

Pursuant to paragraph one of Article 25 and of Article 32 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 paragraph two of Article 16 of the Statute of the Association Združenje avtorjev in nosilcev malih in drugih avtorskih pravic Slovenije, k.o. (hereinafter referred to as "ZAMP"), the General Assembly of ZAMP on 4 September 2024 adopts the following

## **RULES ON OPERATING COSTS OF ZAMP - ZDRUŽENJE AVTORJEV SLOVENIJE, K.O.**

### **1. Introductory Provision**

These Rules define the operating costs of ZAMP, their percentage in relation to the total amount of royalties collected, the method of recording these costs by type of copyright and type of use, and the reporting of such costs to rightsholders.

### **2. Operating Costs**

- 2.1. The operating costs of the association shall comprise those costs incurred through the proper and reasonable management of ZAMP for the benefit of rightsholders and which are necessary for the performance of ZAMP's activities.
- 2.2. ZAMP's operating costs shall be justified, verifiable and documented, and managed in a manner that enables ZAMP to meet its reporting obligations and the preparation of its annual report in accordance with the requirements of the ZKUASP, as well as to ensure regular reporting to the Supervisory Board.
- 2.3. ZAMP shall allocate operating costs by financial year according to the type of copyright and the type of use, breaking down the costs at least to the basic cost centres of the individual distribution pools established in accordance with the Rules on the Distribution of Collected Royalties.
- 2.4. In addition to the basic cost centres, the association shall establish a general cost centre covering those costs which cannot be directly attributed to the management of rights in relation to a specific distribution pool (for example: rent and equipment of premises, costs of information and communication infrastructure, fees and remuneration of members of the Supervisory Board and similar; hereinafter referred to as "general costs") and which may be apportioned in proportion to the basic cost centres.
- 2.5. In cases of doubt or uncertainty regarding the eligibility of attributing a cost to a specific basic cost centre, such costs shall be classified as general costs.
- 2.6. Where the association also generates income from other sources (e.g. from its own assets, from the management of royalties on behalf of other collective management organisations, from donations, from regular or exceptional State aid), separate basic cost centres shall be established for the costs arising from such activities. Any surplus of income over the costs of such cost centres shall be used to reduce the operating costs of the association.

- 2.7. Costs relating to a dedicated fund shall be charged to the dedicated fund to which they relate, and separate basic cost centres shall be established for such costs.
- 2.8. In accordance with Article 41 of the ZKUASP, ZAMP shall ensure in its accounting records that costs are broken down at least into:
- a. costs related to the collection of royalties and remuneration,
  - b. costs related to the distribution of royalties and remuneration,
  - c. legal costs,
  - d. IT costs,
  - e. labour costs,
  - f. costs of external contractors, and
  - g. other operating costs of the collective management organisation.
- 2.9. Where the Management establishes working bodies, the members of such working bodies shall be entitled to remuneration for their work in an amount determined by the Management in the resolution of appointment or in the agreement concluded with the member of the working body.

### **3. Amount of Costs**

- 3.1. The maximum allowed percentage of operating costs in relation to collected royalties and income earned from bank deposits shall be determined by the General Assembly of ZAMP in accordance with the regulations and the Statute of ZAMP (hereinafter referred to as the "allowed percentage of costs").
- 3.2. If it appears that the projected operating costs may exceed the allowed percentage of costs, the Management shall prepare a proposal for a rebalance of the financial plan and a proposal for an increase of the allowed percentage of costs in the relevant financial year, and shall, in the accompanying justification, set out in detail the reasons or circumstances which make such an increase necessary. The Management shall propose the increase of the allowed percentage of costs to the General Assembly in the form of a draft resolution determining the allowed percentage of costs for the individual financial year. The rebalance of the financial plan, together with the accompanying justification, shall constitute documentation accompanying the draft resolution on increasing the allowed percentage of costs, but does not form an integral part thereof.

### **4. Reporting to Rightsholders**

- 4.1. ZAMP shall, at least once a year, electronically provide each rightsholder to whom it has allocated or paid royalties with information on the deductions related to operating costs.
- 4.2. Before commencing the management of a rightsholder's copyright, ZAMP shall inform the rightsholder of the rules on operating costs contained in these Rules.

## **5. Representation Agreements**

- 5.1. Where ZAMP manages a copyright based on a representation agreement with a foreign collective management organisation, it shall treat the rightsholder concerned in the same manner as its own members with regard to costs.
- 5.2. ZAMP may deduct from the collected royalties under a representation agreement only operating costs and, where the representation agreement so provides, deductions for dedicated funds.
- 5.3. ZAMP shall, at least once a year, electronically provide foreign collective management organisations on whose behalf it manages rights under a representation agreement with information on the deductions related to operating costs.

## **6. Final and Transitional Provisions**

- 6.1. These Rules shall enter into force on the date of their adoption by the General Assembly of ZAMP and shall apply to the determination of ZAMP's operating costs incurred from 1 October 2024.
- 6.2. On the date of entry into force of these Rules, the Rules on Operating Costs of ZAMP of 19 October 2017 and the Rules on Operating Costs of ZAMP - Združenje avtorjev Slovenija, k.o. of 31 August 2023 shall cease to apply, the latter continuing to apply for the determination of ZAMP's operating costs incurred until 30 September 2024.
- 6.3. Amendments to these Rules shall be decided by the General Assembly.