of the same chamber or a close relative of the member is authorised.

The number of members pursuant to this provision that can be represented by the same person is limited to the legally prescribed minimum number. The representative is bound by instructions. The representation must be announced to VG Musikedition at least two weeks before the members' meeting using the form intended for this. If a member is prevented from attending due to illness, the announcement of representation is possible at the latest three workdays before the start of the members' meeting by submitting a doctor's certificate.

- d) Powers of attorney and proxies to represent a member are limited to the respective upcoming members' meeting.

5.

- a) On decision of executive board or of the board of directors, headquarter employees, experts (e.g. on copyright) or specialists concerning the technical realisation are allowed to join the members' meeting.
- b) The decision about the participation of further guests at the members' meeting lies with the board of directors who can delegate this decision for resolution to the members' meeting.

6. Minutes must be kept about the members' meeting, which are signed by the chair of the meeting.

## **Article 9 Voting in the Members' Meeting**

1. The meeting of regular members is chaired by the president or his/her deputy.
2. The meeting is responsible for the following matters, in particular:
  - a) receiving the management report and the annual financial statements;
  - b) receiving and approving the transparency report;
  - c) discharging the board of directors and management as the executive board in terms of BGB;
  - d) electing and dismissing members of the board of directors and the committees provided it concerns the committees for which the members' meeting is responsible;
  - e) nominating honorary members and honorary presidents upon recommendation by the board of directors;
  - f) passing resolutions concerning the voting procedure, which is part of the Statutes;
  - g) passing resolutions concerning changes to the Statutes, amendments to the Rights Agreement and the Distribution Scheme;
  - h) passing resolutions on the use of non-distributable revenue from rights;
  - i) passing resolutions on general investment policies with regard to revenue from rights;
  - j) passing resolutions on the general principles for deductions from the revenue from rights, including general principles for deductions to cover administration costs;
  - k) determining the conditions at which the beneficial owner can grant rights to anyone to use works or other subject matters for non-commercial purposes;
  - l) passing resolutions on the establishment and financing of provident and support institutions as well as institutions for cultural support including the thus necessary deductions from the revenue from rights;
  - m) passing resolutions on the dissolution of the Association.
3. Votes and elections in the members' meeting are conducted via an electronic voting system, with ballot papers or by show of hands. The meeting chair determines the voting procedure.
4. The members' meeting is responsible for all Association matters beyond the list in clause 2 provided the Statutes do not stipulate otherwise.

5.
  - a) Resolutions are considered passed if the absolute majority of the votes cast is reached unless the Statutes provide otherwise. Abstentions and invalid votes are considered not cast if the Statutes provide for unanimity when passing resolutions.
  - b)
    - aa) Changes to the Statutes, amendments to the Rights Agreement, changes to the general principles of the Distribution Scheme, its terms of execution and resolutions regarding the dissolution of the Association are resolved separated by chambers, whereby each chamber shall have one vote.
    - bb) Changes to the Statutes, amendments to the Rights Agreement and resolutions regarding the dissolution of the Association are passed if there is unanimity between the three chambers. Changes to the Distribution Scheme A are considered passed if chambers I and II agree. Changes to the Distribution Scheme B are considered passed if chambers II and III agree. Changes of the Distribution Scheme C are considered passed if chamber II agrees.
    - cc) Within the chambers, the voting procedure is such that a two-thirds majority of the members in attendance who are eligible to vote is required for any changes to the Statutes (including the general principles of the Distribution Scheme). In the case of the dissolution of the Association, the two-third majority must be composed of at least half of the total number of members belonging to the respective chamber. Any changes to the Rights Agreement and to the terms of execution for the Distribution Scheme require an absolute majority of valid votes cast.
6. If a vote concerns just one chamber, only members of this chamber are entitled to vote. Resolutions are passed in the manner described in paragraph 5. a) of this clause.
7.
  - a) Instead of exercising the right to vote in the members' meeting, the members who are eligible to vote as well as delegates can cast their vote before the members' meeting electronically (e-voting). In addition, the members have the option to follow the members' meeting per live-stream after prior registration.
  - b) Exercising the right to vote via e-voting is only possible with regard to the nominations and applications (votes) published in the agenda. Exercising the right to vote via e-voting is not transferrable and irrevocable.
  - c) Member that are represented by others in the members' meeting or participate in the members' meeting as representatives (proxies) for another member cannot exercise their right to vote via e-voting.
  - d) A prerequisite for participating in e-voting and the live-stream is that the deadlines valid here and the authentication requirements determined by management and published on the VG Musikedition website are adhered to.
8. The invalidity of resolutions by the members' meeting can only be asserted by way of an action. It cannot be based on
  - a) an infringement of rights exercised electronically brought about by technical disruptions, if the disruption was not caused by VG Musikedition either gross negligently or intentionally,
  - b) an infringement of the procedural provisions if the infringement does not affect the resolution. Only members attending the members' meeting are entitled to assert procedural violations if they declare an objection to the resolution, and every non-attending member, should this be referred to, asserts that they were unjustly barred from the members' meeting or the subject matter of the application was not made properly known.

The suit must be filed within six weeks after the members' meeting.

## Article 10 Board of Directors

1. The board of directors consists of at least four, maximum five persons who are elected by the members of the three chambers jointly.
2. The board of directors is composed as follows:
  - 1 author or editor in terms of Articles 70/71 UrhG (chamber I),
  - 3 publishers (chamber II), whereby one publisher should be an owner of rights pertaining to editions or works pursuant to Articles 70/71 UrhG,
  - 1 composer or lyricist (chamber III).

If it is not possible to elect a board member from one chamber, a further board member can be elected from another chamber.

Publishers able to be elected are persons who have been the owner of an individual company, a personally-liable shareholder of a general partnership or a limited partnership, a managing director of

- a GmbH company, a board member of a public limited company or who have held a leadership position in a music publishing house for at least the last five years. Only one person from a particular publishing house or a publishing group can belong to the board of directors.
3. The members of the board of directors elect the president and deputy from their midst. They should not belong to the same chamber.
  4. The board of directors is elected for three years; it remains in office until the end of the members' meeting in which the new election takes place. Re-election is possible.
  5. If a board member departs, the remaining board members co-opt a board member. This requires confirmation at the next members' meeting.
  6. The board of directors shall decide with simple majority of votes cast by the members in attendance; if a vote is tied, the acting president has the casting vote.  
The board of directors constitutes a quorum if at least 3 members are present.
  7.
    - a) Business is managed by full-time management (executive board in terms of BGB) which is appointed and recalled by the board of directors. Management is bound by the instructions from the board of directors. The board of directors issues rules of procedure for management; these stipulate transactions that require approval from the management board.
    - b) The board of directors determines the remuneration and other payments for management.
  8. The powers of the board of directors include the following, in particular:
    - a) supervision and control of management,
    - b) regulation of application fees and membership fees,
    - c) appointment and dismissal of the auditor,
    - d) mergers and alliances with the participation of the Collecting Society, founding subsidiaries, take-overs of other organisations and acquisitions of shares in or rights to other organisations,
    - e) resolutions on the principles of risk management,
    - f) acquisition, sale and leasing immovable objects,
    - g) taking and giving loans as well as providing collateral on loans,
    - h) regulating flat rate costs and commission on the basis of Art. 9 (2) j),
    - i) compiling and changing tariffs as well as the conclusion of overall contracts
    - j) determining distribution dates,
    - k) compiling the statutes of the culture fund,
    - l) creating special committees,
    - m) excluding members if there is an important reason to do so,
    - n) conclusion, context and ending representation agreements and collection mandates with other collecting societies,
    - o) passing resolutions concerning the distribution and allocation of royalties from reciprocal agreements with foreign collecting societies to individual divisions, in case no individual net settlement is possible,
    - p) passing resolutions on the administrative conditions unless these Statutes envisage other responsibilities,
    - q) passing resolutions on all questions for which there is a legal or statute-related responsibility.
  9. The board of directors is responsible for the duties arising from Art. 21 (2) VGG.
  10. The board of directors issues its own rules of procedure. Minutes are to be kept of the meetings of the board of directors.
  11. The board of directors works in an honorary capacity. Members of the board of directors are reimbursed their travelling costs and cash expenses as well as a daily allowance (meeting allowance) in an appropriate amount which is determined by the legal and economic committee.

#### **Article 11 Executive Board (Management)**

1. Management is the executive board in terms of BGB and is appointed and recalled by the board of directors.
2. Members of management work full-time and receive remuneration and other payments for their work that is determined by the board of directors.
3. Management represents the Association in court and out-of-court. If management consists of two persons, they are each entitled to represent the Association on their own.
4. If only one person has been appointed by the board of directors and he/she is absent for an extended period, the Association will appoint two honorary members that are appointed by the board of directors.
5. Management must submit a list of members of the board of directors and management to the relevant supervisory body which shows name, first name, status and residence. It must verify this list by

submitting the minutes of the assembly or meeting. Furthermore, it must report any changes to these bodies immediately after they have been affected.

## **Article 12 Committees**

1. VG Musikedition should have the following standing committees whose responsibilities are the following, in particular:
  - a) Works committee charged with protecting the registered editions and works (Articles 70/71 UrhG) and assessing them,
  - b) Legal and economic committee handling legal and economic matters, including the structure of tariffs and distribution schedules,
  - c) Church music committee handling all matters concerned with churches and non-denominational churches.
2. The committees serve the board of directors and prepare its resolutions.
3. The members' meeting decides on the composition and number of the members of the permanent committees. The works committee and the church music committee consist of a maximum of 5 persons and a minimum of 3 persons. The legal and economic committee consists of a maximum of 8 persons and a minimum of 5 persons. The members of the standing committees are elected jointly by the members of the three chambers.
4. The members of the standing committees are elected for 3 years. Re-election is possible. If a member departs prematurely, the board of directors can appoint a new member which must be approved by the next members' meeting.
5. Committed meetings are convened and chaired by the managing director.
6. Apart from the standing committees, the board of directors can also appoint special committees for single or multiple matters falling under the responsibility of VG Musikedition.
7. Members of the board of directors are entitled to participate in all committee meetings.
8. The members of the committees work in an honorary capacity. Members of the committees are reimbursed their travelling costs and cash expenses and receive a daily allowance (meeting allowance) in an appropriate amount which is determined by the board of directors. Details should be regulated in travel and daily allowance rules.

## **Article 13 Culture Fund**

Die VG Musikedition establishes a culture fund which exclusively services non-profit purposes in terms of fiscal regulations. Details are regulated by the culture fund's statutes.

## **Article 14 Distribution Scheme**

1. Revenue, including that for social and cultural purposes, is distributed according to the Distribution Scheme. Its general principles and execution regulations may only be changed pursuant to Article 9 (5) b) of the Statutes. The general principles of the Distribution Scheme are a component of the Statutes.
2. The regulation of distribution must ensure VG Musikedition does not make any profit and that all income – after deduction of costs and donations for social and cultural purpose – is distributed to the Beneficial Owner.
3. The settlement deadlines are determined by the board of directors.

## **Article 15 Appeal Procedure**

1. Appeals must be addressed to management. The start and end of the administration of rights, the withdrawal of rights, terminating membership, the conditions of administration, the collection, administration and distribution of revenue as well as deductions from revenue from rights, in particular, are considered objects of a complaint.
2. Any affiliated or regular member who is personally affected by the decision is entitled to lodge an appeal; users on the other hand are not entitled to complain.
3. Management decides on the appeal in writing. If it does not grant the appeal, it must justify this.

4. Objection can be raised against the decision taken by management with the board of directors. The objection must reach the board of directors no later than four weeks after receiving the decision of rejection.

#### **Article 16 Changes to the Statutes**

In order to be effective, any changes to the Statutes resolved by the members' meeting require the approval of the relevant collecting authority according to Art. 33 (2) BGB. These must be reported to the relevant supervisory body.

#### **Article 17 Editorial Changes**

The board of directors is entitled to make editorial changes to the Statutes, Distribution Scheme, Rights Agreement and the electoral procedure, insofar as these only concern the correction of orthographic errors, grammar or punctuation, the adaption of references to legal provisions, the names of organisations or the uniformity and addition of abbreviations or headings. Any changes made will be communicated to the members in the context of the minutes of the annual members' meeting.

#### **Article 18 Dissolution and Transfer of Assets**

1. The Association can only be dissolved in accordance with Art. 9 (5. b) in a members' meeting convened for this purpose.
2. In the case of dissolution, any assets held by the Association must be transferred to institutions or organisations whose non-profit status and cultural purpose are accredited and whose tasks and goals come closest to those of VG Musikedition.