

Pursuant to paragraph one of Article 25 of the Act Regulating Collective Management of Copyright and Related Rights (Official Gazette of the Republic of Slovenia [Uradni list RS], Nos 63/16 and 130/22, hereinafter referred to as the "ZKUASP") and the Statutes of the Association Združenje avtorjev in nosilcev malih in drugih avtorskih pravic Slovenije, k.o. (hereinafter referred to as "ZAMP"), the Supervisory Board of ZAMP on 17 June 2024 adopts the following

## **RISK MANAGEMENT RULES OF ZAMP - ZDRUŽENJE AVTORJEV SLOVENIJE, K.O.**

### **1. Introductory Provision**

- 1.1. This Policy defines the types of risks to which ZAMP is exposed in its operations and the measures for their identification and management.
- 1.2. The Management of ZAMP shall strive for efficient and prudent operations, the timely identification of potential risks and the adoption of appropriate measures to mitigate or manage such risks.
- 1.3. Where necessary, taking into account the seriousness and level of the risk and the complexity of the measures required, the Management may engage external experts possessing the necessary specialist knowledge to monitor ZAMP's exposure to different risks.

### **2. Types of Risks**

- 2.1. In its operations, ZAMP is particularly exposed to:
  - i. risks related to the conclusion or non-conclusion of joint agreements with users of copyright works, and to risks arising from the interpretation of tariffs by the competent authorities (e.g. the courts or the Copyright Board), or arising from amendments to tariffs for the use of copyright works or the termination of existing agreements;
  - ii. risks arising from non-payment or late payment by users, or from the cessation of users' operations;
  - iii. risks arising from claims by rightsholders where ZAMP does not hold reliable data for the distribution of collected royalties or data on the actual use of copyright works;
  - iv. risks arising from the outsourcing of administrative and technical tasks relating to the collective management of rights to an external service provider;
  - v. risks related to information systems and their security;

- vi. risk associated with investments in new rights;
  - vii. force majeure risks, such as unexpected government measures and unforeseen global circumstances, including pandemics, wars, natural disasters, inflation risks and similar events.
- 2.2. The Management and members of the Supervisory Board of ZAMP are individually exposed to a specific risk of liability for damages, as prescribed by the ZKUASP for members of management and supervisory bodies of collective management organisations.

### **3. Risk Management Principles and Measures**

- 3.1. When adopting measures to manage and mitigate risks, the Management shall take into account the principle of cost-effectiveness and, before adopting any measure, shall assess the costs of such measure, the expected effects thereof, and the estimated damage that would arise were the risk to materialise.
- 3.2. To manage the risk associated with the conclusion or non-conclusion of joint agreements with users of copyright works, and the risk arising from the interpretation of tariffs by the competent authorities (e.g. the courts or the Copyright Board) or from amendments to tariffs for the use of copyright works, the Management shall actively participate in negotiations with users' associations, in judicial or administrative proceedings or proceedings before the Copyright Board, and in proceedings for the adoption or amendment of tariffs; it shall assess proposals from users' associations and, taking into account the statutory criteria, aligns its requirements or expectations with such proposals.
- 3.3. To manage the risk of non-payment or late payment by users, the Management shall maintain a register of defaulters and monitor the list of outstanding receivables, and shall adopt measures to recover unpaid receivables (such as reminders, open item statements, initiation of enforcement proceedings or other legal procedures, and similar). To manage risks associated with the termination of users' operations, the Management shall keep statistics on the ratio of new user registrations to user deregistrations.
- 3.4. To manage the risk arising from claims by rightsholders, the Management shall act consistently in accordance with the regulations and internal acts of ZAMP, and shall:
- i. require its members and other rightsholders to communicate and update information on copyright works electronically;
  - ii. require users of copyright works to provide information on use necessary for the collection and distribution of royalties;
  - iii. actively seek missing information on copyright works and their rightsholders available in publicly accessible databases (such as COBISS);
  - iv. implement other measures required by law for identifying and locating the rightsholder;
  - v. act diligently and promptly in deciding on claims by rightsholders.

- 3.5. To manage the risk arising from outsourcing administrative and technical tasks related to collective rights management to an external contractor, the Management shall set out in the contract with such contractor the detailed manner in which the services are to be performed, the obligation of monthly reporting on the services performed, the method of supervising the contractor's work, and the contractor's liability for any damage caused, where attributable to the contractor.
- 3.6. To manage risks associated with information systems, the Management shall specify in the contract concluded with the IT expert responsible for the content of the IT system the manner in which upgrades and protection of the IT system shall be carried out. Where systems are operated by external contractors, the protection of ZAMP's information system and shall be included in the relevant contracts.
- 3.7. To manage the risk borne by the members of the Management and the Supervisory Board, such members may take out appropriate liability insurance.
- 3.8. With regard to risks associated with investments in new rights, the Management shall keep the Supervisory Board informed.
- 3.9. In cases of risks arising from force majeure, the Management shall draw up a damage limitation plan and, where possible in the circumstances, shall inform the Supervisory Board accordingly.

#### **4. Implementation of Controls**

- 4.1. When preparing the financial plan, the Management shall assess foreseeable risks and shall report to the Supervisory Board, as part of its regular reporting on operations and the conduct of business, on the implementation of any measures for the identification and management of risks.
- 4.2. If the Management assesses that the adoption of the necessary measures for the identification and management of risks could result in the forecast operating costs being exceeded, the Management shall prepare a revised financial plan in accordance with the Rules on Operating Costs of ZAMP.
- 4.3. In accordance with the Statute of ZAMP, the Supervisory Board shall monitor and supervise the Management's performance in the conduct of business and in risk management, and may request additional explanations from the Management or propose the adoption of appropriate measures.

#### **5. Final Provisions**

- 5.1. These Rules shall enter into force on the date of their adoption by the Supervisory Board of ZAMP, and on the same date the Risk Management Rules off ZAMP of 27 October 2017 and the Risk Management Rules ZAMP of 29 August 2023 shall cease to apply.
- 5.2. Amendments to these Rules shall be decided by the Supervisory Board of ZAMP.