

ANNUAL  
REPORT  
2016

---

MAKES  
THE  
MOST  
OF  
MUSIC



# CONTENTS



## 06

2016  
KEY  
FIGURES

## 18

BOARD  
OF  
AFFILIATES  
REPORT

## 34

NOTES  
TO  
THE  
2016  
RESULTS

**35** General licences  
**36** Media  
**37** International  
**39** Distributions  
**39** Private Copy  
**40** Exploitation  
**40** Control Board  
**41** 2017 Budget

## 46

ABOUT  
US

**47** Distributions  
**47** Management model and monitoring  
of distribution regulations

## 70

INDEPENDENT  
AUDITORS  
REPORT

## 80

APPENDICES

**80** Profile of the Supervisory Board  
**81** Profile of the Board of Affiliates  
**82** Agreements with international  
organisations as at December 2016  
**83** General information about Sena

## 10

EXECUTIVE  
BOARD  
REPORT

## 24

COMPREHENSIVE  
RISK  
MANAGEMENT

## 48

FINANCIAL  
STATEMENTS  
2016

**49** Cash flow statement 2016  
**50** Balance sheet as at 31 December  
**52** Statement of income and expenditure  
**53** Statement of movements in  
distributable licence fee income  
**54** Consolidated accounting principles  
**56** Notes to the cash flow statement  
**57** Notes to the balance sheet as at 31  
December  
**66** Notes to the statement of income  
and expenditure

## 72

PERSONAL  
DATA  
AND  
RELEVANT  
ACTIVITIES

## 84

COLOPHON

## 16

SUPERVISORY  
BOARD  
REPORT

## 28

SOCIOCULTURAL  
PROJECTS

## 42

KEY  
FIGURES  
2016 - 2015

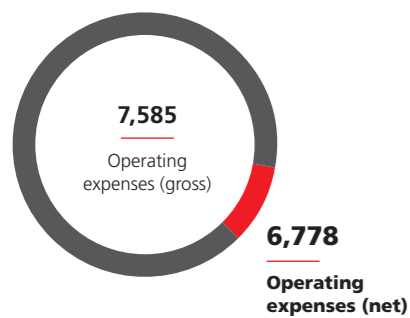
### 1. INVOICED LICENCE FEE INCOME



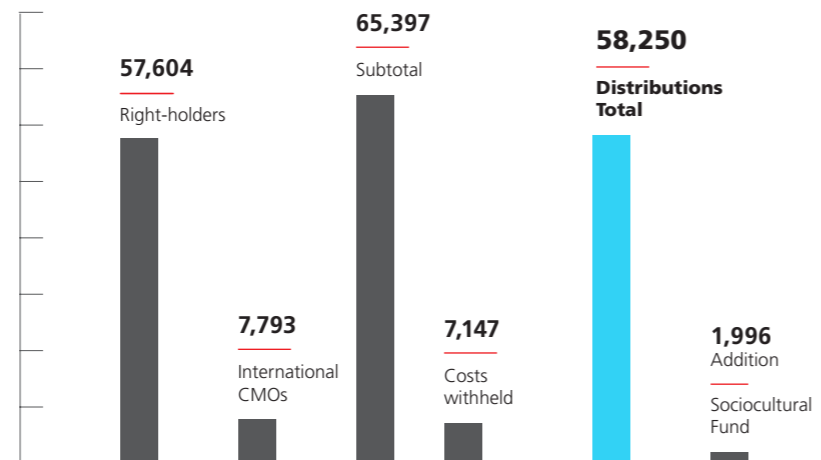
### 2. RECEIVED LICENCE FEE INCOME



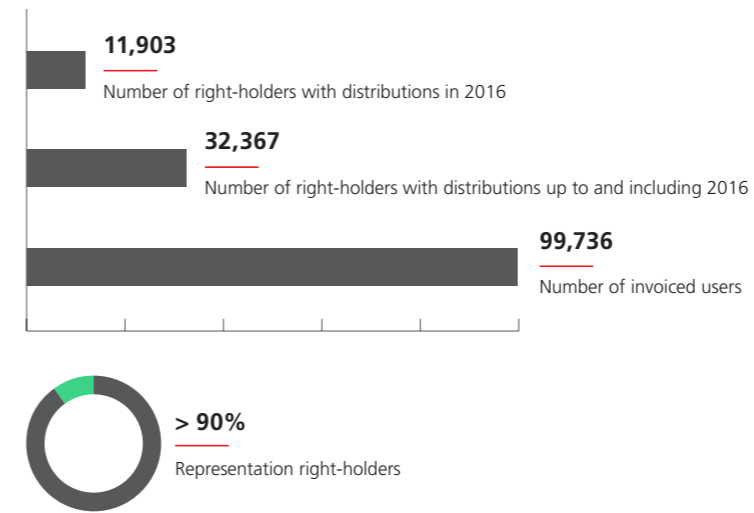
### 3. OPERATING EXPENSES



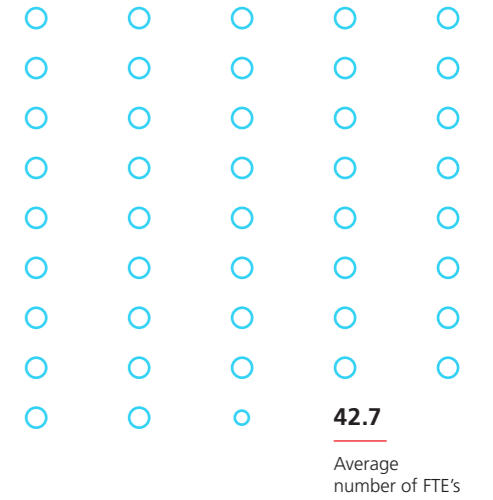
### 4. DISTRIBUTIONS



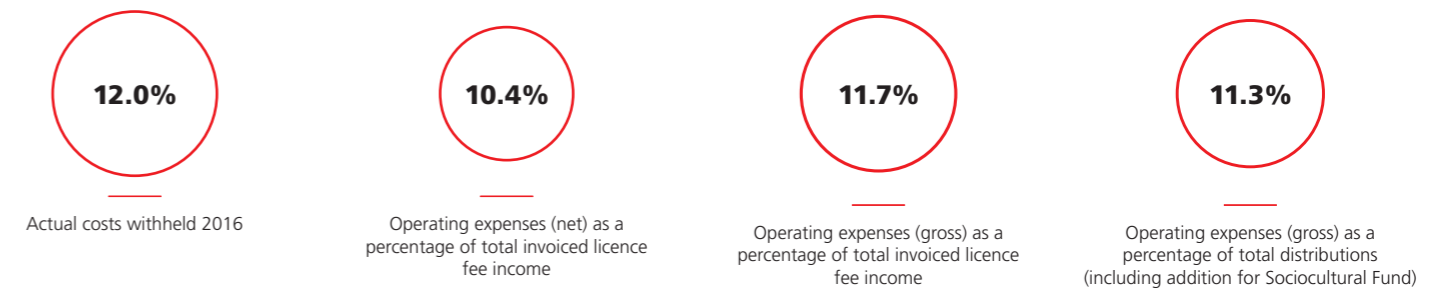
### 5. RIGHT-HOLDERS & USERS



### 6. NUMBER OF FTE'S



### 7. PERCENTAGES



# 2016 KEY FIGURES

AMOUNTS IN THOUSANDS OF EUROS



EVERY LITTLE DETAIL OF THE INTERIOR DECORATIONS IS CONSIDERED AND DISHES ARE TESTED AND TASTED ENDLESSLY. BUT TOM ESPINOSA (HOTEL V AMSTERDAM) THINKS THAT HOTEL AND RESTAURANT OWNERS OUGHT TO PUT MUSIC ON THE AGENDA A BIT MORE OFTEN TOO. 'WE THINK YOU NEED A SPECIAL STRATEGY FOR MUSIC.'

His Hotel V on the Fizeaustraat in Amsterdam is entirely done up in 1970s style. It boasts cupboards by Danish designers, large rugs on the floor and even panelling on the walls. And there is always music in the background. 'The music should be a good match for the interior', thinks owner Tom Espinosa. 'So you will hear lots of 1970s soul, hip hop, funk and jazz here.'



TOM ESPINOSA  
HOTEL V / AMSTERDAM



# 'MUSIC SHOULD GRATE A LITTLE'

## A UNIQUE EXPERIENCE

Just as the interior was designed tastefully and meticulously – mainly by his wife Mirjam – music was already a priority from the start. 'Eating, drinking and the interior: it's all important. But in the end, it's mainly the vibe which you need to get right,' says Tom. 'Here at The Lobby, we try to create an atmosphere in which everyone feels at home. From foreign hotel guests to passers-by who have popped

in for a drink. Going to a restaurant is an experience in the broadest sense of the word and music is part of the picture.'

He put the playlists together with his son Sjaak and former night porter and conservatory student Jarno van Es. 'For the mornings we choose down-tempo music, as people still haven't quite woken up at that point. During lunch and dinner, the music heads more towards mid-tempo.

"ALL OF A SUDDEN, THESE PENSIONERS FOUND THEMSELVES STRANDED AMONG 150 HIP-HOPPERS"

And once everyone has left and only the bar is still open, we can put on the up-tempo list. The staff are tired by that point and they could certainly do with a bit of energy.'

## SURPRISES WORK

In terms of atmosphere, the music on the playlists can be quite eclectic. At Hotel V, they think it's fine for music to grate and surprise a little. For example, a piece by Strauss might merge into the sexy Juicy Fruit by Mtume. 'Surprises make life more fun', says Tom. 'The same applies to food and drink, how you treat your guests and also to the music. The whole picture must appeal to people.'

## FAVOURITE SONG OF 2016: JACK GARRATT - BREATHE LIFE



Profit need not always be the motivating factor, but creating the right atmosphere should be. For this reason, Espinosa regularly organises concerts featuring up-and-coming talents in his hotel on the Frederiksplein. He likes giving these people a platform, and enjoys the special moments which arise as a result. 'We don't normally accept coaches, but once a coach of elderly Australians came to the hotel on the Frederiksplein anyway. A hip-hop concert was in full swing in the hotel. All of a sudden, these pensioners found themselves stranded among 150 hip-hoppers. Most of the guests headed straight off to their rooms. But three men just sat down and had a glass of whisky. I really like that kind of thing.'



## MUSIC WORKS

At times like these, Tom Espinosa is proud of the major role that music plays in his business. In his opinion, music almost always has a positive effect. 'Recently, there was a group of men here in the lobby. They were really raucous, total alpha males. At a certain point a great song by Bonobo, from the album Black Sands, came on. At that point, we saw them just calm down and enjoy the song. That's what music can do to people.'





# EXECUTIVE BOARD REPORT

**More than 30,000 right-holders have received payments from us. However, the goal is not simply to accrue as many right-holders as possible: our mission is to ensure optimal collection, distribution and service provision for our stakeholders.**

2016 was the first year of our new policy period (2016-18), for which we have defined the following focal points:

- Operational excellence;
- Growth of our Dutch collection activities;
- Consolidation of international mandates;
- Provision of added value to our right-holders via methods such as data enrichment and data accessibility;
- Intensification of collaboration with national and international collective management organisations.

In this reporting year, we took the first steps towards realising these objectives, a fact clearly reflected in both our financial result and the services we provided.

## Financial results

The total amount of invoiced Dutch licence fee income rose by 1.5% compared to 2015. We also invoiced 5.1% more in the general licences segment (EUR 36.9 million in total). In the media segment, we realised less invoiced licence fee income (a decline of 4.7%, to EUR 19.6 million). However, it was international income – particularly from the United States – that caused the total invoiced licence fee income to fall by 4.9% to a total of EUR 65 million. Due to the implementation of a new distribution system, our American sister company Sound Exchange did not make any payments for a significant part of the year.

The level of received licence fee income surpassed that of invoiced licence fee income by EUR 878,000 (101.4%) due to the good payment practices of music users in combination with a proactive accounts receivable policy.

Net operating expenses totalled 12% of Dutch licence fee income, which is equivalent to the percentage deducted from the distribution.

In line with expectations, gross distribution in 2016 was lower than in 2015 (-EUR 5.2 million). 2015 was an exceptional year as in addition to the regular Dutch distribution, we also distributed an additional EUR 12.4 million from the Dutch licence fee income received in the same year. In 2016, this process was further accelerated. In June, we already distributed payments stemming from licence fee income received in 2016.

The gross distribution of the received international licence fee income was EUR 69,000 higher than in 2015 (+0.6%).

## Service with a smile

Service provision is crucial in our organisation. For this reason, we have been optimising our process for several years – focusing on further improvement of accuracy, speed and efficiency in the distribution process – and 2016 was no exception. In 2016, the Service Desk, which had been set up one year earlier, was divided into primary and secondary services, enabling us to resolve all of our right-holders' issues more quickly and efficiently.



December  
Chat function  
[www.sena.nl](http://www.sena.nl)

MySena was further optimised to allow bulk repertoire registrations via the online portal and immediately explain any error messages encountered by right-holders, enabling them to resolve these issues quickly and easily. The registration process for new right-holders has been simplified and in December, we installed a chat function on our website on a trial basis. All of these measures had a positive effect on our operational excellence, our average response time and our customer interaction costs.

## Transparency

Our right-holders are increasingly requesting more detailed information and placing more stringent requirements on the data we provide regarding distribution and airplay. In 2016, we provided extensive graphical data to any right-holder that requested it. In 2017, this 'management information for right-holders' will be rolled out further through MySena.

Fingerprinting offers great opportunities to increase accuracy and speed. In 2016, in preparation for a full transition to fingerprinting, we devoted a great deal of energy in continuing an existing pilot and selecting a supplier.

In September, we started loading repertoire data into the Virtual Repertoire Database (VRDB 2.0). All members of SCAPR – the international umbrella organisation for collective management organisations (CMOs) for performers – started to upload their recordings into the database. In October, Sena uploaded 160,000 tracks. We expect it will take us until the end of 2017 to upload the rest of the recordings, which we will do at several different junctures throughout

the year. Once it has been fully realised, the VRDB will have an extremely positive effect on the efficiency of fee distribution and international collection.

## Extension of CMO Quality Mark

For the sixth consecutive year, we have been awarded the CMO Quality Mark by VOI©E based on a binding advice by the Keurmerkinstituut quality assurance institute. During the audit on 26 September 2016, this institute confirmed our compliance with all criteria applicable to the CMO Quality Mark, including the provisions relating to principles and best practices stipulated in the Good Governance and Integrity Guidelines for CMOs.

## New legislation

On 26 November 2016, the Implementation Act for the European Collective Management Directive came into force. The directive has three primary objectives: harmonisation of national legislation governing access to the management of copyright and related rights by CMOs, tightening of governance and supervision of CMOs, and the simplification of issuing multi-territorial copyright licences for online music use on the internal market.



The evaluation report on the Supervision of Collective Management Organisations (Copyright and Neighbouring Rights) and Dispute Settlement Act dated 5 October 2016 was published at the beginning of December. From the report, VOI©E concluded that Dutch supervision already goes further than the provisions of the EU Directive, and that further tightening of supervision in the Netherlands would increase this gap. This would reduce the Netherlands' competitiveness on the international stage and is therefore not desired.

In 2016, we prepared ourselves for an adjustment to our articles of association and distribution regulations resulting from the implementation of the Directive.

### Supervision

In September 2016, the Copyright and Neighbouring Rights Collective Management Organisations Control Board (CvTA) published its report entitled 'CvTA Supervision of Collective Management of Copyright and Neighbouring Rights 2015'. This report concluded that Sena is in compliance with the CvTA's transparency requirements.

### Complaints and disputes

We received four complaints in 2016, all of which pertained to absent or incomplete distributions for played repertoire. By the end of the year we had processed all four complaints. The number of comments we received from right-holders dropped significantly compared to the previous year, from 135 to 45. Of these 45 comments, 32 were fully processed. The remaining comments will be dealt with at the start of 2017. Thirty-two music users lodged a complaint in 2016, of which 29 were processed in that year. One dispute with a music user was submitted to the Distribution Disputes Committee.

### Legal developments

In 2016, we were involved in six legal proceedings. One of these was initiated by Sena, while the others had already been ongoing for one or more years. No progress was made in these cases in 2016. In December 2016, we received a summons from a professional association claiming that its members had been wrongly charged by Sena for using music. We are of the opinion that under Dutch

law, they are obliged to pay a fee. There is no clear expectation of when a ruling will be made in this case.

### External developments

The process of 'Netflixisation' is continuing unabated. By the end of 2016, two million Dutch households (25%) had a Netflix subscription<sup>1</sup>, and many large chain stores disappeared from inner cities. Fewer people work at an office, and alternative providers of cheap music products with no commercial phonograms in their product range are actively promoted. All of these factors can have a major impact on our market position.

### Intensifying collaborations

In 2016, Sena and Buma transferred the invoicing of collective agreements (for sector associations) and central schemes (for businesses with multiple offices and purchasing organisations) to the Copyright and Neighbouring Rights Service Centre (SCAN). This has further intensified the collaboration between Sena and SCAN. Upon request, SCAN is able to process payments for all of the collective management organisations in the Netherlands via

a single invoice. SCAN's statutory board comprises two Sena board members and two Buma board members.

### Collective scheme

In 2016, work began on the coordination of VOI©E, the Copyright Committee of VNO-NCW (the Confederation of Netherlands Industry and Employers) and the Dutch SME Association with regard to the compensation scheme in the model agreement with the sector associations. Discussions will also be conducted regarding the delineation of the group of organisations to whom the collective agreement is available. In the new model agreement, besides economies of scale, the emphasis remains on reducing Sena's administrative burden via data provision from the sector. Key factors for the admission of new organisations are representativeness, non-profit, representation of interests and positive communication.

### Music Works

We continue to highlight the importance of music to entrepreneurs. We emphasise this in many ways, such as via our online portal Muziekwerkt.nl, on which we share

information on the optimal use of music within businesses and organisations. In 2016, we conducted a unique experiment using MRI scanning equipment to study how music influences employee productivity. The results provided plenty of supporting evidence and were published on the portal.

### Human capital

We also invested in our employees in 2016. To realise our objectives with regard to data enrichment and accessibility, we appointed a data analyst and a business developer. All employees were given the opportunity to participate in the 'Service Orientation' and 'Personal effectiveness: Communication' training courses. In addition, we carried out our biennial employee satisfaction survey, the general conclusion of which was that the employees view Sena as a good employer. A number of points for improvement were translated into concrete action and will be implemented in due course.

### The future

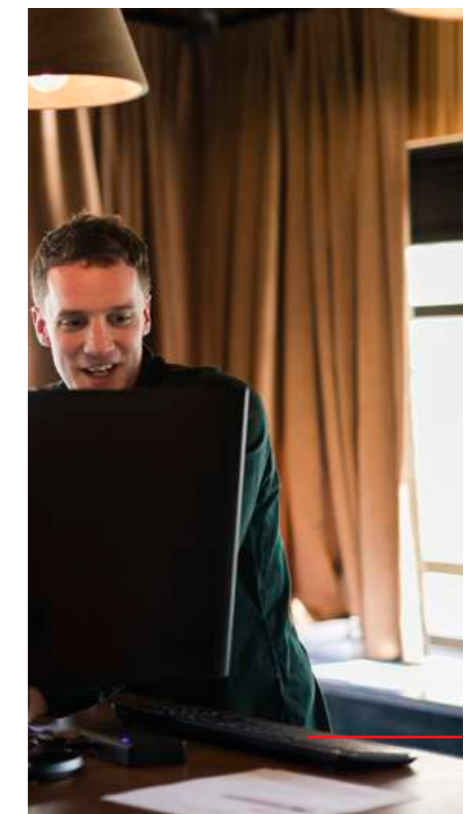
As always, our mission is to optimise collection of licence fees and distribute them

to our right-holders as quickly, accurately and efficiently as possible. In line with this mission, we constantly seek new technology that will further improve this process. Intensification of our collaboration with sister organisations both in the Netherlands and abroad is another strategy that will help us further improve our performance.

Markus Bos  
CEO

Hans Moolhuijsen  
CFO

Hilversum, 6 April 2017



<sup>1</sup> Source: NOS, 19 January 2017



MUSIC IS AN EFFECTIVE TREATMENT METHOD, ACCORDING TO PROFESSOR HANS JEEKEL AT ROTTERDAM'S ERASMUS MEDICAL CENTER, WHO REACHED HIS CONCLUSION AFTER MANY YEARS OF RESEARCH. 'I WANT TO USE MUSIC AS A NEW AND INNOVATIVE TREATMENT IN HEALTH CARE'.

**Hans Jeekel, Professor Emeritus of Surgery, founded the research group Muziek als Medicijn ('Music as Medicine') a number of years ago to study possibilities for using music in the field of medicine. So far, results have been positive and Level 1: Evidence was established recently; this proof is required in order to introduce something into society. 'We have scientifically demonstrated just how considerable the effects of music in healthcare are', said professor Jeekel.**

An analysis covering more than 7,000 patients was possible in conjunction with a large-scale study of the best scientific publications about music during operations performed in recent years. This involved randomised controlled trials in which patients were given headphones before, during and after an operation. Lots were drawn to determine whether a patient would hear music. The music remained on even during anaesthesia.



# MUSIC AS MEDICINE

Afterwards, both groups' pain and anxiety levels were measured. 'Music resulted in significantly less pain and anxiety in adults during an operation', said Jeekel. 'This study allows us to develop a protocol so that music will be used during every operation'.

## EFFECT ON HEART RATE, METABOLISM, IMMUNITY

Exactly why music has such a significant effect cannot be easily explained. 'In addition to observing that people undergoing operations experience less pain and anxiety when conscious, we also see that music likewise has a positive effect when it is played only when patients are under anaesthesia', said Jeekel. 'Music does a lot more to the numerous processes in the body. It goes into the entire brain; it affects heart rate and metabolism, immunity and likely many more processes'.

Jeekel and his team have indications that certain types of music works better than others, but that has yet to be studied in detail. 'Heavy metal and other energetic music seems to be less effective', he said. 'As researchers, we believe that suitable music must fit a certain pattern'.

## RHYTHM AND HARMONY PLAY DECISIVE ROLE

Rhythm is probably significant, according to the professor. The evidence suggests that a rhythm between 60 and 80 beats per minute works best. 'In the womb, you hear your mother's heartbeat and the swooshing of the placenta from 16 weeks onward. You are accustomed to that rhythm. Harmony and balance in the music are important. But whether it's Mozart or a singer-songwriter doesn't seem to make much of a difference'.



Taste is not always a deciding factor. Researchers discovered this mostly by observing tests involving rats and mice. 'It turned out that mice navigated a maze more easily with Mozart as opposed to heavy metal in the background. Obviously, these creatures don't care about music, so it's not a matter of taste. It's solely about the harmony of the vibrations'.

If music therapy is adopted it will signal the advent of a treatment method without side effects. 'That's unique', said Jeekel proudly. 'Music therapy during operations is innovative yet it costs virtually nothing. Moreover, it does not cause patients any side effects. It's a sustainable treatment method. In the long run, I expect it will actually lower costs, but further research on this needs to be done'.

"MUSIC RESULTED IN SIGNIFICANTLY LESS PAIN AND ANXIETY IN ADULTS DURING AN OPERATION."

PROFESSOR HANS JEEKEL  
ERASMUS MC / ROTTERDAM



## SEARCHING FOR 'THE HOLY GRAIL'

Either way, if it is up to him, he will spend the coming years working on 'the holy grail' for Music as Medicine. In the meantime, he has established partnerships with the Rotterdam Philharmonic Orchestra and the Codarts conservatory and he hopes to find the most effective musical structure with their cooperation. 'With the right frequencies and vibrations. We also want to study how music affects heart rate and blood pressure in 'healthy' people. How? By testing an audience during a concert by the Rotterdam Philharmonic. For example by playing a raucous Russian – say, Stravinsky – before intermission, and a sedate piece by Mahler after intermission. I think this could produce some very interesting findings'.



Jeekel shares his ideas with tremendous enthusiasm. Of course, his personal love of music was the greatest motivating force behind setting up this research group. 'I play piano and am an avid listener. Music enriches my life and as a scientist I believe that it can have an incredible influence on healthy living. That's why I feel it should be assigned a prominent role in society. I want to play a part in this using my study'.

FAVOURITE SONG OF 2016:  
HELLO - ADELE





# SUPERVISORY BOARD REPORT

## Evaluation of the 2016-2018 policy plan

In 2016, the Supervisory Board conducted an interim evaluation of the policy plan. The Supervisory Board considers intensification of collaboration and reinforcement of the alliance with several international sister organisations to be particularly important aspects also of its own role. The collaboration with Buma/Stemra in relation to the Copyright and Neighbouring Rights Service Centre (SCAN) is successful, and the Supervisory Board stimulates the optimisation of this collaboration. We also collaborate with multiple parties with regard to fingerprinting. The introduction of fingerprinting proved to be a laborious process. Because of this, the technology was not yet used in 2016.

## Code of Conduct

Within Sena, the interests of our right-holders are entirely synchronous. However, for issues that involve both the Producers Section and the Performers Section, this is not always the case.

In 2016, a Code of Conduct was drafted, in which the rules applicable to the various stakeholders was established in a more formal manner.

## Investment policy

Sena operates a very conservative investment policy: making investments with as low a risk level as possible by making deposits and savings accounts only with highly rated banks. In 2016, this policy was evaluated by the Supervisory Board, resulting in a minor adjustment; a change to the concentration risk, due in part to a decrease of the Baa rating under the restriction that a maximum of 10 percent of the monies can be placed there. This enables Sena to continue depositing undistributed funds with highly rated banks.

## Other issues

Due to the implementation of the European Collective Management Directive, the Supervisory Board remained actively involved in reviewing Sena's articles of association.

The Supervisory Board evaluated its own performance under the guidance of an external expert.

As is customary, the Remuneration Committee assessed the performance of the two Executive Board members.

The managers of the F&A department and the Customer Relationship Management & International department gave presentations during Supervisory Board meetings.

## In conclusion

In the first year of the 2016-2018 policy plan, Sena has energetically risen to the challenges described in the plan. They have taken targeted steps to achieve operational excellence. Initial explorations of the various areas for development have been conducted, and they inspire great confidence for the future.

Aleid Wolfsen  
Chairman of the Supervisory Board

Hilversum, 6 april 2017



## OVERVIEW OF SUPERVISORY BOARD MEETINGS IN 2016

DATE	BODY	SUBJECTS	RESOLUTIONS
25 February 2016	Audit Committee	- Draft Financial Statements for 2015 and draft audit report (attended by BDO) - Draft annual report for SCAN - Risk matrix - ISAE 3402 report	
8 March 2016	Supervisory Board	- Financial statements, annual report and audit report for 2015 (attended by BDO) - Appointment of auditor - Reappointment of independent financial expert board member - Advice: Draft amendment to articles of association - Draft annual report for SCAN - Risk matrix - ISAE 3402 2015 report - Overview of abstentions regarding SoCu applications - Quarterly CvTA report (Q4 2015) - Update: Right-holder complaint - Preparation of annual training day and permanent education programme/annual self-assessment by Supervisory Board - Update: Legal proceedings	- Annual report and financial statements approved - Auditor to rotate every eight years - Koos Boot (independent financial expert board member) reappointed *
21 March 2016	Supervisory Board	Grant of discharge to the Executive Board	Discharge granted to the Executive Board
15 April 2016	Remuneration Committee	- Assessment of Executive Board - Executives' Pay (Standards) Act	
10 June 2016	Supervisory Board	- Advice: Intensify international collaboration - Review of the Meeting of Affiliates 2016 - Financial report (Q1) - Update regarding Qualified Intermediary status with the US tax authorities - Implementation of the Assessment of Employment Relationships (Deregulation) Act - Update: Legal proceedings	
29 August 2016	Audit Committee	- Financial report (Q2) including forecast for 2016 - Evaluation of 2015 investment charter - Presentation by F&A department - Memorandum: Deduction percentages - Memorandum: Proposal for equal distribution of undistributed fees - Action points stemming from fraud analysis and the BDO management letter - Update: Qualified Intermediary status	
2 September 2016	Supervisory Board	- Financial report (Q2) including prognosis for the draft - Code of Conduct 2016 - Advice: Evaluation of the 2016-2018 policy plan - Presentation by the Customer Relationship Management/International department - Update: Fingerprinting - Update: Evaluation of the Collective Management Organisations (Copyright and Neighbouring Rights) Supervision and Dispute Settlement Act - Quarterly CvTA report (Q2 2016) - Update: Legal proceedings	Approval of Code of Conduct
21 October 2016	Audit Committee	- Audit plan (attended by BDO) - Draft budget for 2017 - Investment charter - amendment to investment policy - Financial report (Q3 2016) - Update: Qualified Intermediary status - Update: Fingerprinting - Report by Madison Gurkha (investigation of security level and penetration test of MySena)	
28 October 2016	Supervisory Board	- Budget for 2017 - Investment charter - amendment to investment policy - Financial report for 2016 - Update: Fingerprinting - Update: Implementation Act for the European Collective Management Directive - Update: Legal proceedings - Report: CvTA Supervision of Collective Management of Copyright and Neighbouring Rights 2015	- Budget for 2017 approved - Adjusted investment policy approved
28 October 2016	Supervisory Board	Annual Supervisory Board self-assessment	
11 November 2016	Remuneration Committee	- Assessment of Executive Board - Executives' Pay (Standards) Act	
2 December 2016	Audit Committee	- Draft management letter for 2016 (attended by BDO) - Memorandum: 'Miscellaneous income' item - Memorandum: ISAE 3402 evaluation - Memorandum: Origin of 'reserve for distributable fees' item - Budget Scan 2017 - Update: Qualified Intermediary status - Update: Fingerprinting	

\* On 1 July 2016, Koert Ligtermoet was reappointed as member of the Supervisory Board by the Performers section. Anne de Jong was reappointed as member of the Supervisory Board by the Producers section on the same date.

# BOARD OF AFFILIATES REPORT

## Meeting of Affiliates

In 2016, the Board of Affiliates discussed and made decisions on a variety of important issues, a number of which were presented to you during the annual Meeting of Affiliates. We were happy to receive support for our decisions from the affiliates in attendance; after all, we are 'elected representatives' responsible for the optimal promotion of your interests.

## Distribution regulations for the Performers Section

During the 2015 Meeting of Affiliates, a proposal was adopted regarding a points system for session musicians. Due in part to the importance of the issue and the extremely narrow majority realised, the representatives of the Performers Section decided not to implement the resolution. After an additional study into alternative points systems, the section representatives elected to propose maintaining the current points system. This proposal was put to the vote on 17 May 2016 and approved by the Performers Section at the Meeting of Affiliates. The Meeting of Affiliates also voted in favour of replacing the terms 'band member', 'soloist' and 'other performers' with the terms 'main artist' and 'session musician'. The terms 'main artist', 'conductor' and 'session musician' were defined in

greater detail and included in the Share Apportionment Regulations for Performers. The Meeting of Affiliates voted to discard the term 'composer'.

## Extension of booking periods for distributed fees

Since September 2015, Sena has been distributing fees collected in the same year. This decision has consequences for fees wrongly distributed to right-holders in relation to the three-year booking period. The Meeting of Affiliates agreed to extend this term to four years. Therefore, Sena has the right to claim back funds that were incorrectly paid out within a term of four years following the incorrect payment, or to set such funds off against subsequent payments.

## Remuneration of internal supervisors

In 2016, following the 2015 evaluation of Sena's governance structure, an external party assessed the market conformity of the remuneration of Sena's Supervisory Board. This assessment was based on the Executives' Pay (Standards) Act. The revised remuneration remains well inside the standards stipulated in the Act, and the Meeting of Affiliates approved the revised remuneration for supervisors as of 1 July 2016.

## Reappointment of the members of the Board of Affiliates

Anita Verheggen and Erik Winkelmann were reappointed by acclamation as the representatives of the Performers Section, and Jan Favié and Robin van Beek were reappointed by acclamation as the representatives of the Producers Section.

## SoCu entity for Performers

The Performers Section intends to continue the current policy. The section is working on a plan to transfer all or part of its SoCu fees and activities to a separate entity, possibly in collaboration (and under joint administration) with Stichting NORMA. In the years to come, this entity will enable the section to organise more of its own projects, source funds from third parties and initiate activities independently. This will make the section less dependent on the applications it receives and enable a more balanced distribution of SoCu fees across the various music genres.

## Amendment to the articles of association

In anticipation of the Collective Management Organisations (Copyright and Neighbouring Rights) Supervision and Dispute Settlement Act (hereinafter also referred to as the 'Supervision Act'), the Articles of Association Committee was

set up in 2016. This committee comprises representatives of the Supervisory Board, the Board of Affiliates and the Executive Board, as well as the General Counsel and Sena's civil-law notary. The committee met three times and formulated the adjustments to the articles of association and regulations required under the Supervision Act. It is expected that the changes to the regulations will be presented to the Meeting of Affiliates held on 9 May 2017.

## Distribution Committee

The Distribution Committee, which was created from within the Board of Affiliates, met twice in 2016. Issues discussed within the committee included the state of play regarding ongoing work, the delivery of line-up information by producers, the restructuring of the distribution process and the implications of the Implementation Act for the European Collective Management Directive. All Sena affiliates can participate in the Distribution Committee if they wish to do so.

## Hans Kosterman Award

At the end of December 2016, Jerney Kaagman was named the winner of the Hans Kosterman Award. On behalf of Sena and NORMA, the Golden Nutcracker nomination committee selected Jerney in recognition of her outstanding service in

the field of neighbouring rights and her work to promote the interests of musicians and music companies. We would like to thank Jerney for her tireless efforts throughout the years to boost the recognition and valuation of intellectual property.

## One team, one goal

In accordance with our articles of association, chairmanship of the Board of Affiliates rotates on an annual basis. On 9 September 2016, the chairmanship was transferred to the Performers Section and the secretarial office to the Producers Section. These sections are responsible for monitoring general policy from an advocacy perspective and for the adoption of important decisions. These activities are conducted jointly with great mutual understanding and respect for each other's points of view.

We would like to offer our sincerest gratitude to all Sena employees for their efforts in 2016. They have devoted their time, energy, knowledge, skills, enthusiasm and dedication to get the most out of music for the artists and music companies holding the rights.

Erwin Angad-Gaur  
Chairman of the Board of Affiliates

Hilversum, 6 april 2017





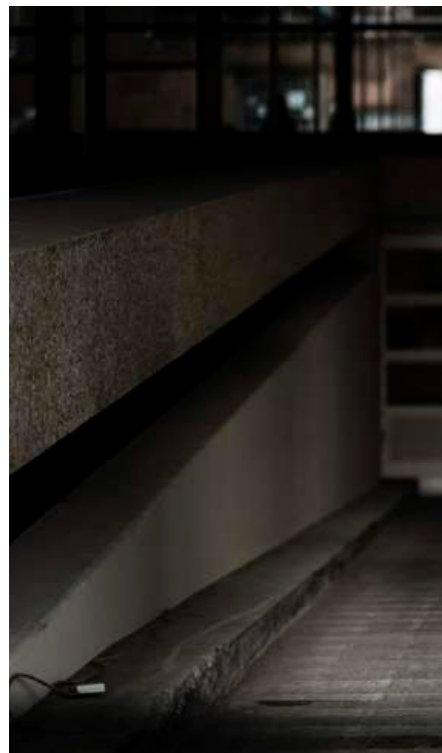
## OVERVIEW OF BOARD OF AFFILIATES MEETINGS IN 2016

DATE	BODY*	SUBJECTS	RESOLUTIONS
29 January 2016	Board of Affiliates	<ul style="list-style-type: none"> <li>- Proposal for adjustment of remuneration of Board of Affiliates / Supervisory Board</li> <li>- Evaluation of Sena representation at the VOI@E AGM</li> <li>- Advice: Procedure for amendment of the articles of association and the distribution regulations / proposal for adjustment to the distribution subregulations</li> <li>- Memorandum: Agencies</li> <li>- Update: Legal proceedings</li> <li>- Update: Pop Music Investment Fund</li> <li>- Results of the study entitled 'Pop, wat levert 't op?'</li> </ul>	<ul style="list-style-type: none"> <li>- Unchanged continuation of Sena's representatives to the VOI@E AGM</li> <li>- Amendment to the distribution subregulations</li> </ul>
12 February 2016	Distribution Committee	<ul style="list-style-type: none"> <li>- State of play regarding ongoing work</li> <li>- Update: Line-up information via producers</li> <li>- Update: Rights per track, per country</li> <li>- Definition of the terms 'main artist' / 'conductor' / 'session musician'</li> </ul>	
17 March 2016	Board of Affiliates	<ul style="list-style-type: none"> <li>- Financial statements, annual report and audit report for 2015</li> <li>- Proposal for adjustment to remuneration of the Board of Affiliates / Supervisory Board</li> <li>- Points system for session musicians</li> <li>- Definitions in the distribution subregulations</li> <li>- Resolution regarding undistributed fees from 2012</li> <li>- SoCu applications</li> <li>- Update: Amendment to the articles of association</li> <li>- Update: Legal proceedings</li> <li>- Update: Pop Music Investment Fund</li> <li>- Quarterly CvTA report (Q4)</li> <li>- Update: Right-holder complaint</li> <li>- Preparation of training day and permanent education programme</li> </ul>	<ul style="list-style-type: none"> <li>- Financial statements and annual plan adopted</li> <li>- No change to the points system for session musicians</li> <li>- Recording of definitions in the distribution subregulations for Performers</li> <li>- Allocation of undistributed fees from 2012</li> </ul>
9 May 2016	Board of Affiliates	<ul style="list-style-type: none"> <li>- Proposal for adjustment to remuneration of the Board of Affiliates / Supervisory Board</li> <li>- SoCu applications</li> <li>- Update: Pop Music Investment Fund</li> <li>- Update: Legal proceedings</li> <li>- BREIN report (Q1 2016)</li> <li>- CvTA report: Good Governance and Integrity Guidelines for CMOs</li> <li>- Preparation of 2016 Meeting of Affiliates</li> </ul>	Adjustment to remuneration of Board of Affiliates / Supervisory Board
9 September 2016	Board of Affiliates	<ul style="list-style-type: none"> <li>- Financial report (Q2) including a forecast for 2016</li> <li>- Draft Code of Conduct</li> <li>- SoCu applications</li> <li>- Memorandum: Adjustment to allocation and distribution of undistributed fees</li> <li>- Update: Pop Music Investment Fund</li> <li>- Quarterly CvTA report (Q2)</li> <li>- BREIN report (Q2)</li> <li>- Evaluation of 2016 Meeting of Affiliates</li> <li>- Update: Legal proceedings</li> </ul>	Establishment of Code of Conduct
4 November 2016	Board of Affiliates	<ul style="list-style-type: none"> <li>- Draft budget for 2017</li> <li>- Investment charter – amendment to investment policy</li> <li>- Hans Kosterman Award</li> <li>- SoCu applications</li> <li>- Financial report (Q3 2016)</li> <li>- Update: Legal proceedings</li> </ul>	<ul style="list-style-type: none"> <li>- Budget for 2017 adopted</li> <li>- Amended investment policy adopted</li> <li>- Hans Kosterman Award Regulations adopted</li> </ul>
1 December 2016	Distribution Committee	<ul style="list-style-type: none"> <li>- Restructuring of distribution process</li> <li>- Equal distribution of undistributed fees to performers</li> <li>- Update: Line-up information via producers</li> <li>- Update: Rights per track, per country</li> <li>- Implications of the Implementation Act for the European Collective Management Directive</li> </ul>	Appointment of chair and secretary of the Board of Affiliates
16 December 2016	Board of Affiliates	<ul style="list-style-type: none"> <li>- Draft amendment to the articles of association</li> <li>- Presentation of investment policy</li> <li>- Evaluation of Supervision Act</li> <li>- Cash flow statement for the 2017 budget</li> <li>- Update: Legal Proceedings</li> </ul>	

\*The Board of Affiliates is advised by committees and working groups. The decision-making process is conducted within the Board of Affiliates.

# MUSIC IS THE BEST WAY OF REACHING YOUNG PEOPLE

MISTER SAM CONNECTS BRANDS WITH MUSIC ARTISTS AND MUSIC CONCEPTS. FOUNDER MADELEINE VAN SCHENDEL CAN IDENTIFY PLENTY OF OPPORTUNITIES FOR THE MUSIC INDUSTRY HERE. 'YOUNG PEOPLE TEND TO WATCH LESS REGULAR TV AND LISTEN TO THE RADIO LESS, WHILE CONSUMING MORE AND MORE ONLINE CONTENT.'



"BUT IF YOU WANT TO REACH YOUNG PEOPLE, FOR EXAMPLE, YOU NEED TO COME UP WITH CONTENT WHICH IS FUN TO WATCH."

MADELEINE VAN SCHENDEL  
MISTER SAM / AMSTERDAM



The company got an Uber party bus to drive through Amsterdam with Martin Garrix himself on board during the 2014 Amsterdam Dance Event, they created an online TV format about music for KPN, and they linked New York Pizza with Mr. Polska. These three examples are just a small selection of the numerous partnerships which Mister Sam has set up over the past few years. The company is now three years old and seems to have identified a gap in the market. 'Our work largely consists of video content,' says founder Madeleine van Schendel. 'Although a huge amount of content is watched online, plenty of brands are still focusing on regular TV and radio commercials. But if you want to reach young people, for example, you need to come up with content which is fun to watch. That's why brands come to us.'

#### CHECKING DATA

Van Schendel and her team always adopt a different approach. In many cases, a partnership will start with target group research. 'A lot of brands know who they want to reach. As we certainly don't know everything, Mister Sam first examines what the target group are listening to.'



For example, if a specific brand wants to reach young people between the ages of 18 and 24, Madeleine will look at the data for this group of young people on Spotify and YouTube. 'Both of these platforms have a lot of open data which allows you to draw various conclusions. Based on this data, we draw up an overview of the artists which they listen to frequently.'

Depending on the budget and the brand's wishes, the company will then come up with a creative concept or format. 'We make the deal with the artists, purchase everything which is required and produce all the content. Then we ensure that it reaches the right target group.' According to Madeleine, music is a great tool for reaching young people. 'Music is very important. More and more brands are realising this. Simply stating that brand x or y is good just isn't enough these days.'

#### CREATIVE CONCEPTS

At Mister Sam, they believe in creative concepts which also benefit the young people concerned. For example, she is proud of her collaboration with KPN for which she developed the Music State website. 'This platform featured articles and video content which aimed to discover new music', says Madeleine. 'It was a popular website which wasn't necessarily about telephones or the internet, but KPN linked its name to the site and that name comes up in relevant places. This allows you to reach your target group in a different way than a traditional commercial.'

Madeleine believes that these kinds of creative concepts and formats are the advertisements of the future. 'As a brand, it's all about making content which your target group is interested in. Music is a good way of achieving this. Brands are increasingly becoming aware of this fact.'

FAVOURITE SONG OF 2016:  
**ALICIA KEYS - IN COMMON**





# COMPREHENSIVE RISK MANAGEMENT

**Risks pose a threat to the realisation of our objectives. The risk management framework describes our approach to the comprehensive management of all current and potential risks affecting the organisation.**

The Executive Board prepares this risk management framework every three years, regularly updates the document and ensures that it is communicated to staff members. The strategic risk analysis makes up part of the Policy Plan. The risk management framework has been approved by the Supervisory Board.

## KEY RISK MANAGEMENT FRAMEWORKS INCLUDE:

### Structure and governance

- the articles of association set out the responsibilities and powers of the Executive Board, Meeting of Affiliates, sections, Board of Affiliates and Supervisory Board.
- the various governance bodies have their own individual regulations. For instance, the board regulations serve to elaborate the tasks and powers of the Executive Board.
- our formal organisational structure reflects the hierarchical and functional relationships between the various positions. The organisational model emphasises the competencies needed in order to conduct our primary and auxiliary processes (process-orientation);

- the necessary functional segregations follow from the relevant process descriptions. Crucially, we strive to ensure clear segregation between the issue of licences, the registration of right-holders, the registration of play list data, distribution activities on the basis of the distribution regulations, and administration activities;
- the organisation is supervised by the Supervisory Board for Collective Management Organisations of Copyrights and Neighbouring Rights and is obliged to adhere to all generic and/or specific instructions issued by this body.

### Desired organisational culture

- we derive our right to exist from our legal authority to collect and pay out fees for the broadcasting, rebroadcasting or publication by any other means of commercially released phonograms (released in countries that have ratified the Treaty of Rome) by all artists and producers. In accordance with this task and Sena's mission statement, our key stakeholders consist of, amongst others: right-holders, customers, national and international CMOs, suppliers, internal and external supervisors of Sena and our employees.

Our culture is aimed at maximising licence revenues for our right-holders, whilst reporting about this in the most transparent manner.

The organisational culture needed in order to optimally service these stakeholders is based on the following elements: a service-oriented approach, quality/professionalism, the reliability of general and management information and commercial drive.

These aspects are associated with the following core values: Professional, Reliable and Committed.

- our Complaints and Disputes Committee for right-holders processes and handles complaints from our right-holders, ensuring that any problems relating to our services are taken seriously and learned from;
- we are a voluntary member of the VOI©E sector organisation. Our annual CMO Quality Mark accreditation – awarded following an annual audit by an independent certification body (the Keurmerkinstituut quality assurance institute) – serves as an additional guarantee that any deficiencies in the quality and transparency of our rights management activities and related information services are adequately identified.

### Requisite competences

- we expect our staff members to possess specific competences, which have been elaborated in further detail in various job profiles. These profiles are linked to a salary scale and a remuneration system which is managed by the Office Manager and adjusted to accommodate material amendments by the Executive Board on an annual basis.
- the quality and reliable implementation of the distribution process is crucial in ensuring the quality of our data – one of our organisational competencies. Since we seek to provide certainty on this aspect to its right-holders, this process is independently audited, resulting in the issue of an ISAE 3402-compliance statement. This statement confirms that the process is adequately structured, established (Type 1 2014) and implemented (Type 2 2015).

### Technology (ICT)

- in view of the fact that we depend to a large degree on the continuity, reliability and security of automated data processing to achieve its objectives, we have implemented a number of overarching measures in the area of ICT;
- ICT services are structured on the basis of Information Technology Infrastructure Library (ITIL) principles.
- the security of our ICT infrastructure is periodically assessed by means of an independent external audit.
- all our organisational processes are based around careful application of the Personal Data Protection Act.

### POLICY PLAN

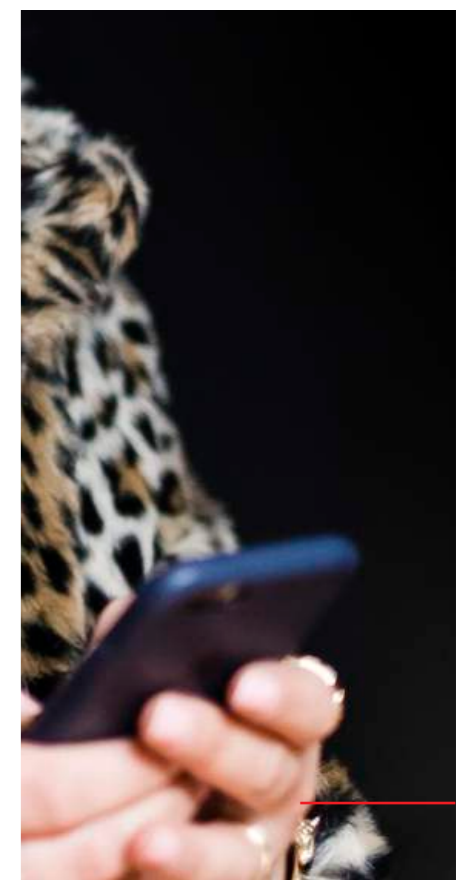
We prepare a new policy plan once every three years, which is then annually updated over the course of this period. The current Policy Plan spans the period 2016-18.

### Budget

Every year, we prepare a budget that gives insight into the licence fee income and costs for the following year. During the calendar year, we plot the realized results against this budget and we explain any abnormalities.

### Annual plans at departmental level

Every department develops an individual annual plan on the basis of the policy plan. These annual plans are then linked to specific departmental targets and projects. The annual plans serve as a framework for our efforts to achieve policy objectives, attain the relevant department's service level targets and effectively and efficiently conduct the processes for which the relevant Sena department is responsible. These departmental targets are then translated into objectives for each individual staff member. Target agreements for each individual employee are recorded and monitored during the annual appraisal interviews (plan-evaluation-assessment).



### Operational risk management

The key controls for each sub-process are recorded in risk control matrices. These key controls are evaluated by the process owner and adjusted where necessary, both on a periodical basis and in the event of any major process adjustments. The Manager F&A advises the process owners in this process.

### TASKS, RESPONSIBILITIES AND ROLES

Line management (Executive Board and MT) is responsible for risk analysis (the identification and prioritisation of risks), the implementation of control measures and the monitoring of their effectiveness, serving as the de facto '1st line of defence'. F&A is additionally responsible for monitoring the structure and effectiveness of the administrative organisation and internal controls (as described in the AO/IC manual, and in aid of ISAE 3402) and providing advice on the structure and adjustment of control measures for specific processes ('2nd line of defence').

External auditors serve as a 3rd line of defence, working to ensure that the organisation's internal control measures are adequately implemented by assessing specific activities and performances:

- the external auditor checks the financial statements (on the basis of Title 9, Book

2 of the Dutch Civil Code and the AO/IC manual) and assesses the annual report;

- an external auditor assesses the distribution procedure and issues the ISAE 3402 conformity statement (based on a description of the relevant process and controls);
- an external advisor reports on the security of the ICT infrastructure;
- CMO Quality Mark audit;
- annual assessment by the Copyright and Neighbouring Rights Collective Management Organisations Control Board.

This Board oversees the Executive Board and is charged with aspects such as the approval of policies and strategy (linked to the proposed strategic risk control measures) and the annual report (including the financial statements), which serves to record the outcomes of current policies.

The Board of Affiliates provides advice on proposed policies and adopts the distribution regulations, articles of association, annual plan and financial statements.

In the Code of Conduct – Communications Protocol is laid down how the different forums deal with subjects in which they have a different interest.

The most important strategic risks have been defined as follows:

- changing legislation and regulations could impact our exclusive position. The scope of government intervention could expand to include the establishment of rates. The government may also compel CMOs to intensify their mutual collaboration. This risk category also includes unfavourable legal precedents in other EU Member States;
- the relevant commercial risks are highly dependent on the CMOs' general reputation and image. The growing popularity of right-free music and declining advertising revenues at traditional radio and television stations – partly caused by the shift from linear media consumption to on-demand media consumption – also play a key role in this regard. Further cuts to the Dutch Public Broadcasting Agency (NPO) budget are also classified as a risk in this category, as well as the growing demands of licensees in terms of the further streamlining of the distribution process and discussions on equitable fees;
- our relationship with right-holders is subject to the following risk factors:
  - the quality of airplay data used as the basis for distribution could affect the accuracy of payments to our right-holders;

- the loss of international mandates to agents and/or foreign sister organisations could put pressure on licensing revenues;
- efforts to ensure privacy and compliance with the Data Protection Act (by means of adequate data protection measures) could impede Sena's efforts to meet legislative requirements in this area.
- risks with regard to internal control include: the maintenance of standards in the area of process control and requisite documentation. The loss of quality marks and/or certifications would have major consequences. In view of the large volume of financial transactions, we are also susceptible to the risk of fraud. This risk category also includes the retention of key officials within the organisation.
- finally, technological risks can result in significant cost increases. Naturally, a potential calamity involving the temporary unavailability of IT systems presents a risk, as does the loss of data. This risk category also includes the failure to accurately synchronise processes and procedures.

Where possible, response and control measures have been formulated for all distinguished strategic risks, and assessed as satisfactory by the Board and supervisory bodies.



# SOCIO-CULTURAL PROJECTS

Each year, the Performers and Producers Sections support a range of social and cultural projects (SoCu). The Performers Section has an especially active SoCu policy, and facilitates numerous festivals, information meetings and recording sessions. The section receives an average of three hundred applications per year, which are assessed on the basis of the applicable criteria.

## Performers Section policy on sociocultural projects

The Performers Section has recorded its SoCu targets and priorities for the 2013-2017 period in a policy plan. As in previous years, the Meeting of Affiliates approved the policy plan in 2016. The SoCu policy has three main objectives: the establishment of a professional lobbying organisation aimed at strengthening the social and socio-economic position of performing artists, the development of

a programme in support of the various music genres and the provision of training and talent development programmes to performing artists. The section decided to intensify its SoCu policy in 2012.

The section's initiative to set a minimum pay norm as a criterium for subsidy has led Stichting NORMA and Buma to adopt a similar norm.

## Sena Performers Music Production Fund

The Sena Performers Music Production Fund remains extremely popular among professional musicians who would like to record music themselves but do not have the funds to do so. In 2016, the Fund received a total of 213 applications for financial assistance. Eighty-one of these applications were successful and receiving a combined total of EUR 264,000 in funding. Two-thirds of these were grants, while the remaining third were loans that have to be paid back after two years.

## Joint projects

In 2016, the Performers Section and the Producers Section jointly organised four projects.

In March, the Edison POP Awards were presented in The Harbour Club in Amsterdam. In addition to three awards for New Wave, prizes were also awarded to De Staat, Kenny B and My Baby. DJ Tiësto was presented with the Oeuvre Prize.

In September, Douwe Bob and Thekla Reuten won a **Golden Nutcracker Award**, while the National Youth Jazz Orchestra and Matthijs van de Sande Bakhuyzen were awarded the Silver Nutcrackers.

In October, Sena was one of the financial backers of the **Amsterdam Dance Event**, the biggest international event in the dance sector. We also organised a number of panel discussions to inform established and future DJ talent about neighbouring rights.

On behalf of Sena and NORMA, the nominating committee of the Golden Nutcracker awarded Jerney Kaagman the **Hans Kosterman Prijs**. She received the award for her exceptional achievements in the neighbouring rights sector. Henk Westbroek handed her the award.

## PERFORMERS SECTION SOCU PRIORITIES

<b>PRIORITY 1</b>	<b>The section will support more 'in-house' (multi-year) projects conducted under the Sena banner.</b>	Examples include the Sena Talent Stages at the Liberation Day festivals, the Sena Young Talent Guitar Award, the Sena Performers POPnl Award, the Sena European Guitar Award, Sena Dutch Jazz Competition and Sena Performers Music Production Fund.
<b>PRIORITY 2</b>	<b>The section aims to create paid employment opportunities for performing artists.</b>	The section will apply a minimum fee of EUR 250 per artist during all SoCu projects. The section applies this principle - which was unanimously approved by the Meeting of Affiliates in 2013 - as a criterion in the assessment of all SoCu applications.
<b>PRIORITY 3</b>	<b>The section aims to make a significant contribution to the lobbying effort on behalf of performing artists' copyrights and neighbouring rights.</b>	Copyright and neighbouring rights remain under great pressure from both the music industry and general public. The section strives to exert a positive influence on public opinion through the provision of information and lobbying activities.
<b>PRIORITY 4</b>	<b>SoCu projects must yield a substantial PR effect on behalf of Sena.</b>	The section works closely with Sena's communication department in the effort to increase the organisation's visibility amongst its stakeholders.
<b>PRIORITY 5</b>	<b>The section works to ensure that SoCu funds are equally distributed over the various music genres.</b>	The section distributes the available SoCu funds over the various musical genres as equally as possible, depending on the applications received.

## PROJECTS SUPPORTED IN 2016

### JOINTS PROJECTS

Amsterdam Dance Event  
Edison Pop 2016 en 2017  
Gouden Notekraker  
Hans Kosterman Prijs

### PRODUCERS

Edison Pop 2016 en 2017  
Muziekids

### PERFORMERS

24 Chambers  
ADE Beats  
Amsterdam Roots Festival  
Bevrijdingsfestivals Nationaal Comité 4 en 5 mei - Sena Talent Stages  
Big Rivers  
Big Rivers Muziek Verjongd  
Boy Edgar Prijs  
Buitenspelen voor de GRAP  
Buma NL  
Cross-linx  
De IJssel stroomt over - Powered by Sena  
De Nacht van de Kaap

Delft Chamber Music Festival  
Dutch Jazz  
Euradio Jazz Competition  
Eurosonic Noorderslag (Etep)  
Festival De Muze van Zuid  
Festival Zeeland Jazz  
Flevo Wereld Festival  
Freeze Festival  
Geelwinck Fortepiano Festival  
Gouden Notekraker  
Grachtenfestival  
Happy Bachdag  
Houffestival  
Internationaal Studenten LiedDuo Concours  
Internationaal Ud festival Nederland  
International Jazzdays The Hague  
Jagthuis Festival  
Jam de la Creme festival  
Jazz in de Kamer  
Jazz on the Sofa  
Jazzfest Amsterdam  
Jazzfestival Floralis  
JazzNL Conferentie Gateway to Global Jazz  
Jubileumeditie Internationaal Kamermuziekfestival  
Kaderock  
Klassiek op het Amstelveld

Late Summer Jazz Festival  
Leusden Jazz  
Metropole Academy  
Morgenland Festival  
Nationaal Jeugd Jazz Orkest  
New York Round Midnight  
North Sea Round Town  
Ntb bondsbijdrage  
Operadagen Rotterdam  
Orlando Festival en Concours  
Peter de Grote Festival  
Popunie Live  
Prinses Christina Jazz concours  
Sena European Guitar Award  
Sena Grote Prijs van Rotterdam  
Sena Performers Muziekproductiefonds podium  
Uitmarkt  
Sena NL Jazz concerten  
Sena Performers POPnl Award  
Slide Factory, European Trombone Festival  
Soundsofmusic  
Storioni Festival  
The Pack Project  
VI Flamenco Biennale Nederland  
WeitjeRock  
Wonderfeel  
ZomerJazzFietsTour

# PROJECTS SUPPORTED BY THE PERFORMERS SECTION

## Happy Bach Day – 21 March 2016

On Happy Bach Day 2016, Bach stepped into the boxing ring! Many cities put on mini-concerts to celebrate Bach's birthday and the beginning of spring.



Marianne Govers @StatKaleido · 3 mei 2016  
Donderdag #5mei op #bevindingsfestival #Utrecht RT @BFUtrecht: @HAEVNMUSIC - Sena Talent Stage - 15u15 #BFUtrecht



## Sena Talent Stages – 5 May, 14 Liberation Festivals

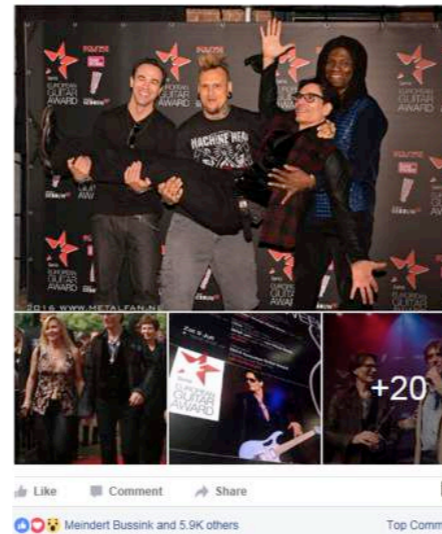
The national Liberation Festivals, operated by the National 4 and 5 May Committee, provided a fantastic platform for musical talent. The festivals attracted a combined total of one million visitors.



## Sena European Guitar Award – 9 July, Steve Vai

Steve Vai added 23 new photos to the album: Steve Vai Receives 2016 SENA European Guitar Award. July 11, 2016 · e

Steve Vai received the prestigious SENA European Guitar Award at a ceremony and concert in Gebouw-T in Bergen op Zoom, the Netherlands over the weekend. This award recognizes the musical contributions of legendary guitar player and pioneers. Previous recipients include Brian & Steve Lukather and Slash. The ceremony had many heart-warming moments, including video messages from Tommy Emmanuel, Steve Lukat Mike Kenneally and many friends. Here is a special note from Steve ... See More



## Sena Performers Music Production Fund Podium – 27 August

Sue The Night, DÉMIRA, The Silverfaces, ELLA, PYN, Secret Rendezvous and Nina June – artists who have all recorded music with the aid of the Sena Performers Music Production Fund – performed for the public at the Uitmarkt (opening of the theatre season) in Amsterdam.



## Sena Performers POPnl Awards – 31 August

The only pop band competition in which every province in the Netherlands was represented. Radio Eliza won a complete promotional and event support package – including a grant of EUR 5,000 from the Sena Performers Music Production Fund – and the next day, they appeared on the TV show De Wereld Draait Door!

## Buma NL – 20 September

Nielson won the Sena 2016 Performers Award for his song 'Sexy als ik dans'.



## Gouden Notekraker (Golden Nutcracker) – 21 September

Douwe Bob and Thekla Reuten were presented with the 2016 Golden Nutcracker Awards. The National Youth Jazz Orchestra and Matthijs van de Sande Bakhuyzen won the Silver Nutcrackers.

## Prinses Christina Jazz Concours – 26 & 27 November 2016

No fewer than 40 young jazz musicians between the ages of 12 and 21 performed at the Bimhuis.





MAKING HOSPITAL STAYS MORE PLEASANT FOR CHILDREN THROUGH MUSIC: THAT IS WHAT THE MUZIEKIDS FOUNDATION IS ALL ABOUT. FOUNDER ROBBERT DE VOS ULTIMATELY AIMS TO SET UP STUDIOS IN EVERY HOSPITAL IN THE NETHERLANDS. 'WE CAN SEE THAT MAKING MUSIC LOWERS THE CHILDREN'S STRESS LEVELS.'

# MUZIEKIDS DISTRACTS CHILDREN FROM THE HOSPITAL ATMOSPHERE

A colourful setting, a long row of guitars, a piano, a drum kit and plenty of other instruments: the Guus Meeuwis Muziekids Studio in Tilburg's St. Elisabeth Hospital is a joy to behold and it lives and breathes music. Here, you get to see what a big difference music can make as the eyes of a young wheelchair-bound girl with multiple disabilities start to shine as soon as she enters the room. She doesn't seem put off by the fact that she has to wait a while.

'Recently, a young boy was playing the drum kit with great enthusiasm,' says John Verbunt who runs the Muziekids Studio together with Christel van der Bruggen. 'At a certain point, his father came along in his wheelchair. He saw his son looking so happy and burst into tears. He told me that his cancer had reached an advanced stage. Although he was sad, he thought it was wonderful to see his son so happy during such an intense and difficult time.'



## REDUCING STRESS

John's examples neatly define the key aim of Muziekids: to briefly take sick children (or children with sick parents) away from all the negativity through music. In collaboration with numerous artists (including Guus Meeuwis, Ali B, René Froger, Armin van Buuren, Afrojack, Nick & Simon and John Ewbank), music studios for children have already been created in four hospitals: the St. Elisabeth Hospital in Tilburg, Tergooi Hospital Blaricum and Heideheuvel Treatment centre in Hilversum and DeKinderkliniek in Almere. The staff also visit the wards on a regular basis to make music. The foundation was set up by Robbert de Vos. 'There are so many children in Dutch hospitals,' he says. 'Making music is a great distraction for them. Whether or not they can actually

play an instrument isn't important, the studio is there for everyone. We can see that making music lowers the children's stress levels.'

For example, the Tilburg hospital recently had a 3-year-old boy who had just had been on a drip. 'They only managed to get the needle in the third time round and that kid was in a terrible state,' says John. 'The nurses asked me to bring along our Troubadour trolley, which is loaded with all kinds of instruments. I began playing my accordion and he calmed down in about 30 seconds. That's what music can do.'

## COLLABORATION

The Muziekids foundation wishes to grow, as it can see the beneficial effect its work is having on sick children.

Conversations are currently being held with various hospitals. Robbert de Vos is ambitious. 'We want to set up studios all over the Netherlands. We are organising events to raise money, like the event in February 2017 with Afrojack. A huge number of artists are keen to take part, isn't that great? Our collaboration with Sena is very important here. The support of such a professional club shows that Muziekids is a fully-fledged organisation. Both Sena and Muziekids understand the value of music, so we can achieve even more by working together.'

"I BEGAN  
PLAYING MY  
ACCORDION  
AND HE  
CALMED  
DOWN IN  
ABOUT  
30 SECONDS."

JOHN VERBUNT  
MUZIEKIDS / TILBURG



FAVOURITE SONG FROM 2016:  
JACOB'S SONG - DOUWE BOB  
(CHRISTEL VAN DER BRUGGEN)



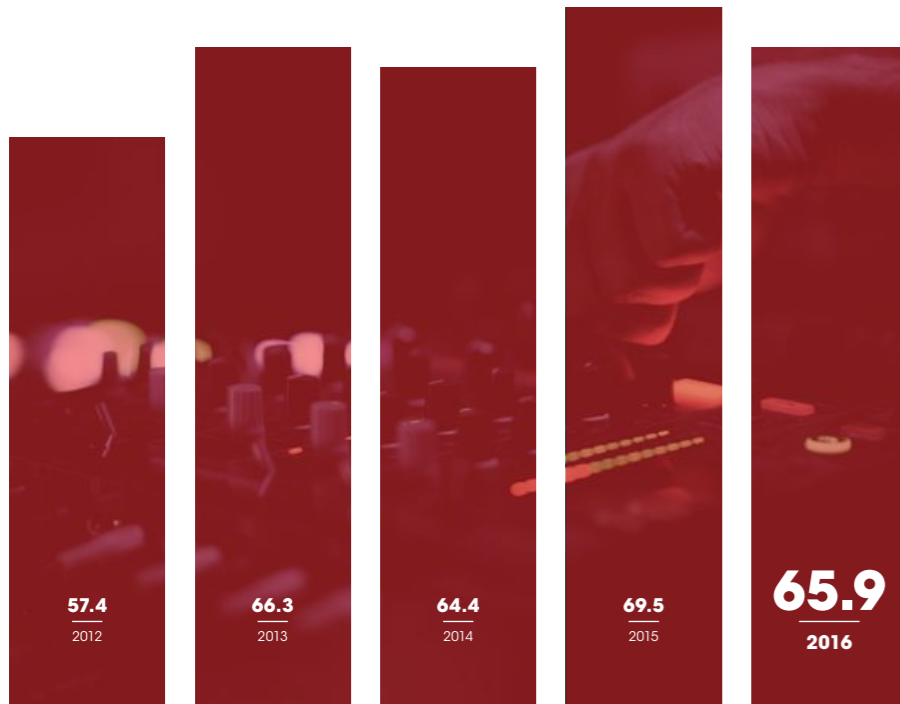
# NOTES TO THE 2016 RESULTS

**In accordance with CMO Quality Mark guidelines, this annual report was prepared in compliance with the Supervision of Collective Management Organisations (Copyright and Neighbouring Rights) Act (WTCBO) and Title 9, Book 2 of the Dutch Civil Code (BW), as elaborated in Dutch Annual Reporting Council guideline RJ640 on 'Non-profit organisations'.**

Our total invoiced Dutch licence fee income rose by 1.5% to a total of EUR 56.5 million. When combined with the

income from international licences, our total invoiced licence fee income in 2016 amounted to EUR 65 million, a decline of 4.9% compared to 2015. The received licence fee income – EUR 65.9 million – was higher than the invoiced licence fee income, but remained 5% lower than the 2015 level (EUR 69.5 million). The main reason for this was a decline in income from the United States (-EUR 4.1 million). In 2016, we distributed a net amount of EUR 58.3 million to our right-holders (-4.9%), with a gross distribution level of EUR 65.4 million (-7.4%). We were able to maintain the Dutch withholding percentage at 12%.

The organisation's net operating expenses in 2016 amounted to EUR 6.8 million, which is 10.4% of the total invoiced licence fee income. This figure represented an increase of 1.7 percentage points in relation to 2015.



**RECEIVED LICENCE FEE INCOME 2012-2016**  
(IN MILLIONS OF EUROS)



**RECEIVED LICENCE FEE INCOME FROM GENERAL LICENCES 2012-2016**  
(IN MILLIONS OF EUROS)

### GENERAL LICENCES

In 2016, we received EUR 37.2 million from general licences, an increase of 4.8% relative to the previous year. The increase in the total received licence fee income was mainly thanks to collective agreements, which totalled EUR 15.7 million (+9.9%) in 2016. We collected EUR 21.4 million (+1.3%) from individual licensing agreements.

As of 2016, the Copyright and Neighbouring Rights Service Centre (SCAN) – a joint venture of Buma and Sena – handles both the individual and collective licensing agreements for us. This has boosted efficiency in the short-term and will enable even greater efficiency in the future.

During this reporting year, SCAN devoted a great deal of attention to the development of a data analysis tool that offers greater insight into the potential and coverage within the collective licences segment. This means that the marketing activities that SCAN is carrying out on our behalf will benefit us even more in the future.



**MEDIA**

The total received licence fee income from the media segment declined by EUR 640,000 in 2016 to EUR 20 million.

The long-term nature of our agreement with the NPO (Netherlands Public Broadcasting) provided us with a relatively constant source of income in 2016. There was a decrease due to a one-off invoice issued to the NPO in 2015. The lump sum arrangements with OLON and ROOS were also continued.

A decline in media investment and the failure to agree a new contract with the Commercial Radio Association (VCR) resulted in lower licence fee income from commercial radio. The preliminary settlements for 2015 were not enough to cover this decline.

The merger of the radio stations TMG (Sky Radio Group) and Talpa (538Groep) resulted in a further shift in the balance of power within the VCR. In the second

half of the reporting year, we attempted to reopen negotiations with the VCR. Unfortunately, these attempts also failed to establish a new model contract for the licensing of national commercial radio stations. It has been decided that court proceedings will be initiated.

Received licence fee income from national commercial television grew slightly compared to 2015.

The received licence fee income from the streamed background music suppliers segment declined in the reporting year. The number of satellite/playback points decreased as streaming use increased. The use of consumer streaming services in hotels and catering establishments contributed to this, despite it being contrary to these suppliers' general terms and conditions. SCAN's field staff will inform users of this fact.

In 2016, we intensified marketing in the dance sector, but the effect of retroactive invoicing has fallen to zero.

As a result, income from the dance segment dropped by 10%. We have observed that organisers of dance events are still unwilling to actively conclude licensing agreements. Due to the lack of a decision in the ongoing appeal proceedings, we have been forced to continue accepting partial payments under certain conditions.

The difference between the number of digital and broadband radio and television connections has virtually disappeared (6.9 million each). The announced merger between Ziggo (Liberty Global) and Vodafone will offer them great opportunities to further expand online services via the 4G network.



RECEIVED LICENCE FEE INCOME FROM MEDIA  
**2012-2016**  
(IN MILLIONS OF EUROS)



RECEIVED INTERNATIONAL LICENCE FEE INCOME  
**2012-2016**  
(IN MILLIONS OF EUROS)

**INTERNATIONAL**

In 2016, licence fee income declined, with a total figure of EUR 8.7 million in received international licence fee income (2015: EUR 13.3 million). This decrease was mainly due to two factors.

In a number of countries, the relationship between agencies and international sister organisations has improved considerably. This has enabled agencies to register their right-holders with these sister organisations directly, whereas in the past they used international collection mandates via Sena. Via direct registration, the agencies believe they will receive their fees more quickly and gain greater insight into the registration of right-holders. We remain convinced that we are capable – particularly in certain regions – of delivering better performance for lower deduction percentages.

In 2016, two agencies withdrew a number of their international mandates with us. On 1 January 2016, Rights Agency Ltd withdrew a large proportion of its American and Japanese mandates with us. In 2015, Rights Agency Ltd was taken over by Fintage, which in turn was taken over by Kobalt in 2016, a company that operates a policy of direct registration. The Canadian company Premier Muzik also withdrew a proportion of its international mandates with us for the same reason.

Sound Exchange (SX) amended its distribution system from one payment per track to one payment per individual right-holder, which necessitated in a thorough review of their repertoire processing system. This resulted in the suspension of all payments to CMOs between February and September. SX resumed payments in October 2016, but the consequences of the new structure are still clearly evident. Ultimately, all of the payments will be made late. In 2016, we received nearly EUR 1.7 million from SX (2015: EUR 5.8 million). This fall is due in part to the withdrawal of the mandate by Fintage and Premier Muzik.

In a number of countries, our income for 2016 was equal to or higher than 2015. We received a rounded figure of EUR 600,000 from Adami (France), signifying an increase of 170%. The German GVL has significantly caught up on its claim data processing for the period 2010-2012, paying us a total of EUR 1.1 million (+8.9%). Our collaboration with Playright in Belgium is also going from strength to strength: since 2013, we have received substantial sums from them (EUR 1.5 million in 2016).

In 2016, contrary to expectations, no court decision was issued in the legal proceedings we initiated against the curators of the former IMAIE. The decision

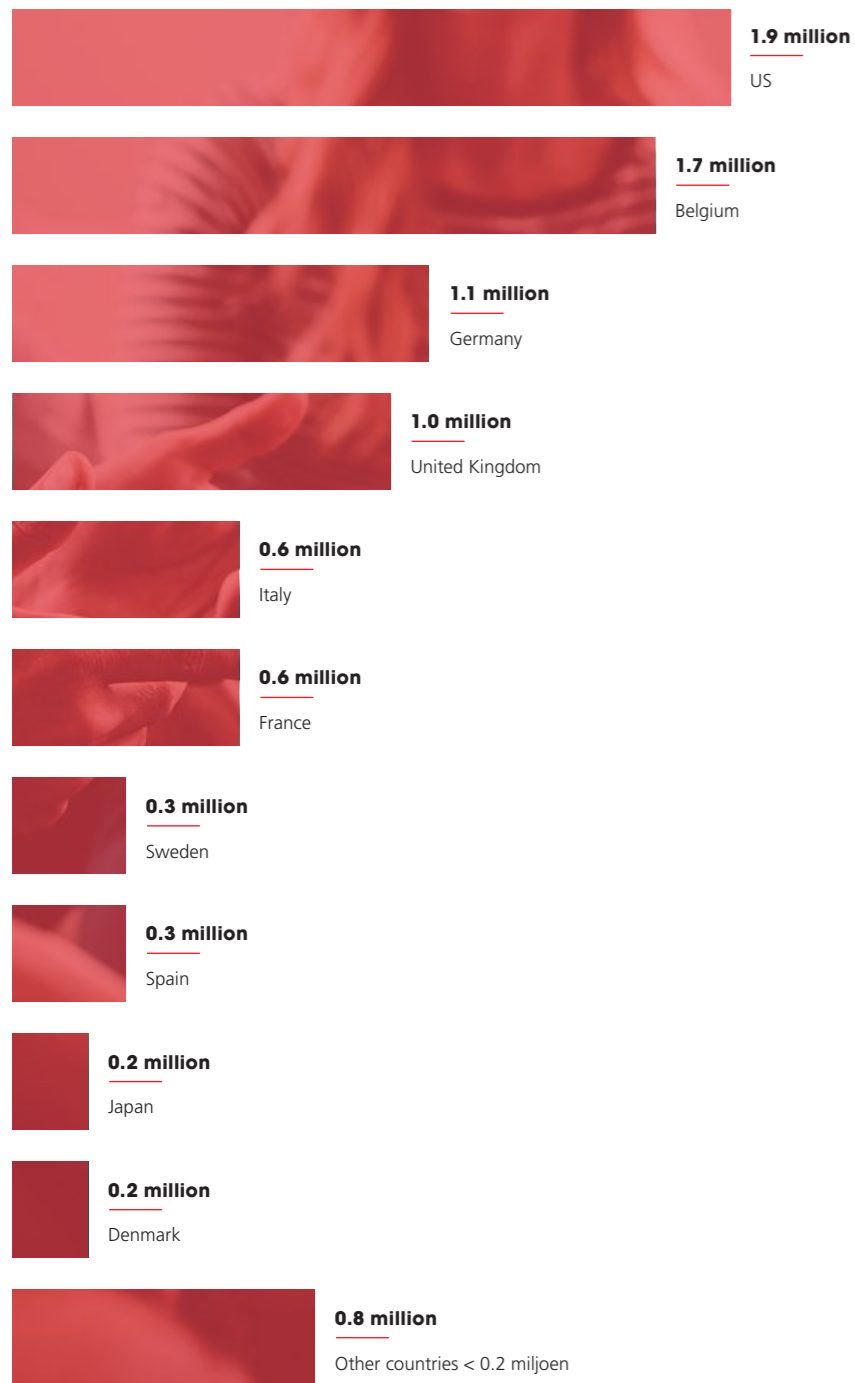
will follow in 2017, so this year we expect to receive additional IMAIE payments for the years 2007-2009.

In 2016, we further expanded the 'Rights per track, per country' project, which meticulously inventories the repertoire for which independent producers have mandated us and the countries in which the mandate is valid. It has become clear that the inventory and registration process involved will take longer than we had expected. In addition, we have found that in recent years, many double claims for the repertoire in question have been made outside the Netherlands. We expect that the additional information will boost international income for independent producers within the foreseeable future.

Since the start of 2015, Sena has applied differentiated deduction percentages for received international licence fee income: 4% on EU and EFTA revenues and 6% on revenues from the remaining countries.

RECEIVED LICENCE FEE  
INCOME PER COUNTRY  
IN 2016

(TOTAL: EUR 8.7 MILLION)



DISTRIBUTIONS

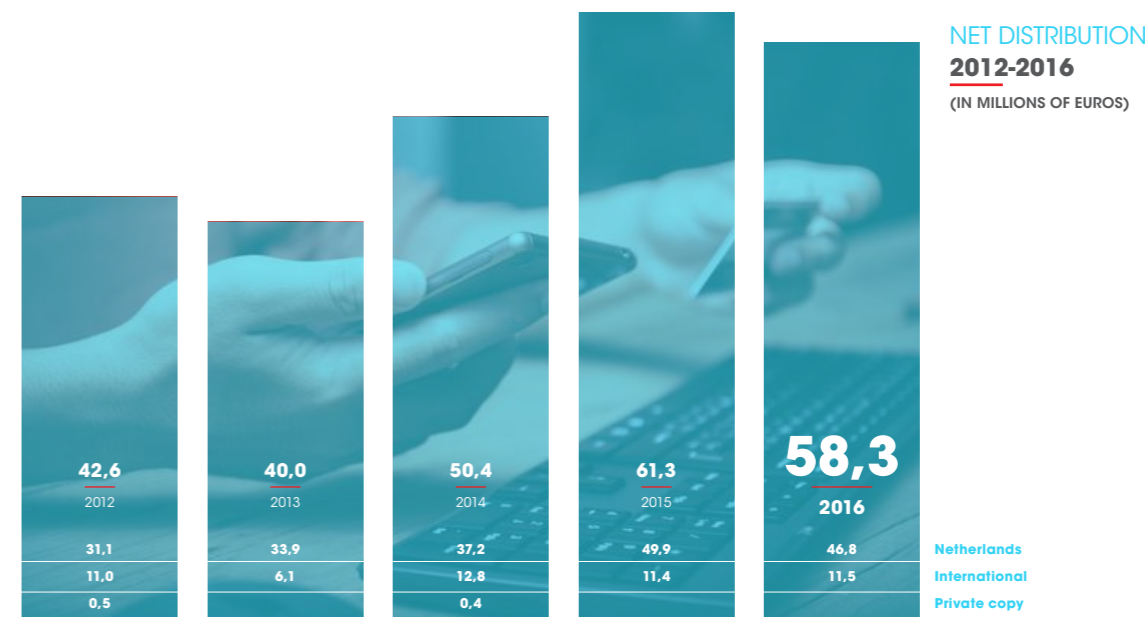
In 2016, we distributed a gross total of EUR 65.4 million to our right-holders: EUR 53.5 million of this total was collected within the Netherlands and EUR 11.9 million internationally. Gross distribution in 2016 was 7.4% lower than in 2015: an apparent decline that requires a degree of explanation. In 2015, gross Dutch distribution of collected fees totalled EUR 58.8 million. However, in addition to regular distribution throughout the 2014 music year, this also included EUR 12.4 million for the 2015 music year, as in that year we started to distribute received licence fee income in the same year it was received. When adjusted for this accelerated distribution, the actual distribution level in 2015 comes to EUR 46.4 million.

Based on regular distribution practices, this would signify a EUR 7.1 million increase in 2016 (EUR 3.7 million in received licence fee income in 2016 and EUR 3.4 million for other years).

Distribution from international collection totalled EUR 11.9 million, which is considerably higher than the received international licence fee income (EUR 8.7 million). During the 2016 reporting year, we distributed the licence fee income received from the United States in 2015. Earlier distribution of this income was not possible as the gathering and processing of track titles took considerably longer than had been expected. With regard to our Qualified Intermediary status, it was decided that extra attention would be focused on processing the repertoire in question in 2016.

PRIVATE COPY

Stichting NORMA has transferred the international Private Copy audio rights to us. Throughout 2016, we were able to collect EUR 589,000 in international Private Copy audio fees.





**OPERATING EXPENSES**

Gross operating expenses for 2016 increased by 5% (EUR 338,000) to a total of EUR 7.6 million. The increase can be attributed to the items 'other operating expenses' and 'depreciation' due to – amongst other factors – the fingerprinting pilot, increased recruitment and selection costs, extra third-party services and costs relating to the VRDB project. Furthermore, the release of the one-off accrual for redundancy costs in 2015 did not apply in 2016. On the other hand, publicity costs fell significantly once it was decided to charge the costs of the Sena Performers Magazine to SoCu. Mailing and collection costs also declined due to a one-off release in 2016.

Net operating expenses (adjusted for financial result, international income and miscellaneous income) increased more than gross operating expenses (+15%, EUR 859,000). The main reason for this is the fall in income from interest on our cash resources due to the low interest rates.

**CONTROL BOARD**

The Copyright and Neighbouring Rights Collective Management Organisations Control Board (CvTA) is responsible for supervising compliance with the Collective Management Organisations Supervision and Dispute Settlement Act on behalf of the Minister of Security and Justice. This Act also includes a number of 'comply or explain' provisions.

Sena complies to the guideline that establishes a maximum deduction percentage that can be withheld from income and distribution (15%). Another guideline is that gross operating expenses must not increase faster than the Consumer Price Index. As our gross operating expenses rose by 4.9% in 2016 compared to a 0% rise in the Consumer Price Index, we must provide the CvTA with a satisfactory explanation in this matter. The 4.7% rise equates to a nominal rise of EUR 338,000. The two main cost items responsible for this increase are fingerprinting and VRDB. This year was the first time we incurred costs for fingerprinting, stemming from the pilot initiated in 2016, and from now on these costs will feature every year.

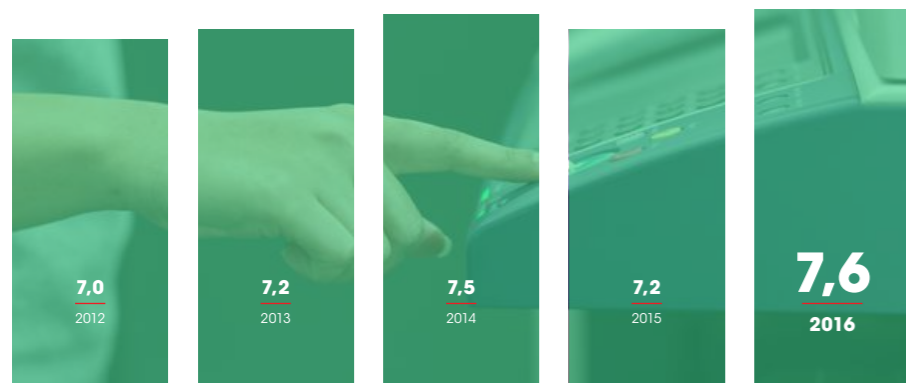
In 2016, VRDB costs capitalised in the past were charged entirely to operating activities, resulting in extra costs being incurred. As of now, costs relating to VRDB will be immediately entered in the statement of income and expenditure.

**2017 BUDGET**

The gross operating expenses in 2016 are expected to increase by 1.7% (EUR 130,000) in the 2017 budget, mainly due to increased personnel costs and mailing and collection costs. By 2017, employees hired in 2016 will have served one full year, which has an effect on operating expenses. Mailing and collection costs will increase nominally due to the lack of a new release such as the one applicable in 2016.

We will make savings on advice and services rendered by third parties and on depreciation due to a number of one-off costs incurred in 2016 that will not recur in 2017.

We anticipate that net operating expenses will increase by 5% (EUR 362,000) as we do not expect to receive any income from interest on our bank balances in 2017. Due to the decline in international distribution, we have budgeted for a lower level of miscellaneous income.



**GROSS OPERATING EXPENSES**  
**2012-2016**  
(IN MILLIONS OF EUROS)

# KEY FIGURES 2016-2015

AMOUNTS IN THOUSANDS OF EUROS

	2016		2015
<b>INVOICED LICENSE FEE INCOME</b>			
THE NETHERLANDS	56,501	+1,5%	55,658
INTERNATIONAL CMOS	8,528	-33,2%	12,757
<b>TOTAL</b>	<b>65,029</b>	<b>-4,9%</b>	<b>68,415</b>
<b>DISTRIBUTIONS</b>			
RIGHT-HOLDERS	57,604	-7,1%	62,003
INTERNATIONAL CMOS	7,793	-9,4%	8,606
<b>SUBTOTAL</b>	<b>65,397</b>	<b>-7,4%</b>	<b>70,609</b>
COST WITHHOLDING FROM DISTRIBUTIONS	(7,147)	-23,6%	(9,354)
<b>TOTAL</b>	<b>58,250</b>	<b>-4,9%</b>	<b>61,255</b>
<b>DISTRIBUTABLE LICENSE FEE INCOME</b>	<b>62,621</b>	<b>-2,8%</b>	<b>64,394</b>
<b>SOCIOCULTURAL FUND</b>			
ADDITION	1,996	-11,7%	2,260
EXPENDITURE	(2,254)	+17,2%	(1,923)
AVAILABLE FOR DISTRIBUTION AT END OF FINANCIAL YEAR	2,536	-9,2%	2,794
<b>STATEMENT OF OPERATING INCOME AND EXPENDITURE</b>			
INCOME NETHERLANDS	6,778	+14,5%	5,919
INCOME INTERNATIONAL	500	-4,0%	521
MISCELLANEOUS INCOME	131	-17,1%	158
<b>SUBTOTAL</b>	<b>7,409</b>	<b>+12,3%</b>	<b>6,598</b>
OPERATING EXPENSES (GROSS)	(7,585)	+4,7%	(7,247)
<b>SUBTOTAL</b>	<b>(176)</b>	<b>-72,9%</b>	<b>(649)</b>
FINANCIAL RESULT	176	-72,9%	649
<b>OPERATING RESULT</b>	<b>-</b>		<b>-</b>

	2016		2015
<b>KEY FIGURES</b>			
LICENCE FEE INCOME IN THE NETHERLANDS	57,233	+1,9%	56,177
LICENCE FEE INCOME INTERNATIONAL	8,674	-35,0%	13,346
ACTUAL PERCENTAGE OF WITHHELD COSTS	12,0%	0,0% points	12,0%
<b>OPERATING EXPENSES EXPRESSED AS A PERCENTAGE OF:</b>			
TOTAL LICENCE FEE INCOME	10,4%	+1,7% points	8,7%
DUTCH LICENCE FEE INCOME	12,0%	+1,4% points	10,6%
<b>GROSS OPERATING EXPENSES EXPRESSED AS A PERCENTAGE OF:</b>			
TOTAL LICENCE FEE INCOME	11,7%	+1,1% points	10,6%
TOTAL GROSS DISTRIBUTIONS (INCLUDING ADDITION FOR SOCIOCULTURAL)	11,3%	+1,4% points	9,9%
ANNUAL MOVEMENTS IN OPERATING EXPENSES (GROSS)	338		(246)
RISE / DECLINE IN OPERATING EXPENSES	4,7%	+8,0% points	-3,3%
DERIVED CONSUMER PRICE INDEX	0,0%	-0,8% points	0,8%
REPRESENTATION RIGHT-HOLDERS	>90%	0,0% points	>90%
NUMBER OF RIGHT-HOLDERS WITH DISTRIBUTIONS UP TO AND INCLUDING 2016	32,367	+2,7%	31,513
NUMBER OF RIGHT-HOLDERS WITH DISTRIBUTIONS IN 2016	11,903	+14,1%	10,436
NUMBER OF INVOICED USERS	99,736	-2,7%	102,538
NUMBER OF EMPLOYEES, EXPRESSED IN FTES (AVERAGE)	42,7	+1,7%	42,0



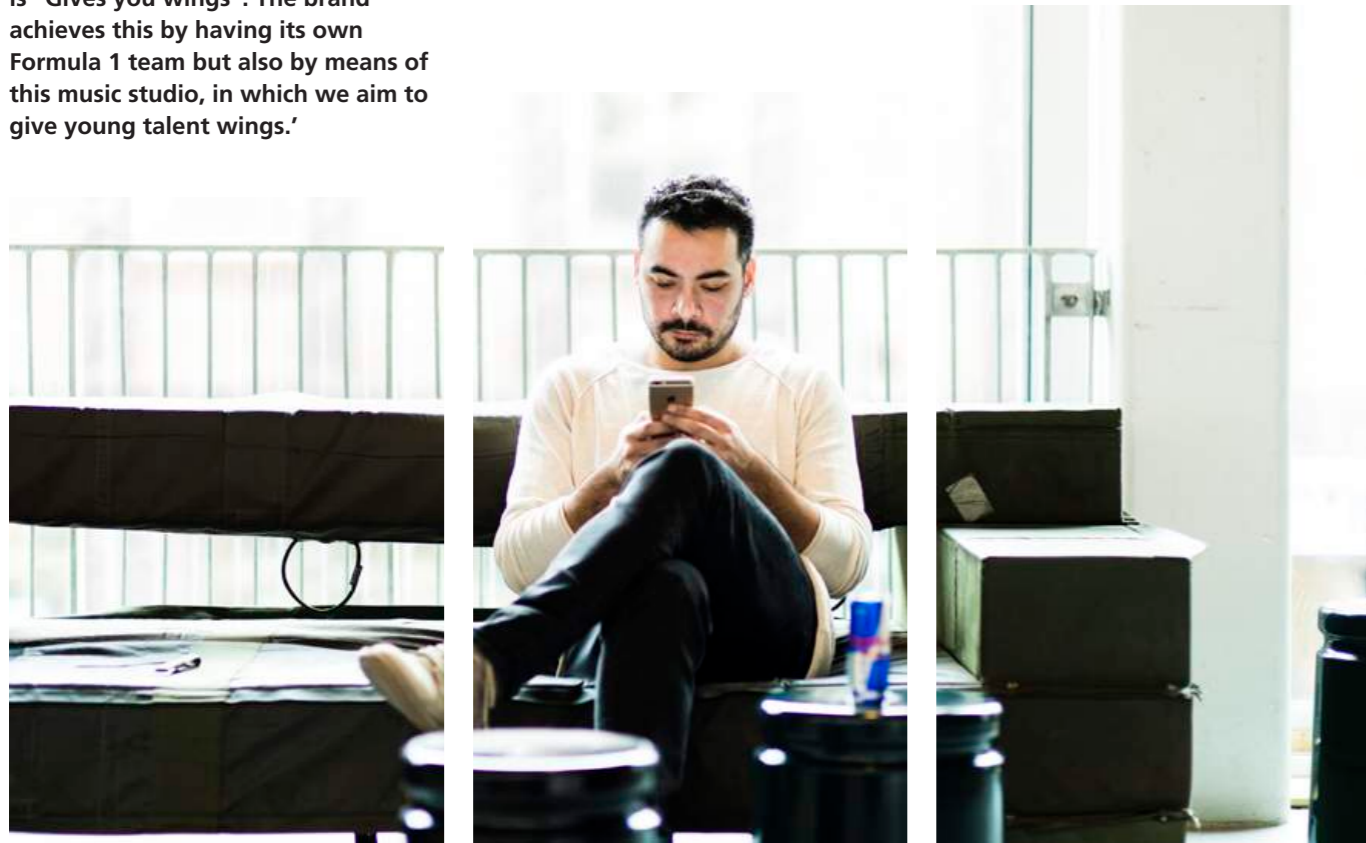
# RED BULL BUILDS RELATIONSHIPS THROUGH MUSIC

AT VARIOUS LOCATIONS ALL OVER THE WORLD, RED BULL HAS MUSIC STUDIOS WHERE TALENTS CAN RECORD THEIR MUSIC FREE OF CHARGE. JASPER CREMERS MANAGES THE AMSTERDAM STUDIO: 'MUSIC IS RELEVANT FOR EVERYONE, AND IT SHOULD ALSO BE RELEVANT FOR EVERY BRAND.'

The Red Bull music studio has been located in the Q-Factory in Amsterdam East since 2012. It is a professional recording studio with a live room and a control room. 'For us, the studio is a place where some great projects are created', says Jasper Cremers. 'Here, we build relationships with artists and invest in young talent. Red Bull's motto is "Gives you wings". The brand achieves this by having its own Formula 1 team but also by means of this music studio, in which we aim to give young talent wings.'

**MR. PROBZ**  
According to Jasper Cremers, Red Bull wants a sincere relationship with the music industry. For this reason, unlike many other brands, it doesn't just give money to a particular artist. 'Red Bull doesn't sponsor anyone. Instead of this, we want to help artists, create interesting stories, discover talents and enter into exciting collaborations.'

A good example of one such collaboration is that with Mr. Probz. His video for Waves (with over 46 million views on YouTube) was recorded in the Red Bull studio. 'At that point, he was a talent rather than an established artist. His own studio had burned down and he had nowhere to go. We gave him somewhere to turn to. That marked the start of a relationship which is still good today.'



Another example is the collaboration with singer-songwriter Gerson Main, who became famous as a result of the TV show The Best Singer-Songwriter in the Netherlands. 'He came by quite often and recorded some great things', says Jasper. 'As such, it seemed logical to ask him to do other things too. As a result, he recorded the soundtrack for Red Bull's Art of Camping. The good thing about these studios is that the brand and the artist end up helping each other.'

**MUSIC WITH A PLAN**  
However, not just anyone can use the studio as there is limited availability. 'Talents can apply and then there is a kind of assessment', says Jasper. 'An artist must not only be good, but also original. And musicians with a plan are more likely to get in than musicians without a plan. For example, how will they make sure that people get to hear their music and how they will promote their tracks? Artists need to think about these things in advance.'

He says that in the beginning, they would occasionally have musicians who they never heard from again after the recordings. 'We want to avoid that. Red Bull is investing in a quality studio and I need to be able to demonstrate that the money isn't being thrown away.' Over the next year, the studio has chosen to focus on hip hop. At the end of the year, the Red Bull BC One World Finals breakdance contest will also be coming to Amsterdam. 'We're currently looking for music which ties in really well with this. That's what we focus on when selecting artists.'

"THE GOOD THING ABOUT THESE STUDIOS IS THAT THE BRAND AND THE ARTIST END UP HELPING EACH OTHER."

JASPER CREMERS  
RED BULL STUDIOS / AMSTERDAM



FAVOURITE SONG OF 2016:  
PINK OCULUS - OVERDUE



In 1993, the government authorised Sena - the 'Foundation for the Exploitation of Neighbouring Rights' - to secure the right of compensation for the broadcasting, rebroadcasting or publication by any other means of commercially released music on behalf of all artists and music companies, in accordance with the Dutch Neighbouring Rights Act. We perform these activities on an exclusive basis in the Netherlands, which means no other parties are authorised to collect and distribute these fees. In addition to all Dutch performers and producers, we also represent a large number of leading international top acts. Our mission is to create greater awareness of the value of music amongst music users, in order to facilitate the collection of fees on behalf of national and international artists and producers, and to pay out these fees as quickly and accurately as possible at the lowest possible cost.



## DISTRIBUTIONS

We divide all collected fees on the basis of our distribution regulations. We process the playlists of all nationwide radio stations with a market share of at least 0.3%, providing these stations are members of National Listening Research (NLO). The playlists of regional radio stations are also processed, subject to the condition that these stations pay us an annual fee of at least € 30 thousand. The playlists of nationwide television stations are processed subject to a minimum Sena contribution of € 60 thousand, and reporting to Stichting Kijkonderzoek (SKO). The playlists of background music suppliers such as Alcas, Eazis, Mood Media and Mediatools are also processed. These parties are responsible for reporting the music use of some 1500 cafés in the Netherlands. We strive to further increase the number of collection sources at a reasonable cost level. As a part of our efforts to ensure the accurate and fair distribution, we apply both prime-time and non-prime-time rates for the nationwide television stations.

We largely distribute the revenues generated through our General Licenses on the basis of the Intomart GfK survey, which is conducted twice a year by commission of Buma and us. This survey of 2,400 businesses is conducted by phone. Respondents are asked whether they listen to music, and if so on which station/from which source.

Revenues from New Media are distributed on the basis of legal downloading data. We register which music was played in public in a specific year on the basis of the above methods. Fees are then distributed over the various Right holders on the basis of a distribution key recorded in the distribution regulations.

Half of the fees reserved for each title are distributed to the producers, while the other half is distributed to the performers. Fees for each phonogram/title are distributed on the following basis:

- a) The total amount available for distribution over the contributing performers and/or producers is divided by the total number of minutes of actual use of repertoire liable to compensation by the collection source.
- b) This amount per minute is multiplied by the number of minutes of airtime per title. The end result is an amount per title that can then be distributed amongst the contributing performers and producers.

As regards popular repertoire, performers divide the available amount for the title (or titles) to which they have contributed on the basis of the following scale:

- main artist: 5 points. A main artist is a band member (each fixed associated member of the band) and/or soloist with an artist contract and/or exploitation agreement, not being the session musician or conductor;
- conductor: 3 points. A conductor is the person leading the orchestra, choir or band by means of physically directing in which he or she defines the rhythm and mood for the performing artists;
- session musicians: 1 point per instrument, up to a maximum of 3 points. The amount to be divided over these musicians will never exceed 50% of the total amount available for performers per title. Session musicians and/or other performers, not being the main artist or conductor, are defined as follows: the session musician who participates by a supporting musical contribution on a commercially released phonogram released by a main artist.

As regards classical repertoire, performers will divide the available amount for the title (or titles) to which they have contributed on the basis of the following scale:

- main artist: 5 points;
- conductor: 3 points;
- session musicians: 1 point.

We deduct a withholding percentage from all collected fees. The withholding percentage for 2016 was set at 12%. We also allocate 3% of all funds designated for performers to sociocultural initiatives.

## MANAGEMENT MODEL AND MONITORING OF DISTRIBUTION REGULATIONS

In accordance with the CMO Quality Mark and accompanying Good Governance and Integrity Guidelines for CMOs, our distribution regulations and management model are assessed every three years in order to ensure their currency and usability. The most recent assessment coincided with the adjustment of our management structure in 2012. The most recent assessment took place in June 2015.

Our current management model, Articles of Association and distribution regulations also comply with the Principles and Best Practices anchored in the Good Governance and Integrity Guidelines for CMOs.



# FINANCIAL STATEMENTS 2016

## CASH FLOW STATEMENT 2016

		2016	2015
(IN THOUSANDS OF EUROS)	EUR	EUR	EUR
<b>RECEIVED LICENCE FEE INCOME</b>			
INVOICED LICENCE FEE INCOME		65,029	68,415
MOVEMENT IN RECEIVED LICENCE FEE INCOME VERSUS INVOICED LICENCE FEE INCOME		878	1,108
<b>TOTAL RECEIVED LICENCE FEE INCOME</b>		<b>65,907</b>	<b>69,523</b>
<b>THESE REVENUES CAN BE ITEMISED AS FOLLOWS</b>			
THE NETHERLANDS	57,233		56,177
INTERNATIONAL	8,674		13,346
<b>TOTAL RECEIVED LICENCE FEE INCOME</b>		<b>65,907</b>	<b>69,523</b>
<b>DISTRIBUTION (NET)</b>			
THE NETHERLANDS	(46,805)		(49,884)
INTERNATIONAL	(11,445)		(11,371)
<b>TOTAL DISTRIBUTION (1)</b>		<b>(58,250)</b>	<b>(61,255)</b>
<b>CASH FLOW FROM LICENCE FEES AND DISTRIBUTION</b>			
		<b>7,657</b>	<b>8,268</b>
OPERATING EXPENSES (GROSS)	(7,855)		(7,247)
INTERNATIONAL INCOME	500		521
MISCELLANEOUS INCOME	131		158
FINANCIAL RESULT	176		649
DEPRECIATION AND AMORTISATION	366		172
INVESTMENTS IN TANGIBLE/INTANGIBLE FIXED ASSETS	(390)		(225)
MOVEMENT IN ACCRUED INCOME	252		(114)
MOVEMENT IN CURRENT LIABILITIES	(954)		(1,022)
<b>OPERATING CASH FLOW</b>		<b>(7,504)</b>	<b>(7,108)</b>
<b>EXPENDITURE ON SOCIAL-CULTURAL FUND</b>			
		<b>(2,254)</b>	<b>(1,923)</b>
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>			
		<b>(2,101)</b>	<b>(763)</b>
CASH AS AT 31 DECEMBER		63,599	65,700
CASH AS AT 1 JANUARY		65,700	66,463
<b>MOVEMENT IN CASH</b>		<b>(2,101)</b>	<b>(763)</b>

# BALANCE SHEET AS AT 31 DECEMBER

<b>ASSETS</b>	<b>31 DECEMBER 2016</b>		<b>31 DECEMBER 2015</b>	
	(IN THOUSANDS OF EUROS)	EUR	EUR	EUR
<b>FIXED ASSETS</b>				
INTANGIBLE FIXED ASSETS (2)		208		310
TANGIBLE FIXED ASSETS (3)		247		121
		<b>455</b>		<b>431</b>
<b>CURRENT ASSETS</b>				
ACCOUNTS RECEIVABLE (4)		5,539		4,370
ACCRUED RECEIVABLES AND INCOME (5)		724		976
		<b>6,263</b>		<b>5,346</b>
<b>CASH AND CASH EQUIVALENTS (6)</b>		<b>63,599</b>		<b>65,700</b>
<b>TOTAL ASSETS</b>		<b>70,317</b>		<b>71,477</b>

# BALANCE SHEET AS AT 31 DECEMBER

<b>LIABILITIES</b>	<b>31 DECEMBER 2016</b>		<b>31 DECEMBER 2015</b>	
	(IN THOUSANDS OF EUROS)	EUR	EUR	EUR
<b>EQUITY</b>				
		-		-
<b>NON-CURRENT LIABILITIES</b>				
SOCIAL-CULTURAL FUND (7)		<b>2,647</b>		<b>2,896</b>
<b>CURRENT LIABILITIES</b>				
LIABILITY (8)				
PAYABLE		55,560		58,874
NOT YET PAYABLE		5,539		4,370
AMOUNTS TO BE SETTLED		1,522		1,150
		<b>62,621</b>		<b>64,394</b>
<b>OTHER CURRENT LIABILITIES</b>				
ACCOUNTS PAYABLE		213		523
TAX AND SOCIAL SECURITY CONTRIBUTIONS		98		95
ACCRUALS AND DEFERRED INCOME (9)		4,738		3,569
		<b>5,049</b>		<b>4,187</b>
<b>TOTAL LIABILITIES</b>		<b>70,317</b>		<b>71,477</b>



# STATEMENT OF INCOME AND EXPENDITURE

	2016		2015	
(IN THOUSANDS OF EUROS)	EUR	EUR	EUR	EUR
<b>INCOME</b>				
DOMESTIC INCOME	6,778		5,919	
INTERNATIONAL INCOME	500		521	
MISCELLANEOUS INCOME (10)	131		158	
		<b>7,409</b>		<b>6,598</b>
<b>OPERATING EXPENSES (GROSS)</b>				
SALARIES (11)	(2,932)		(2,916)	
MAILING AND COLLECTION COSTS (12)	(1,797)		(1,914)	
OTHER OPERATING EXPENSES (13)	(2,339)		(2,114)	
DEPRECIATION AND AMORTISATION (14)	(366)		(172)	
SUPERVISORS' COSTS (14)	(151)		(131)	
		<b>(7,585)</b>		<b>(7,247)</b>
<b>FINANCIAL RESULT (14)</b>		<b>176</b>		<b>649</b>
<b>OPERATING RESULT</b>		<b>-</b>		<b>-</b>
<b>BUDGETED OPERATING EXPENSES (15)</b>		<b>(7,625)</b>		<b>(7,512)</b>
<b>OPERATING EXPENSES (NET)</b>		<b>(6,778)</b>		<b>(5,919)</b>

The net operating expenses are calculated by adding up the following amounts: gross operating expenses plus international income, miscellaneous income and the financial result.

# STATEMENT OF MOVEMENTS IN DISTRIBUTABLE LICENCE FEE INCOME

	2016		2015	
(IN THOUSANDS OF EUROS)	EUR	EUR	EUR	EUR
BALANCE AS AT 1 JANUARY		<b>64,394</b>		<b>66,358</b>
<b>INVOICED LICENCE FEE INCOME</b>				
USE IN THE NETHERLANDS	56,501		55,658	
INTERNATIONAL CMOS	8,528		12,757	
<b>SUBTOTAL</b>		<b>65,029</b>		<b>68,415</b>
<b>DISTRIBUTION (GROSS)</b>				
RIGHT-HOLDERS	(57,604)		(62,003)	
INTERNATIONAL CMOS	(7,793)		(8,606)	
<b>SUBTOTAL</b>		<b>(65,397)</b>		<b>(70,609)</b>
<b>OTHER MOVEMENTS</b>				
<b>ADDITIONS</b>				
INTERNATIONAL INCOME	500		521	
MISCELLANEOUS INCOME	131		158	
FINANCIAL RESULT	176		649	
CURRENCY GAINS/LOSSES	-		149	
COSTS WITHHELD FROM DISTRIBUTION	7,147		9,354	
RELEASE OF BAD DEBT PROVISION	603		-	
ADDITION OF DISTRIBUTABLE FEES	806		-	
<b>SUBTOTAL</b>		<b>9,363</b>		<b>10,831</b>
<b>DEDUCTIONS</b>				
OPERATING EXPENSES (GROSS)	(7,585)		(7,247)	
WITHHOLDING TAX	(682)		(597)	
CURRENCY GAINS/LOSSES	(18)		-	
DEDUCTIONS SOCIAL-CULTURAL FUND	(2,067)		(2,336)	
COSTS WITHHELD INTERNATIONAL	(416)		(421)	
<b>SUBTOTAL</b>		<b>(10,768)</b>		<b>(10,601)</b>
<b>BALANCE AS AT 31 DECEMBER</b>		<b>62,621</b>		<b>64,394</b>

# CONSOLIDATED ACCOUNTING PRINCIPLES

## GENERAL

Amounts are stated in thousands of euros, unless indicated otherwise. The general principle for the valuation of the assets and liabilities, and for determining the result, is the acquisition or manufacturing cost. Unless stated otherwise, assets and liabilities are carried at nominal value. We compile our financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. We also take account of the provisions of guideline RJ640 of the Dutch Accounting Standards Board.

## OUR ACTIVITIES

Under the Neighbouring Rights Act we have two core duties. First, we grant licences on the right holders' behalf to businesses or organisations using music and collect the fees owed in that respect. We carefully check and register where, in what manner and for what purpose music is being played and which licences apply. Our second duty is to ensure that the fees are correctly distributed among the performers and producers. To facilitate this, we first register the right holder's details and the repertoire which they helped create or produced. Subsequently we work out who is entitled to what. This is done using data such as the play lists of radio and television stations. We also use the results of a market survey which is being carried out in collaboration with Buma. This market survey charts the listening behaviour of the Dutch business sector. Finally, we distribute the fees to the right holders. We do this on a not-for-profit basis and regard it as our mission to distribute the fees correctly and at the lowest possible cost. Distributions are made four times a year. We distribute the fees in relation to music played in the Netherlands as well as music performed abroad.

## COMPARATIVE FIGURES

Where necessary, the figures for 2014 have been restated in order to facilitate a comparison with 2015. More specifically, the outstanding shortfall has been reclassified in 2015 from 'financial assets' to 'current liabilities'. This item is now recognised under 'liability regarding distributions', and has been renamed 'amounts to be settled'.

## ESTIMATES

In compiling the financial statements, the Executive Board – in accordance with generally applicable principles – has to make specific estimates and assumptions that help to determine the amounts included. The actual results may differ from these estimates.

## FOREIGN CURRENCY

Transactions in foreign currency during the reporting period are accounted for in the financial statements at the exchange rate on the transaction date. The foreign currency account is measured at the exchange rate at year-end. The measurement differences resulting from the conversion are stated under 'liability regarding distributions'.

## FINANCIAL INSTRUMENTS

Financial instruments refer to primary financial instruments such as receivables and liabilities as well as derivative financial instruments (derivatives). Sena does not use derivative financial instruments. The accounting policies relating to the primary financial instruments are explained in the notes to the individual balance sheet items.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, bank balances and deposits with a term to maturity of less than 12 months. Cash and cash equivalents are carried at nominal value.

## VALUATION PRINCIPLES

### Tangible and intangible fixed assets

Tangible and intangible fixed assets are carried at acquisition or manufacturing cost, reduced by straight-line depreciation based on the expected useful life and, where applicable, by impairments.

### Accounts receivable

Accounts receivable are carried at fair value on initial recognition and are subsequently measured at amortised cost, which is equal to the nominal value, reduced by any bad debt provisions considered necessary.

### Provisions

Provisions are made for concrete or specific risks and liabilities which exist on balance sheet date and whose amount is uncertain but can be estimated with reasonable accuracy.

### Pensions

We offer our employees a pension scheme based on the defined contribution system. This pension scheme has been accommodated with an insurance company. The contributions owed for the financial year are recognised as costs. A reserve is included for contributions not yet paid by the balance sheet date. Since these liabilities are of a current nature, they are measured at nominal value.

## Non-current liabilities

The non-current liabilities comprise liabilities with a remaining term to maturity of more than one year. The liabilities are carried at fair value on initial recognition and are subsequently measured at amortised cost.

### Current liabilities

Most of the current liabilities have an expected term to maturity of one year or less.

### Liabilities regarding distributions

The liabilities regarding distributions to right holders are recognised in accordance with the provisions of the Articles of Association and the Distribution Regulations. Licence fees are recognised at the moment the invoice is issued.

### Amounts to be settled

The 'amounts to be settled' item is carried at nominal value. This item is created in order to absorb possible mismatches between the deduction rate and the actual cost percentage. The item is calculated by multiplying the applicable cost deduction percentage by the licensing revenues received in the reporting year per music year, minus the net operating expenses. If the balance is still positive after three years, a positive balance during the reporting year will be added to the liability regarding distributions. Movements in this item are also caused by the unrealised part of the cost deduction for accounts receivable movements. Any other movements will be explained in the notes.

## PRINCIPLES FOR DETERMINING THE RESULT

### General

The result is measured as the difference between turnover and all the associated costs that can be allocated to the reporting year. The costs are determined in accordance with the accounting policies set out above. Losses are accounted for in the year in which they are foreseeable.

### Domestic income

Our services primarily consist of invoicing licence fees, registering the repertoire, processing the play lists and making distributions to the right holders. These activities may be performed in a year other than the year of collection. Because the result generated by these services cannot be estimated with reasonable accuracy in the interim, the amount of revenue recognised is equal to the costs incurred. The difference between the fee deducted and the actual administrative overheads is immediately credited or charged, as the case may be, to the liability regarding distributions.

### International income

Under this item, the benefits arising from the withholding rate on foreign income are accounted for.

### Miscellaneous income

This item comprises the income generated by the deduction from distributions to other countries and the income generated by other services.

## Depreciation

Depreciation is related to the acquisition value of the tangible and intangible fixed assets concerned. Depreciation is based on the estimated economic life and calculated on the basis of a fixed percentage of the cost of acquisition, taking account of any residual value. Depreciation starts at the moment when an asset is put into use.

## Financial result

Financial results realised relate to resources placed with banks (deposits, savings accounts and current account) and are recognised in the year to which they refer.

## PRINCIPLES UNDERLYING THE CASH FLOW STATEMENT

The cash flow statement has been prepared in accordance with the indirect method.



# NOTES TO THE CASH FLOW STATEMENT

## DISTRIBUTION (1)

The summary below shows the composition of gross and net distribution in the 2015-2016 period. In 2016, gross and net Dutch distribution decreased by 9% and 6% respectively in comparison to 2015. However, 2015 was an exceptional year, as that was the first financial year in which licence fee income (totalling EUR 12.4 million) was distributed in the same year as it was collected.

Gross and net international distribution both increased slightly. The distribution amount was higher than the received international licence fee income: EUR 11.9 million compared to EUR 8.7 million.

	THE NETHERLANDS	INTERNATIONAL	2016
GROSS DISTRIBUTION	53,536	11,861	65,397
COSTS WITHHELD	(6,731)	(416)	(7,147)
<b>NET DISTRIBUTION</b>	<b>46,805</b>	<b>11,445</b>	<b>58,250</b>

	THE NETHERLANDS	INTERNATIONAL	2015
GROSS DISTRIBUTION	58,817	11,792	70,609
COSTS WITHHELD	(8,933)	(421)	(9,354)
<b>NET DISTRIBUTION</b>	<b>49,884</b>	<b>11,371</b>	<b>61,255</b>

# NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER

## INTANGIBLE FIXED ASSETS (2)

Movements in this item are as follows:

	2016	2015
	SOFTWARE	SOFTWARE
<b>BOOK VALUE AS AT 1 JANUARY</b>	<b>310</b>	<b>244</b>
INVESTMENTS	127	155
DISINVESTMENTS	(257)	-
AMORTIZATION	(229)	(89)
AMORTIZATION OF DISINVESTMENTS	257	-
<b>BOOK VALUE AS AT 31 DECEMBER</b>	<b>208</b>	<b>310</b>

The investments made in 2016 mainly relate to the migration to Oracle 12 and Windows Server 2016. It was decided to charge the investment for the development of the international repertoire database VRDB to the operating profit. The disinvestments and amortization entries therefore include amounts for the change in the valuation of the VRDB.

The total acquisition values and amortization are as follows:

	2016	2015
ACQUISITION VALUE	4,845	4,975
CUMULATIVE AMORTIZATION	(4,637)	(4,665)
<b>BOOK VALUE AS AT 31 DECEMBER</b>	<b>208</b>	<b>310</b>

### Amortization rates

The following amortization rate is applied: software (20%).

**TANGIBLE FIXED ASSETS (3)**

Movements in this item are as follows:

	REFURBISHMENT	INVENTORY	HARDWARE	2016	2015
<b>BOOK VALUE AS AT 1 JANUARY</b>	<b>18</b>	<b>24</b>	<b>79</b>	<b>121</b>	<b>134</b>
INVESTMENTS	3	17	243	263	70
DISINVESTMENTS	-	-	(131)	(131)	-
DEPRECIATION	(18)	(13)	(106)	(137)	(83)
DEPRECIATION OF DISINVESTMENTS	-	-	131	131	-
<b>BOOK VALUE AS AT 31 DECEMBER</b>	<b>3</b>	<b>28</b>	<b>216</b>	<b>247</b>	<b>121</b>

Throughout 2016, we mainly invested in hardware for the purposes of replacing desktop computers and the server park. The disinvestments mainly related to the computers that were written off.

The total acquisition values and depreciation are as follows:

	REFURBISHMENT	INVENTORY	HARDWARE	2016	2015
ACQUISITION VALUE	144	248	539	931	798
CUMULATIVE DEPRECIATION	(141)	(220)	(323)	(684)	(677)
<b>BOEKWAARDE 31 DECEMBER</b>	<b>3</b>	<b>28</b>	<b>216</b>	<b>247</b>	<b>121</b>

**Depreciation rate**

The following depreciation rates were applied: refurbishment (20%), inventory (20%) and hardware (33.33%).

**ACCOUNTS RECEIVABLE (4)**

	2016	2015
ACCOUNTS RECEIVABLE	5,726	5,191
BAD DEBT PROVISION	(187)	(821)
<b>BALANCE AS AT 31 DECEMBER</b>	<b>5,539</b>	<b>4,370</b>

**Movements in accounts receivable and bad debt provision**

	2016	2015
<b>ACCOUNTS RECEIVABLE</b>		
<b>BALANCE AS AT 1 JANUARY</b>	<b>5,191</b>	<b>5,236</b>
INVOICED LICENCE FEE INCOME	65,029	68,415
RECEIVED LICENCE FEE INCOME	(65,907)	(69,523)
WRITTEN OFF AGAINST THE PROVISION	(31)	(25)
OTHER	1,444	1,088
<b>BALANCE AS AT 31 DECEMBER</b>	<b>5,726</b>	<b>5,191</b>
<b>BAD DEBT PROVISION</b>		
<b>BALANCE AS AT 1 JANUARY</b>	<b>(821)</b>	<b>(846)</b>
DEBTS WRITTEN OFF	31	25
RELEASE	603	-
<b>BALANCE AS AT 31 DECEMBER</b>	<b>(187)</b>	<b>(821)</b>

The 'accounts receivable' item has increased by EUR 1.2 million compared to 2015. The 'debts written off' item concerns receivables that have been confirmed to be uncollectable. In 2016, the formation of the bad debt provision was analysed in detail based on empirical figures. This resulted in the provision being lowered by EUR 603,000. The 'other' item consists of licence fees that have not yet been realised.

## ACCRUED RECEIVABLES AND INCOME (5)

	2016	2015
INTEREST DUE	132	463
PREPAID EXPENSES	198	202
SENA PERFORMERS MUSIC PRODUCTION FUND LOANS	111	132
TAX AND SOCIAL SECURITY CONTRIBUTIONS	146	-
OTHER	137	209
<b>BALANCE AS AT 31 DECEMBER</b>	<b>724</b>	<b>976</b>

The 'interest due' item has decreased in comparison to 2015 due to the fall in the market rate of interest. One-third of the funding from the Sena Performers Music Production Fund is in the form of loans that must be paid back after two years. The sum recorded for 'tax and social security contributions' is a receivable relating to VAT. The 'other' item includes a receivable of EUR 96,000 owed by SCAN.

## CASH AND CASH EQUIVALENTS (6)

	2016	2015
SAVINGS ACCOUNT/DEPOSIT	59,000	63,506
CURRENT ACCOUNT	4,599	2,194
<b>BALANCE AS AT 31 DECEMBER</b>	<b>63,599</b>	<b>65,700</b>

In compliance with the approved policy, the cash resources have been deposited at a variety of banks.

## SOCIAL-CULTURAL FUND (7)

This item is based on a decision made by the respective sections and is earmarked for sociocultural projects for performers and producers. Expenditure of these funds comes under the responsibility of the section representatives. This item is formed by adding 3% of the amount available for distributions to performers to the provision as input VAT. Additionally, in compliance with the resolution dated 17 March 2016, the undistributed fees for performers in the 2012 music year were added to the provision. Moreover, a sum of EUR 250,000 from the amount available for distributions to producers was added to the Social-Cultural Fund.

	PERFORMERS	PRODUCERS	2016	2015
<b>BALANCE AS AT 1 JANUARY</b>	<b>2,794</b>	<b>-</b>	<b>2,794</b>	<b>2,457</b>
ADDITIONS FOR JOINT PROJECTS	75	75	150	262
ADDITIONS DURING FINANCIAL YEAR	750	175	925	783
ADDITIONS OF UNDISTRIBUTED FEES	921	-	921	1,215
<b>ADDITIONS: SUBTOTAL</b>	<b>1,746</b>	<b>250</b>	<b>1,996</b>	<b>2,260</b>
EXPENDITURE ON JOINT PROJECTS	(75)	(75)	(150)	(262)
EXPENDITURE IN FINANCIAL YEAR	(1,929)	(175)	(2,104)	(1,661)
<b>EXPENDITURE: SUBTOTAL</b>	<b>(2,004)</b>	<b>(250)</b>	<b>(2,254)</b>	<b>(1,923)</b>
<b>BALANCE AS AT 31 DECEMBER</b>	<b>2,536</b>	<b>-</b>	<b>2,536</b>	<b>2,794</b>
SENA PERFORMERS MUSIC PRODUCTION FUND LOANS	111	-	111	102
<b>BALANCE AS AT 31 DECEMBER</b>	<b>2,647</b>	<b>-</b>	<b>2,647</b>	<b>2,896</b>

SPECIFICATIONS PER YEAR	BALANCE AS AT 1 JANUARY	ADDITION	DEDUCTION	BALANCE AS AT 31 DECEMBER
UPTO AND INCLUDING 2010	2,457	-	-	2,457
2015 (ADDITION FOR THE MUSIC YEARS 2008+2011)	337	-	(337)	-
2016	-	1,075	(1,075)	-
2016 (ADDITION FOR THE 2012 MUSIC YEAR)	-	921	(842)	79
<b>TOTAL</b>	<b>2,794</b>	<b>1,996</b>	<b>(2,254)</b>	<b>2,536</b>

Overall this is a non-current item as the balance up to and including 2010 (EUR 2.5 million) has no limitation period.



**LIABILITY REGARDING DISTRIBUTION (8)**

The liability regarding distribution is of a long-term but generally current nature. The moment at which this liability is distributed depends on the income from debtors and the progress made in distribution to the right-holders. Distribution depends on the status of the distribution process (the moment of processing the right-holders' claims and processing the play lists). The 'not yet payable' item relates to the debtor balances. Since the start of 2015, Sena has applied differentiated withholding percentages: 12% on Dutch licence fee income, 4% on income from the EU and EFTA and 6% on income from the remaining countries.

PAYABLE	THE NETHERLANDS	INTERNATIONAL	TOTAL 2016	THE NETHERLANDS	INTERNATIONAL	TOTAL 2015
<b>BALANCE AS AT 1 JANUARY</b>	<b>50,252</b>	<b>8,622</b>	<b>58,874</b>	<b>54,595</b>	<b>7,516</b>	<b>62,111</b>
<b>DISTRIBUTION</b>						
GROSS DISTRIBUTION	(53,536)	(11,861)	(65,397)	(58,817)	(11,792)	(70,609)
WITHHOLDING COSTS	6,731	416	7,147	8,933	421	9,354
<b>NET DISTRIBUTION</b>	<b>(46,805)</b>	<b>(11,445)</b>	<b>(58,250)</b>	<b>(49,884)</b>	<b>(11,371)</b>	<b>(61,255)</b>
<b>SOCIAL-CULTURAL FUND</b>						
GROSS DEDUCTION	(2,403)	-	(2,403)	(2,701)	-	(2,701)
WITHHOLDING COSTS	336	-	336	365	-	365
<b>NET DEDUCTION</b>	<b>(2,067)</b>	<b>-</b>	<b>(2,067)</b>	<b>(2,336)</b>	<b>-</b>	<b>(2,336)</b>
<b>INVOICED LICENCE FEE INCOME</b>						
INVOICED LICENCE FEE INCOME	56,501	8,528	65,029	55,658	12,757	68,415
MOVEMENT IN RECEIVED LICENCE FEE INCOME VERSUS INVOICED LICENCE FEE INCOME	732	146	878	519	589	1,108
<b>TOTAL RECEIVED LICENCE FEE INCOME</b>	<b>57,233</b>	<b>8,674</b>	<b>65,907</b>	<b>56,177</b>	<b>13,346</b>	<b>69,523</b>
MOVEMENT IN RECEIVABLE LICENCE FEE INCOME	(1,445)	-	(1,445)	(1,061)	-	(1,061)
MOVEMENT IN OTHER ACCOUNTS RECEIVABLE ITEMS	1	-	1	(27)	-	(27)
MOVEMENT IN AMOUNTS TO BE SETTLED	(372)	-	(372)	(1,293)	-	(1,293)
OPERATING EXPENSES (NET)	(6,778)	-	(6,778)	(5,919)	-	(5,919)
DEDUCTION OF WITHHOLDING TAX	-	(682)	(682)	-	(597)	(597)
INTERNATIONAL WITHHOLDING COSTS	-	(416)	(416)	-	(421)	(421)
CURRENCY GAINS/LOSSES	-	(18)	(18)	-	149	149
DISTRIBUTABLE FEES	806	-	806	-	-	-
<b>OTHER MOVEMENTS</b>	<b>(7,788)</b>	<b>(1,116)</b>	<b>(8,904)</b>	<b>(8,300)</b>	<b>(869)</b>	<b>(9,169)</b>
<b>BALANCE AS AT 31 DECEMBER</b>	<b>50,825</b>	<b>4,735</b>	<b>55,560</b>	<b>50,252</b>	<b>8,622</b>	<b>58,874</b>

NOT YET PAYABLE	THE NETHERLANDS	INTERNATIONAL	TOTAL 2016	THE NETHERLANDS	INTERNATIONAL	TOTAL 2015
<b>BALANCE AS AT 1 JANUARY</b>	<b>4,111</b>	<b>259</b>	<b>4,370</b>	<b>3,542</b>	<b>848</b>	<b>4,390</b>
MOVEMENT IN ACCOUNTS RECEIVABLE	1,315	(146)	1,169	569	(589)	(20)
<b>BALANCE AS AT 31 DECEMBER</b>	<b>5,426</b>	<b>113</b>	<b>5,539</b>	<b>4,111</b>	<b>259</b>	<b>4,370</b>
<b>AMOUNTS TO BE SETTLED</b>						
<b>BALANCE AS AT 1 JANUARY</b>	<b>1,150</b>	<b>-</b>	<b>1,150</b>	<b>(143)</b>	<b>-</b>	<b>(143)</b>
UNDISTRIBUTED FEES FOR CLOSED YEARS CREDITED TO THE DEFICIT	-	-	-	143	-	143
16% COST DEDUCTION ON RECEIVED DUTCH LICENCE FEE INCOME	131	-	131	706	-	706
12% COST DEDUCTION ON RECEIVED DUTCH LICENCE FEE INCOME	6,769	-	6,769	6,212	-	6,212
EXTRA WITHHOLDING COSTS FOR PREVIOUS YEARS	-	-	-	18	-	18
OPERATING EXPENSES (NET)	(6,778)	-	(6,778)	(5,919)	-	(5,919)
OTHER MOVEMENTS	250	-	250	133	-	133
<b>BALANCE AS AT 31 DECEMBER</b>	<b>1,522</b>	<b>-</b>	<b>1,522</b>	<b>1,150</b>	<b>-</b>	<b>1,150</b>
<b>LIABILITY REGARDING DISTRIBUTION</b>	<b>57,773</b>	<b>4,848</b>	<b>62,621</b>	<b>55,513</b>	<b>8,882</b>	<b>64,394</b>

Distribution and payment of the fees took place on the basis of the Distribution Regulations (see notes on pages 46 and 47 of the annual report). As this relates to two different years, two different deduction percentages have been used. 'Other movements' includes items such as the writing off of undistributed fees from the 2012 music year (EUR 95,000) and the deduction of costs stemming from the movement in accounts receivable (EUR 155,000). The 'outstanding distributable fees' item relates to returned distributions and will be presented to the Board of Affiliates, who will then take a decision.

**THE NETHERLANDS**

The overview below reflects the payable component of the liabilities for each music year. This breakdown of the distribution obligation is a requirement set by the Copyright and Neighbouring Rights Collective Management Organisations Control Board as well as being one of the criteria for the CMO Quality Mark.

	OPEN MUSIC YEAR	CLOSED MUSIC YEAR	TOTAL FOR THE MUSIC YEAR
DOUBLE CLAIMS UP TO AND INCLUDING 2012	-	498	498
2013	4,745	-	4,745
2014	6,222	-	6,222
2015	10,279	-	10,279
2016	29,081	-	29,081
<b>TOTAL NET DISTRIBUTABLE FEES</b>	<b>50,327</b>	<b>498</b>	<b>50,825</b>

Since 2009, a limitation period of three years following completion of the music year in question has been applied. Until the 2009 music year, the limitation period was five years. In 2016, the 2012 music year was closed. In accordance with a resolution by the section representatives, the balance of undistributed fees was distributed between the producers (EUR 1.9 million gross), the performers (EUR 1.1 million gross) and the Social-Cultural Fund (EUR 921,000 net after deduction of VAT). The remaining balance for the year 2012 (shown above) relates to double claims. Up to and including 2016, claims could still be submitted in relation to the 2013 music year. The final claims submitted for the 2013 music year will be processed during the first quarter of 2017. We have done everything possible to trace the right-holders.

**INTERNATIONAL**

Due in part to differences in the national distribution regulations, there is great divergence in the breakdown of the payments received from international sister organisations. Further, the settlements usually relate to multiple years, making it difficult to distinguish collection years from music years. For this reason, the outstanding international distributable fees have been shown separately. The extra focus on reducing the balance for ongoing work in 2016 has borne fruit: in comparison to 2015, the total outstanding distributable fees dropped from EUR 8.6 million to a total of EUR 4.7 million.

	COLLECTION YEAR	MUSIC YEAR
<2007	-	204
2007	-	34
2008	-	23
2009	-	55
2010	-	42
2011	11	131
2012	44	231
2013	8	188
2014	80	232
2015	154	108
2016	3,183	7
<b>TOTAL PAYABLE</b>	<b>3,480</b>	<b>1,255</b>

**OTHER CURRENT LIABILITIES**

	2016	2015
ACCOUNTS PAYABLE	213	523
TAX AND SOCIAL SECURITY CONTRIBUTIONS	98	95
ACCRUED LIABILITIES (9)	4,738	3,569

The principal items included in 'accrued liabilities' are reserves for liabilities such as holiday entitlements, holiday allowances, anniversary bonuses, invoiced licence fees, collection charges, external advisers and reserves for claims.

**OFF-BALANCE SHEET COMMITMENTS**

As at 31 December 2016, the following commitments not shown in the balance sheet had been undertaken:

	<1 YEAR	1-5 YEARS	>5 YEARS
RENT (CONTRACT RUNS UP TO AND INCLUDING APRIL 2021)	216	703	-
LEASE CONTRACTS FOR CARS	76	121	-
COPIERS (CONTRACT RUNS UP TO AND INCLUDING JANUARY 2023)	5	21	-
LESSOR'S BANK GUARANTEE	-	24	-
GUARANTEE TO SCAN	-	1,000	-
<b>TOTAL FOR 2016</b>	<b>297</b>	<b>1,869</b>	<b>-</b>
<b>TOTAL FOR 2015</b>	<b>287</b>	<b>1,992</b>	<b>54</b>

**EVENTS AFTER THE REPORTING PERIOD**

On 17 March 2017, subsequent to the balance sheet date, the section representatives resolved to distribute the undistributed fees from 2013. The Producers section decided to fully allocate the undistributed fees from 2013 to the amount available for distribution. The Performers section decided to allocate their total share to the Sociocultural Fund.

On 8 February 2017, the Court of the Hague made a ruling that led Sena to make a separate distribution payment over older years in March 2017. The judge also has determined that the costs arising from this can be recovered by Sena on those who have been responsible for the broadcasts. The current situation is that the right-holders challenge the accuracy of the distribution payment. It is unknown whether the parties that have been responsible for the broadcasts will acquiesce in this judgment. The foregoing is as yet no reason to form any reservation.

# NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

## MISCELLANEOUS INCOME (10)

In the statement of income and expenditure, payments for the services commissioned by the Dutch Association for Producers and Importers of Image and Sound Carriers and Stichting NORMA were recognised as 'miscellaneous income'.

## SALARIES (11)

	2016	2015
WAGES AND SALARIES	2,270	2,266
SOCIAL SECURITY CONTRIBUTIONS	452	438
PENSION COSTS	210	212
<b>TOTAL</b>	<b>2,932</b>	<b>2,916</b>

Our workforce comprised an average of 46.8 employees in 2016 (2015: 45.2), totalling 42.7 FTEs (2015: 42.0). The average number of FTEs in 2016 can be broken down into 5.3 FTEs for management and support, 11.2 FTEs for commerce, 8.7 FTEs for distribution, 2.0 FTEs for legal affairs and 15.5 FTEs for ICT, business development, communication and finance.

Wages and salaries in 2016 were in line with 2015. Social security contributions increased by EUR 14,000 due to an increase in the unemployment insurance and invalidity insurance contributions. The level of income assessable for social insurance also increased.

## REMUNERATION OF THE EXECUTIVE BOARD

	2016		2015	
NAME	M.J. Bos	J.A. Moolhuijsen	M.J. Bos	J.A. Moolhuijsen
POSITION	CEO	CFO	CEO	CFO
DURATION OF EMPLOYMENT	1-1 to 31-12	1-1 to 31-12	1-1 to 31-12	1-1 to 31-12
EXTENT OF EMPLOYMENT	100%	100%	100%	100%
REMUNERATION	245	157	245	157
TAXABLE FIXED AND VARIABLE REIMBURSEMENT OF EXPENSES	3	2	3	2
EXPENDITURE ON REMUNERATION PAYABLE IN THE FUTURE	42	22	38	23
ADDITIONAL TAX LIABILITY FOR COMPANY CAR	-	9	-	9
<b>TOTAL</b>	<b>290</b>	<b>190</b>	<b>286</b>	<b>191</b>

For Mr Bos, the item 'expenditure on remuneration payable in the future' increased as he moved to a higher age-related scale and his pension base increased accordingly. This increase is within the boundaries stipulated in the Executives' Pay (Standards) Act.

## SUPERVISORY BOARD REMUNERATION

	2016		2015	
POSITION	CHAIRMAN	MEMBER	CHAIRMAN	MEMBER
<b>REMUNERATION</b>	<b>19</b>	<b>14</b>	<b>18</b>	<b>12</b>
POSITION	MEMBER WITH FINANCIAL EXPERTISE		MEMBER WITH FINANCIAL EXPERTISE	
<b>REMUNERATION</b>	<b>15</b>		<b>12</b>	

## REMUNERATION OF THE BOARD OF AFFILIATES

	2016		2015	
POSITION	CHAIRMAN	MEMBER	CHAIRMAN	MEMBER
<b>REMUNERATION</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>

The salary details of the Executive Board and the supervisory bodies are disclosed in compliance with the Collective Management Organisations (Copyright and Neighbouring Rights) Supervision and Dispute Settlement Act and the CMO Quality Mark.

The transitional scheme for the Executives' Pay (Standards) Act applies to both members of the Executive Board. This transitional scheme applies pursuant to Section 25 of the Collective Management Organisations (Copyright and Neighbouring Rights) Supervision and Dispute Settlement Act.

The adjustment to the remuneration of the Supervisory Board was approved during the Board of Affiliates meeting on 9 May 2016. The adjustment to the remuneration of the Board of Affiliates was approved during the Meeting of Affiliates on 17 May 2016.

More information on the regular/additional positions of the members of the Supervisory Board, the Board of Affiliates and the Executive Board can be found in the chapter 'Personal details and relevant activities' on pages 72 up to and including 76.

## MAILING AND COLLECTION COSTS (12)

We have outsourced the invoicing and collection processes for individual licence holders to the Copyright and Neighbouring Rights Service Centre (SCAN). The costs of this have been charged to this item. In 2016, SCAN's service was expanded to include invoicing and collection for collective licence holders. A one-off release of the reserves set aside by SCAN resulted in lower costs in 2016.



**OTHER OPERATING EXPENSES (13)**

	<b>2016</b>	<b>2015</b>
OTHER STAFF COSTS	445	335
ACCOMMODATION COSTS	249	266
IT COSTS	127	125
OFFICE COSTS	85	103
PUBLICITY COSTS	200	333
ADVICE AND SERVICES RENDERED BY THIRD PARTIES	540	488
OVERHEADS	693	464
<b>TOTAL</b>	<b>2,339</b>	<b>2,114</b>

The 'other staff costs' item was EUR 110,000 higher in 2016 due to increased recruitment and selection costs and the fact that a one-off reserve was released in 2015. Accommodation costs fell by EUR 17,000 following an amendment to the lease. The fall in publicity costs is largely due to the costs of the Sena Performers Magazine being charged to the Social-Cultural Fund. The 'advice and services from third parties' item increased by EUR 52,000, due mainly to an external study of our radio and TV rates. These costs were partly compensated as fewer external employees were hired in comparison to 2015. In 2016, we resumed a fingerprinting pilot that had been set up at a previous juncture. The increase in costs stemming from this pilot is structural and charged to 'overheads'.

**OTHER OPERATING EXPENSES (14)**

This item comprises depreciation and amortisation, supervisors' costs and the financial result. The depreciation and amortisation item was higher than in 2015 due to a one-off accelerated depreciation of the investment in VRDB. The costs of the Supervisory Board and the Board of Affiliates are recognised under 'supervisors' costs'. As of 1 July 2016, the remuneration of the members of the Supervisory Board and Board of Affiliates was increased, although these salaries are still within the boundaries prescribed by the Executives' Pay (Standards) Act. The financial result consisted almost entirely of income from interest on savings accounts and deposits. Due to a fall in interest rates and the introduction of a maximum interest-bearing credit balance, interest income was lower in 2016 than in 2015.

**BUDGETED OPERATING EXPENSES (15)**

	<b>2016</b>	<b>BUDGET</b>
	<b>EUR</b>	<b>EUR</b>
<b>OPERATING EXPENSES (GROSS)</b>		
SALARIES	2,932	3,109
MAILING AND COLLECTION COSTS	1,797	2,057
OTHER OPERATING EXPENSES	2,339	2,045
DEPRECIATION AND AMORTISATION	366	286
SUPERVISORS' COSTS	151	128
<b>TOTAL OPERATING EXPENSES</b>	<b>7,585</b>	<b>7,625</b>

The current operating expenses in 2016 were EUR 40,000 lower than budgeted.

Salary costs came in under budget as it took longer than expected to fill various vacancies. In addition, due to long-term sickness absences, a larger amount of sick leave insurance was paid out than was budgeted for. SCAN's operating result also came in under budget, due in part to the one-off release of a reserve. We had budgeted for an increase in SCAN's costs, which resulted in under-spending relative to the budget for the 'mailing and collection costs' item. The item 'other operating expenses' exceeded the budget as the costs of fingerprinting were not anticipated when the budget was set, and we conducted extra studies in this area in 2016. Depreciation and amortisation was € 80,000 over budget due to the fact that we charged all capitalised VRDB costs to the result. The costs of using VRDB were charged to operating activities. Finally, the supervisors' costs increased in line with the resolution passed in the Meeting of Affiliates on 17 May 2016.

**AFFILIATED PARTIES**

We have entered into a partnership with Buma under the name Copyright and Neighbouring Rights Service Centre (SCAN). Both parties are represented on the SCAN board.

Hilversum, 6 april 2017

**Executive Board**

M.J. Bos  
J.A. Moolhuijsen

**Supervisory Board**

A. Wolfsen  
C.G. Boot  
A. de Jong  
C. van der Hoeven  
K.P. Ligtermoet  
W.A.Q. Wanrooij

# INDEPENDENT AUDITOR'S REPORT

**To: the board and Supervisory Board of Stichting ter Exploitatie van Naburige Rechten.**

## A. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2016

### Our opinion

We have audited the financial statements 2016 of Stichting ter Exploitatie van Naburige Rechten, based in Hilversum.

In our opinion, the enclosed financial statements give a true and fair view of the financial position of Stichting ter Exploitatie van Naburige Rechten as at 31 December 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code, the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board and the relevant rules under and pursuant to the "Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector" (WNT).

The financial statements comprise:

1. the balance sheet as at 31 December 2016;
2. Statement of income and expenditure for 2016; and
3. the notes comprising a summary of the applicable accounting policies and other explanatory information.

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and Guidelines for auditing WNT. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting ter Exploitatie van Naburige Rechten in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## B. REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

Next to the financial statements and our opinion thereon, the annual report consists of other information, including:

- the executive board report;
- the other information;
- Supervisory Board Report
- Board of Affiliates report
- Integrated Risk Management;
- Social culture projects.

Based on the procedures as mentioned below, we are of the opinion that the other information:

- is consistent with the financial statements and contains no material deficiencies;
- includes all information as required by Part 9 of Book 2 of the Dutch Civil Code and the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the other information including the preparation of the management board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code and .

## C. DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

### Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code, the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board and the relevant rules under and pursuant to the "Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector" (WNT). Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Utrecht, 6 April 2017

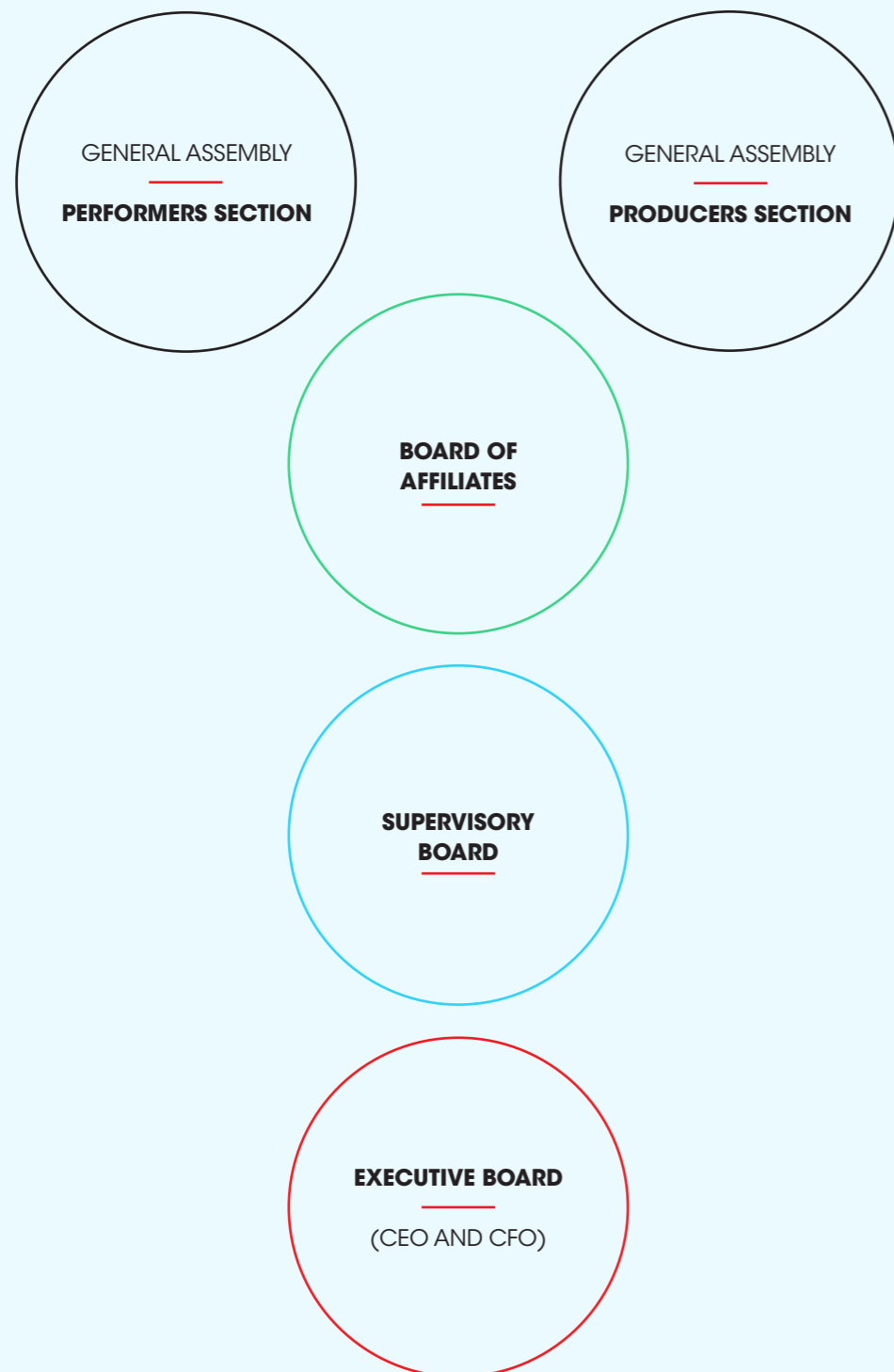
For and on behalf of BDO Audit & Assurance B.V.,

R.W.A. Eradus RA

# PERSONAL DATA AND RELEVANT ACTIVITIES

## PERSONAL DATA AND RELEVANT ACTIVITIES

The day-to-day management of Sena is conducted by the Executive Board (Board of Management). The Executive Board is supervised by the Supervisory Board (SB). All important decisions must be adopted by the Board of Affiliates after having been approved by the Supervisory Board. This model meets all the requirements laid down in the Good Governance and Integrity Guidelines and the CMO Quality Mark awarded by VOI©E.



## BOARD OF AFFILIATES

Unless stated otherwise, all the members of the Board of Affiliates were in post throughout 2016.

As at 31 December 2016, the Board of Affiliates consisted of the following members:

### Mr E.R. Angad-Gaur

Chairman of the Board of Affiliates until 9 September 2016 / Secretary of the Board of Affiliates from 9 September 2016 / Chairman of the Performers Section (paid)

(Additional) positions:

- 1 Musician / composer / lyricist / publicist (paid)
- 2 Secretary of Ntb, VCTN and SPAN (paid)
- 3 Chairman of Platform Makers (paid)
- 4 Secretary of Stichting NORMA (paid)
- 5 Secretary of Scobema (paid)
- 6 Member of the Board of Stichting Leenrecht (paid)
- 7 Member of the Board (Secretary) of Stichting de Thuiskopie (paid)
- 8 Member of the Board of Kunsten 92
- 9 Member of the Board of the National Thematic Department of D66 for Culture
- 10 Member of the Board of SONT (paid)
- 11 Editor of Sena Performers Magazine (paid)
- 12 Member of the Board of Stichting Federatie Auteursrechtbelangen (paid)
- 13 Member of the Executive Board of VOI©E

### Mr R.J.T. van Beek (up to and including 31 May 2016)

Member of the Board of Affiliates / Section representative of the Producers Section (paid)

(Additional) positions:

- 1 Business Director of 8ball Music (paid)
- 2 Self-employed at Van Beek Music, Media & Marketing (paid)
- 3 Member of the Board of STOMP
- 4 Member of the Board of Impala

### Mr M. Beets

Member of the Board of Affiliates / Section representative of the Performers Section (paid)

(Additional) positions:

- 1 Bass player (paid)
- 2 Contrabass teacher at Codarts Rotterdam (paid)
- 3 Joint owner of Maxanter Records VOF (paid)
- 4 Owner of Studio de Smederij, Zeist (paid)
- 5 Composer, arranger, producer (paid)
- 6 Joint owner of a music store in Zeist, The Netherlands (paid)

### Mr P. Boertje

Chairman of the Board of Affiliates until 9 September 2016 / Secretary of the Board of Affiliates from 9 September 2016 / Chairman of the Producers Section (paid)

(Additional) positions:

- 1 Joint owner of Casual Solution B.V. (paid)
- 2 Owner of P. Boertje Holding B.V. (paid)
- 3 Lobbyist for Dierenbescherming South-West region (paid)
- 4 Chairman of STAP (paid)
- 5 Member of the Board of STOMP

### Mr R.P. Delfos

Member of the Board of Affiliates / Section representative of the Performers Section (paid)

(Additional) positions:

- 1 Teacher of saxophone technique and improvisation at the Royal Conservatoire (paid)
- 2 Teacher of saxophone for light music at Artez Zwolle (paid)
- 3 Active in various bands (Artvark, Houdini's, Jazzinvaders, Licksandbrains) (paid)
- 4 Freelance arranger and composer (paid)
- 5 Radio programme Dutch Jazz at Sublime FM (paid)

### Mr J.N. Favié CFM EMFC RC

Member of the Board of Affiliates / Section representative of the Producers Section (paid)

(Additional) positions:

- 1 Managing Director of Promogroup B.V. (paid)
- 2 Managing Director of Pragmeflex Holding B.V. (paid)
- 3 Interim Director of U2 Limited (paid)

### Mr R.A. Gruschke

Member of the Board of Affiliates / Section representative of the Producers Section (paid)

(Additional) positions:

- 1 Vice-President of the Global Collective Rights Beggars Group (paid)
- 2 Member of the Financial Committee of PPL
- 3 Member of the Distribution Committee of PPL
- 4 Member of the Executive Board of SIMIM
- 5 WIN / Impala Collecting Rights Committee



**Mr E.J. Loon RA**

Member of the Board of Affiliates / Section representative of the Producers Section (paid)

(Additional) positions:

- 1 Financial Controller of Universal Music (paid)
- 2 Member of the Board of Stichting Pensioenfonds voor de Media PNO (paid)
- 3 Member of the Board of Werkgeversvereniging voor de Media
- 4 Member of the Board of Stichting Federatie Muziek Auteurs en Uitgevers

**Mr A.C.M. Ruiter**

Member of the Board of Affiliates / Section representative of the Performers Section (paid)

(Additional) positions:

- 1 Member of the Board of the professional association Popauteurs.NL
- 2 Member of the Board of Ntb (paid)

**Mr B. van Sandwijk**

Member of the Board of Affiliates / Section representative of the Producers Section (paid)

(Additional) positions:

- 1 Financial Director of Sony Music Entertainment Benelux (paid)
- 2 Treasurer of STAP

**Mr M.C.J. ten Veen**

Member of the Board of Affiliates / Section representative of the Producers Section (paid)

(Additional) positions:

- 1 Director of Business and Legal Affairs of Warner Music Benelux (paid)
- 2 Member of the Legal Committee of NVPI
- 3 Member of the Copyright Committee of NVPI
- 4 Member of the Board of STAP

**Ms A. Verheggen**

Member of the Board of Affiliates / Section representative of the Performers Section (paid)

(Additional) positions:

- 1 Senior policy assistant at Ntb (paid)
- 2 Chair of Stichting JA
- 3 Chair of Stichting Dutch Jazz Competition
- 4 Chair of Stichting European Jazz Competition
- 5 Secretary of Stichting Jazz NL
- 6 Editor of Sena Performers Magazine (paid)

**Ms S. Vierstra**

Member of the Board of Affiliates / Section representative of the Performers Section (paid)

(Additional) positions:

- 1 Violin teacher (paid)
- 2 Violinist, including studio work, musical accompaniment of events / classical and popular (paid)
- 3 Fitness training and working posture advice (paid)
- 4 Member of the Board of Ntb (paid)

**Mr E. Winkelmann**

Member of the Board of Affiliates / Section representative of the Performers Section (paid)

(Additional) positions:

- 1 Bass player with the Metropole Orchestra (paid)
- 2 Ensemble member of SoWhat (paid)

**SUPERVISORY BOARD**

Unless stated otherwise, the chairman and members of the SB were in post throughout 2016. As at 31 December 2016, the SB consisted of the following members:

**Mr A. Wolfsen MPA**

Independent Chairman of the Supervisory Board (paid)

(Additional) positions:

- 1 Chairman of the Supervisory Board of Jantje Beton / NUSO
- 2 Chairman of the Supervisory Board of Expertisecentrum Forensische Psychiatrie (paid)
- 3 Chairman of the Personal Injury Council (paid)
- 4 Chairman of the National Committee for the Reassessment of Parenthood (Paid)
- 5 Chairman of the Supervisory Board of Stichting de Basis (paid)
- 6 Chairman of the Supervisory Board of Stichting Yulius (paid)
- 7 Chairman of Long Alliantie Nederland (paid)
- 8 Deputy judge (paid)
- 9 Chairman of the Supervisory Board of Oasen N.V. (paid)
- 10 Chairman of Autoriteit Persoonsgegevens (paid)
- 11 Member of the Supervisory Board of Bartholomeus Gasthuis (paid)
- 12 Member of the Arbitration Board for the construction industry (paid)

**Mr C.G. Boot RA**

Independent financial expert member of the Supervisory Board (paid)

(Additional) positions:

- 1 Member of the Supervisory Board of Hoekstra Krantendruk (paid)
- 2 Member of the Supervisory Board of Stichting Philadelphia Zorg in Amersfoort (paid)
- 3 Member of the Supervisory Board of Neerlands Glorie Groente & Fruit B.V. (paid)
- 4 Freelance interim manager (paid)
- 5 CFO a.i. at Roto Smeets Group (paid)

**Mr C. van der Hoeven**

Member of the Supervisory Board, Producers Section (paid)

(Additional) positions:

- 1 CEO / President of Universal Music Benelux (paid)
- 2 Chairman of NVPI Audio
- 3 Member of the Board of NVPI Federatie
- 4 Member of the Advisory Board of FC Klap

**Mr A. de Jong**

Member of the Supervisory Board, Producers Section (paid)

(Additional) positions:

- 1 Managing Director of Challenge Records International B.V. (paid)
- 2 Managing Director of New Arts International B.V. (paid)
- 3 Member of the Board of NVPI Audio
- 4 Member of the Board of NVPI Koepel
- 5 Secretary of STOMP
- 6 Director and major shareholder of Knockwood B.V. (paid)

**Mr K.P. Ligtermoet**

Member of the Supervisory Board, Performers Section (paid)

(Additional) positions:

- 1 PINT Performers Interests Consultancy (paid)
- 2 Secretary of the Board of Stichting BREIN (paid)
- 3 Chairman of Sena European Guitar Award (paid)
- 4 Member of the Disputes committee Auteurscontractenrecht (paid)

**Mr W.A.Q. Wanrooij**

Member of the Supervisory Board, Performers Section (paid)

(Additional) positions:

- 1 Executive Secretary of Stichting Federatie Auteursrechtbelangen (paid)
- 2 Member of Koning Willem III Kring

Four members of the Supervisory Board were appointed by the section representatives on the Board of Affiliates. The independent chairman and the independent financial expert member are appointed by the four Supervisory Board members who were appointed by the section representatives.

**EXECUTIVE BOARD****Mr M.J. Bos**

CEO (paid)

(Additional) positions:

- 1 Chairman of the Copyright and Neighbouring Rights Service Centre
- 2 Treasurer of the Executive Board of VOI©E
- 3 Member of the Board / Treasurer SCAPR

**Mr J.A. Moolhuijsen**

CFO (paid)

(Additional) position:

Member of the Board of the Copyright and Neighbouring Rights Service Centre

COPYRIGHT AND NEIGHBOURING RIGHTS COLLECTIVE  
MANAGEMENT ORGANISATIONS CONTROL BOARD**Chairman**

Mr J.W. Holtslag

**Members**Mr J.L.R.A. Huydecoper  
Mr H.B. van der Veen RA**Director and Secretary**

Dr V.L. Eiff

DISTRIBUTION DISPUTES  
COMMITTEE**Chairman**

Prof. F.W. Grosheide

**Members**Mr B.J. Lenselink  
Mr R. Dijkstra**Secretary**

Mr H.W. Roerdink

## RESIGNATION ROTA SUPERVISORY AND AFFILIATED BOARDS

NAME	BOARD	END CURRENT TERM
Mr E.R. Angad-Gaur	Board of Affiliates, Performers section	30 June 2017
Mr M. Beets	Board of Affiliates, Performers section	30 June 2018
Mr P. Boertje	RvA, sectie Producenten	30 June 2018
Mr R.P. Delfos	Board of Affiliates, Performers section	30 June 2018
Mr J.N. Favié CFM EMFC RC	Board of Affiliates, Producers section	30 June 2020
Mr R.A. Gruschke	Board of Affiliates, Producers section	30 June 2018
Mr E.J. Loon RA	Board of Affiliates, Producers section	30 June 2018
Mr A.C.M. Ruiters	Board of Affiliates, Performers section	30 June 2017
Mr B. van Sandwijk	Board of Affiliates, Producers section	30 June 2018
Mr M.C.J. ten Veen LL.B	Board of Affiliates, Producers section	30 June 2018
Ms A. Verheggen	Board of Affiliates, Performers section	30 June 2020
Ms S. Vierstra	Board of Affiliates, Performers section	30 June 2017
Mr E. Winkelmann	Board of Affiliates, Performers section	30 June 2020
Mr A. Wolfsen MPA	Supervisory Board, independent chairman	31 December 2017
Mr C.G. Boot RA	Supervisory Board, independent financial expert member	30 June 2020
Mr C. van der Hoeven	Supervisory Board, Producers section	30 June 2018
Mr A. de Jong	Supervisory Board, Producers section	30 June 2020
Mr K.P. Ligtermoet	Supervisory Board, Performers section	30 June 2020
Mr W.A.Q. Wanrooij	Supervisory Board, Performers section	30 June 2018

THERE IS ALWAYS MUSIC PLAYING IN THE STUDIO OF SHOE DESIGNER JANINE VAN DEN BOSCH. SHE ALSO NAMES HER COLLECTIONS AFTER FAVOURITE SONGS. 'SONG TITLES CONVEY THE FEELING OF A COLLECTION.'

# MUSIC AS DESIGN INSPIRATION

**Detailed, tasteful, varied and all with sky-high heels: Janine van den Bosch designs shoes which are feminine, creative and extremely quirky. They often include an element of surprise. For example, a creamy white pair, viewed from a distance, might appear to be covered with dusky pink flowery decorations, but when you get closer they turn out to be false nails. Another pair might look soft and cuddly, but the material turns out to be fashioned from hundreds of staples. 'I like playing jokes with my shoes and using crazy materials. My designs are intended to surprise people', says Janine in her Rotterdam studio.**

This approach is being well received. She has already presented two collections at the Amsterdam Fashion Week and her first collection won the Clarks Shoe Design Award in 2014. Music plays a central role in her life and design process. 'For me, music isn't the same as it is for other people', she says. 'I'm not a particularly musical person myself, but music moves me so much. When I'm creating things, I always have music on. And I named my collections after songs.'

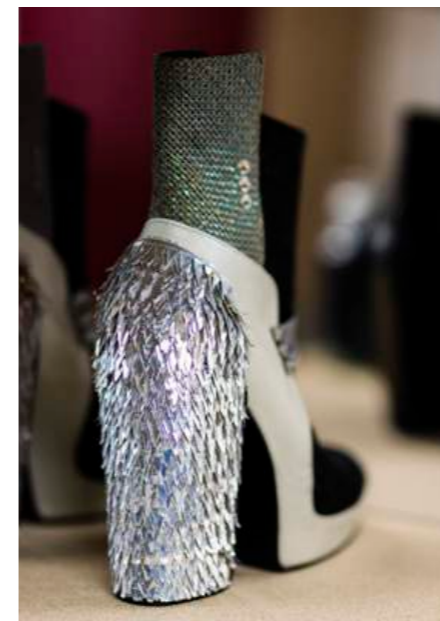


## GUT FEELING

For example, her first collection was called Overpowered, after a song by Roisin Murphy. 'I've always been a fan of hers. It's hard to explain, but that song ties in perfectly with the feeling I get from the collection.' All the same, this is not the song that played during her show at Amsterdam Fashion Week. 'Mainly because it has too many lyrics. During the show, I felt that we should play music with no intelligible words in it, partly because it can sometimes sound distorted when it comes out of the speakers. One of my friends recommended Mirror Maru by Cashmere Cat. I knew right away that it was the perfect song. When I hear that song, I still get the same butterflies in my stomach as I did before and during the show.'

"WHEN I HEAR THAT SONG, I STILL GET THE SAME BUTTERFLIES IN MY STOMACH AS I DID BEFORE AND DURING THE SHOW."

JANINE VAN DEN BOSCH / TILBURG



This kind of music surprises her, just like her designs are intended to surprise others. 'I'm also crazy about strange sounds', she laughs. 'And that song includes a sound which is rather like squeaky shoes, so I thought it was a good tongue-in-cheek touch.'

## FASHION VISION

She regularly designs with female artists in mind, such as Roisin Murphy (mentioned previously) and Mette Lindberg from The Astroids Galaxy Tour. 'These are the kinds of women I can see wearing my shoes. Distinctive and powerful women who you definitely couldn't call standard and who have an unusual take on fashion. I also felt that the music by The Astroids Galaxy Tour tied in well with my second collection, which I named after the song Suburban Space Invader as a result.'

It's difficult to explain why she feels that certain songs suit her designs so well. 'Music is a feeling for me', says Janine. 'Just like musician Cosmo Sheldrake – currently one of my favourite artists – merges all kinds of strange sounds to form a single song, as a designer I bring all kinds of materials together to form a whole. Music is a source of inspiration for me in the process.'

FAVOURITE SONG OF 2016:  
LÅPSLEY - OPERATOR





## 1. PROFILE OF THE SUPERVISORY BOARD

Sena collects fees on behalf of national and international performers and record producers when their music is played outside the private sphere. This may be the use of music in shops, supermarkets, bars and discos, but also the broadcasting of music on radio and television stations. Sena has been designated by the Ministry of Security and Justice to ensure the implementation of the Neighbouring Rights Act, and has performed this task since 1 July 1993. On the basis of playlists of radio and television broadcast stations and legally approved Distribution Regulations, these earnings are distributed to the entitled performers and producers in the Netherlands and abroad, against the lowest possible costs.

### Size and composition of the Supervisory Board

The Supervisory Board consists of six members, including an independent chair and an independent financial expert. The members are appointed for a term of four years and can be reappointed once for the same term. The members of the Supervisory Board cannot be part of the Executive Board or the Board of Affiliates at the same time. The Supervisory Board will meet at least four times a year.

### Fields of activity of the Supervisory Board

- Supervising the (execution of the) Executive Board's day-to-day management as well as the foundation's general state of affairs, taking into account the foundation's results, performance and risks.
- Advising the Executive Board, both on request and on its own initiative, and acting as a sounding board.
- Testing the key strategic, organisational, financial, personnel and performance decisions.
- Supervising the compliance with relevant legislation and regulations.
- Supervising the compliance with guidelines for good governance and integrity for collective management organisations.
- Ensuring all requirements of financial reporting, internal control and risk management are met.
- Appointing the independent chairman and the independent financial expert member of the Supervisory Board.
- Appointing, suspending and dismissing the Executive Board, as well as acting as an authorised employer of the Executive Board.

### Job requirements for members of the Supervisory Board

- Administrative and supervising qualities and administrative understanding.
- A keen sense of political and administrative relations.
- Being able to act broadly as a sounding board for the Executive Board.
- Knowledge of and experience with administrative decision-making processes.
- Capacity to make an overall assessment of the foundation's results in an independent way.
- Administrative knowledge and experience.
- Understanding of strategic considerations.
- Being able to work in a team.
- Qualities such as discussion, consultation, decision-making and communication skills.
- Interest in the music sector and in copyright and neighbouring rights in general.
- Experience with (administrative) organisations where large-scale data processing is executed.
- Affinity with day-to-day management on the basis of a (clear) job demarcation between the Supervisory Board and the Executive Board.
- An academic working and thinking level; broad social interest.
- Integrity and independence.
- Having the (helicopter view) qualities to function as a supervisor of a complex organisation.

## 2. PROFILE OF THE BOARD OF AFFILIATES

### Size and composition of the Board of Affiliates

The Board of Affiliates consists of representatives of the Performers Section and representatives of the Producers Section. Each Section has at least five and at the most seven Section representatives; the number of representatives of both Sections should be equal at all times. In its current state, the Board of Affiliates consists of fourteen Section representatives. The members of the Board of Affiliates are appointed by the Meeting of Affiliates of the respective Section for a term of four years, and can be reappointed twice for a same term. Nomination of candidates can take place on the recommendation of the founding organisations. Affiliates are also entitled to nominate candidates for free seats and/or to nominate opposing candidates.

In order to enable candidates and opposing candidates to get a picture of the Board of Affiliates' most important fields of activity, the following profile has been prepared, including the most desirable competencies and experience. The members of the Board of Affiliates cannot be part of the Executive Board or the Supervisory Board. The Board of Affiliates will meet at least four times a year.

### Fields of activity of the Board of Affiliates

- Supervising the overall policy-making process with respect to matters that are of specific importance to the Sections.
- Amending and approving the Distribution Regulations.
- Approving the annual financial statements, the annual plan and the budget.
- Advising the Executive Board, both on request and on its own initiative.
- Appointing, suspending and dismissing four members of the Supervisory Board (two by the Section representatives of the Performers Section and two by the Section representatives of the Producers Section).

### Desired competencies of the members of the Board of Affiliates

- Knowledge of and experience with administrative decision-making processes.
- Capacity to make an overall assessment of the foundation's results in an independent way.
- Understanding of strategic weighing processes.
- Being able to work in a team.
- Qualities such as discussion, consultation, decision-making and communication skills.

## 3. AGREEMENTS WITH INTERNATIONAL ORGANISATIONS AS AT DECEMBER 2016

For the benefit of **performers**, we have made agreements with the following international organisations:

COUNTRY	ORGANISATION
Argentina	AADI
Belgium	Playright
Brazil	Abramus
Bulgaria	Prophon
Canada	Actra PRS
Denmark	GRAMEX
Germany	GVL
Estonia	EEL
Finland	GRAMEX
France	ADAMI
France	Spedidam
Greece	Apollon
Greece	Erato
Hungary	EJI
Ireland	RAAP
Japan	Geidankyo
Korea	FKMP
Croatia	Huzip
Latvia	Laipa
Lithuania	Agata
Norway	Gramo (Private Copy)
Norway	Norwaco
Ukraine	UMA/UMRL
Austria	LSG
Poland	STOART/SAWP
Portugal	GDA
Romania	Credidam
Russia	VOIS
Russia	RUR (Private Copy)
Czech Republic	Intergram
Slovakia	SLOVGRAM
Spain	AIE
Uruguay	Sudei
United Kingdom	PPL
United States	Sound Exchange
United States	AFM/AFTRA
United States	AARC
Iceland	SFH
South Africa	POSA
Sweden	SAMI
Switzerland	SWISSPERFORM

For the benefit of **producers**, we have made agreements with the following international organisations:

COUNTRY	ORGANISATION
Australia	PPCA
Belgium	SIMIM
Brazil	Abramus
Bulgaria	Prophon
Canada	Re:Sound
Denmark	GRAMEX
Germany	GVL
Estonia	EFU
Finland	GRAMEX
France	SCPP
Greece	GRAMMO
Hungary	MAHASZ
Ireland	PPI
Italy	SCF
Jamaica	JAMMS
Japan	RIAJ
Korea	RIAK
Latvia	Laipa
Lithuania	Agata
Norway	Gramo
Ukraine	UMA/UMRL
Austria	LSG
Poland	ZPAV
Russia	VOIS
Serbia	O.F.P.S.
Slovenia	Zavod IPF
Spain	Agedi
Czech Republic	Intergram
United Kingdom	PPL
United States	Sound Exchange
United States	AARC (Private Copy/audio)
Sweden	IFPI Svenska

## 4. GENERAL INFORMATION ABOUT SENA

On 29 September 1992, Sena (Stichting ter Exploitatie van Naburige Rechten), the Dutch Foundation for the Exploitation of Neighbouring Rights, was established by notarial deed. The foundation has its registered office in Hilversum, the Netherlands. On 9 July 2012, the foundation's Articles of Association were amended.

In its Articles of Association, the foundation has included the following objective:

"The foundation's objective is to represent, on a non-profit basis, the tangible and intangible interests of performers and producers with respect to the exercise and enforcement of their neighbouring rights."

1. The foundation will try to achieve this objective by:
  - a. exercising and enforcing the rights and claims entrusted to the foundation, including the collection and distribution of equitable remuneration within the meaning of Article 7 of the Act;
  - b. aiming to maintain and improve the protection of the neighbouring rights, in the broadest sense, both nationally and internationally, of performers and producers.
2. With respect to the acts referred to in Paragraph 1a, the foundation can take legal action in its own name, regardless of the legal basis on which it exploits and enforces the rights and claims entrusted to it.
3. To achieve its objective, the foundation is authorized to use the following means:
  - a. in collaboration with the founding organizations, engaging in or causing other parties to engage in activities to improve the social and socioeconomic position of the holders of neighbouring rights, including measures with a cultural goal;
  - b. drawing up distribution regulations with regard to the remuneration referred to in this article and implementing these regulations or having other parties implement them;
  - c. setting up and maintaining an office to conduct the foundation's activities or partly or wholly outsourcing these activities to third parties;
  - d. other means which are conducive to its objective.

4. The foundation is authorized to work both in the Netherlands and elsewhere to achieve its objective.
5. The foundation is authorized to enter into agreements with organizations of a similar nature in other countries.
6. The foundation is authorized to join national and international organizations relating to intellectual property rights in general and neighbouring rights in particular.

On 1 July 1993, the Dutch Neighbouring Rights Act entered into force by Royal Decree. Amongst other things, the Neighbouring Rights Act protects the interests of producers and performers of musical works.

The Minister of Security and Justice has designated Sena as the only body authorised to collect and distribute second-use fees under the Neighbouring Rights Act.

The annual financial statements have been prepared under the responsibility of the Executive Board, approved by the Supervisory Board and adopted by the Board of Affiliates. The annual financial statements are available for inspection to the Meetings of Affiliates.

# MAKES THE MOST OF MUSIC

## COLOPHON

### Address

Catharina van Renneslaan 20  
1217 CX Hilversum  
The Netherlands

T +31 (0)35 625 1700  
E [sena@sena.nl](mailto:sena@sena.nl)  
I [www.sena.nl](http://www.sena.nl)

### Editor-in-chief

Melanie van de Kuinder, Sena

### Concept and realisation

Fellows

### Interviews

Rianne van der Molen

### Photography

Paul Tolenaar

### Video

Seeltje van Boeckel

We would like to thank Janine van den Bosch, Christel van der Bruggen, Jasper Cremers, Tom Espinosa, professor Hans Jeekel, Madeleine van Schendel, John Verbunt and Robbert de Vos for sharing their stories on how their lives, businesses and endeavours are influenced and shaped by music.