

# ANNUAL REPORT

## 2017





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# 2017 KEY FIGURES

AMOUNTS IN THOUSANDS OF EUROS

1. INVOICED LICENCE FEE INCOME	59,409 <i>The Netherlands</i> 8,045 <i>International CMO's</i> <b>67,454 Total</b>
2. RECEIVED LICENCE FEE INCOME	59,759 <i>The Netherlands</i> 7,543 <i>International CMO's</i> <b>67,302 Total</b>
3. OPERATING EXPENSES	7,483 <i>Gross</i> <b>6,911 Net</b>
4. DISTRIBUTIONS	49,457 <i>Right-holders</i> 9,433 <i>International CMO's</i> <b>58,890 Subtotal</b> 6,686 <i>Costs withheld</i> <b>52,204 Total</b> 4,061 <i>Addition Social-Cultural Fund</i>

5. RIGHT-HOLDERS & USERS	11,726 <i>Number of right-holders with distributions in 2017</i> 33,402 <i>Number of right-holders with distributions up to and including 2017</i> >90% <i>Representation of right-holders</i> 104,224 <i>Number of invoiced usersv</i>
6. AVERAGE NUMBER OF FTE'S	42.2 <i>Total</i>
7. PERCENTAGES	12.0% <i>Actual costs withheld 2017</i> 10.2% <i>Operating expenses (net) as a percentage of total invoiced licence fee income</i> 11.1% <i>Operating expenses (gross) as a percentage of total invoiced licence fee income</i> 11.9% <i>Operating expenses (gross) as a percentage of total distributions (including addition for Social-Cultural Fund)</i>



# GOOD BACKING VOCALS ARE THEIR OWN ART FORM

**She provides background vocals for many stars, sang on television on 'Ik Hou van Holland' and has recorded numerous hits. Ingrid Simons (1963, mother of singer Eva Simons) is a tried and tested music-industry veteran. 'You're a kind of safety net for the artist, which is such a very special thing.'**

'I have a confession to make,' says Ingrid Simons. 'It's been a while since I registered anything from my repertoire with Sena, which is foolish of me. I really ought to do it soon, because I've provided vocals for quite a few hits in the meantime. That money's just waiting for me to claim it and I haven't done so, even though it has been much needed at some points in my life.'

It doesn't seem to bother her terribly now. Laughing exuberantly, she tells me how well she's doing. She enjoys the singing lessons she offers ('I've had no conventional training myself, I'm just drawing from 30 years' experience'), is currently rehearsing for a theatre tour with Brigitte Kaandorp and opened for The Three Degrees earlier this year. 'I was asked to join them for five shows, together with the Dutch band that plays backup for them,' she says. 'They said that I could pick my own set, so I decided to sing female versions of songs by men. I put my own spin on a Bee Gees medley, for instance, and Stevie Wonder's "Isn't She Lovely". It was so much fun!'





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## **Safety net**

For a moment there, she took centre stage. 'It was great, but also more nerve-racking than my other performances. Suddenly, I was the one responsible for putting on a good show.' While that may have been a fun challenge, it's not something that Ingrid Simons necessarily wants to do every day. 'I really love working as a background singer,' she explains. 'You get to be onstage, but without all the pressure. You're a kind of safety net for the artist. The power of good backing vocalists is that, in the upcoming tour, Brigitte Kaandorp can just fall over backwards with no warning. We'll be there to catch her, which is such a special thing and so rewarding.'

If you ask Ingrid, creating good backing vocals is an art form. 'There are many, many female lead singers who can't sing harmony. It's not something that you can just pick up.

It takes strong musicality and a good ear. While the background choir creates energy in a song such as "Maak me gek" by Gerard Joling, an artist such as Mr. Probz requires that you keep your voice small and delicate to enhance the purity of the song. The key is knowing exactly what to do when.'

## **Big hits**

The list of artists with whom Ingrid Simons has worked stretches on for miles, from Rob de Nijs to Gordon and from Paul de Leeuw to Lionel Richie. Her claim to fame, however, is being the "Voice of the Nineties". 'I recorded hundreds of dance tracks,' she says. 'Some of the really big hits were 'Rainbow High in the Sky' and 'Love You More' by DJ Paul Elstak.' It never bothered her that she was replaced by other female "singers" in the music videos. 'I had no problem with that whatsoever. I was busy enough, darling. For me, it was about the singing.'

**'I've had no conventional training myself, I'm just drawing from 30 years' experience.'**





The fact that I could earn a living by singing was wonderful enough on its own.'

She never had a problem making ends meet with her music. 'I may be 54 years old, but I still get offered great projects,' she says, beaming. 'Although I've had periods now and again when things were a bit tighter, financially speaking. I went through a rough patch a few years ago, right when I had just bought a house. For a while there, I wasn't sure how I was going to keep up with my expenses. Then I registered all my hits with Sena and received a tidy sum. It really helped me to survive that dry spell.'

### **Own album**

She's never had a particular purpose in mind for the money that comes in each quarter. 'But lately, I've been thinking about a kind of musical document,' she says with some hesitation. 'I've never recorded an album for myself. Even though I like the idea of leaving a legacy of one's work. I'm thinking of a CD full of existing material, interpreted in my own style. Similar to what I did when I opened for The Three Degrees. I would like to do such a thing, so maybe I'll use the neighbouring rights money for that purpose.'

But first things first: right now, she wants to make sure that every song to which she's contributed has been registered with Sena. 'The introduction of the new app might be my saving grace. I rarely turn on the laptop, but I've got my phone with me at all times. An app such as this one would be a huge help to me – I'll have entered all my work in no time. It'd be quite a shame not to, after all. Even though I have every confidence that my future's secure, you never know what will happen. A little extra money is always a good thing to have.'

### **Favourite Dutch recording**

**artist:** 'I just adore Gordon. Not only because he's a friend of mine, but because of how he is as a musician. When he starts singing, it just hits me immediately.'

**Favourite Dutch song:** 'Ruth Jacott's "Beter dan dit". She can convey so much emotion through one little song.'

# REPORT OF THE EXECUTIVE BOARD

**Session musicians, main artists, bands, choirs, orchestras, conductors and record companies: all those who are entitled to payment if their music is played in public. We have been committed to further the interests of our right-holders on a daily basis for the last 25 years. In 2017, we were able to do so on several levels, which was reflected in stable financial results and a multitude of process optimisations.**

## Financial results

Our total invoiced licence fee income rose to an amount of € 67.5 million, an increase of 3.7 per cent compared to the previous year (2016: € 65 million). This increase was entirely attributable to Dutch licence fee income, which also saw an increase of € 2.9 million (+5.1%) in 2017. Both Dutch licence fee income segments showed an increase. An additional € 0.1 million was invoiced within the media segment in comparison to the previous year, while the General licences segment showed an increase of € 2.8 million worth of licences invoiced for music use. A proportion of € 0.7 million of this increase was one-off in nature. International licence fee income fell for the second consecutive year and amounted to a total of € 8.0 million (-5.7%). The main reason for this decrease in income compared to 2016 is the termination of a

number of international mandates, primarily through agents. By contrast, we received a large payment from Germany that related to a number of previous years which have now been closed there.

The received licence fee income increased in line with the invoiced licence fee income and grew by 2.1 per cent to a total of € 67.3 million. Similarly, the increase in Dutch received licence fee income (+€ 2.5 million) served to compensate the decrease in international received licence fee income (-€ 1.1 million). This year yet again saw more Dutch licence fee income being received than was invoiced.

Where such payments relate to distribution, the key technical change in 2017 was the introduction of fingerprinting, a type of technology that allows the automatic

registration of a piece of music to take place based on the recognition of a unique profile. We were only able to distribute fees for the collection year 2017 using this technology as from December 2017. This process resulted in the distribution of fees for Dutch collection falling below 2016 by € 1.9 million (gross). The decreased distribution of international collection (-€ 4.6 million gross) is the direct result of a decrease in international income, coupled with the fact that we distributed far more in 2016 than was received in that year. In total, gross distribution for the financial year amounted to € 58.9 million.

The withholding percentage of 12 per cent, which has not changed since 2015, appears to be sufficient in order to cover the costs of operations for the execution of our statutory function. The actual cost percentage amounted to 11.6 per cent (net operating costs as a percentage of total Dutch invoiced licence fee income).

Progress on focal points Policy plan 2016-2018	
Operational excellence	+
Growth of our Dutch collection	+
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	-





### Operational Excellence

Our financial performance is not the only thing that matters: the services to, and the transparency towards, our right-holders are just as important. We made significant developments in this regard in 2017, but it should be said that we were quickly faced with the restrictions of our mandate under the law in our desire to expand the services which we provide to performers and record companies. Another restrictive factor is the fact that these two groups of right-holders do not always share the same opinion on specific topics.

At the end of 2017, a total of 29 members of SCAPR - the international umbrella organization of Collective Management Organizations for performers - had completed the so-called 'onboarding process' to the Virtual Repertoire Database (VRDB). Over time, these members will have all their recordings uploaded into the database. This situation will simplify the exchange and standardisation of repertoire data on an international scale, which will have a beneficial effect on the distribution of the Dutch collection and the scope of our international collection. Since it was

launched, Sena has uploaded over 400,000 tracks into the VRDB.

Various improvements were made to the MySena online portal in 2017. These improvements included an expansion of the availability and quality of the management information for right-holders. We also optimised the claims process for tracks which are known to Sena but for which one or more right-holders are absent. This claims programme offers right-holders suggestions for tracks on which they may have collaborated, as mandated by the Implementation Act for the European Collective Management Directive. In the meantime, MySena has also been redesigned to include a personalised message box that allows us to provide right-holders with targeted information according to their Sena number.

In addition, we have been working on the realisation of a Sena app, which will allow right-holders to register their repertoire via their smartphone or tablet and review previous payments. One of the new features will be for right-holders to review their current balance. We expect to launch the app in the second quarter of 2018.

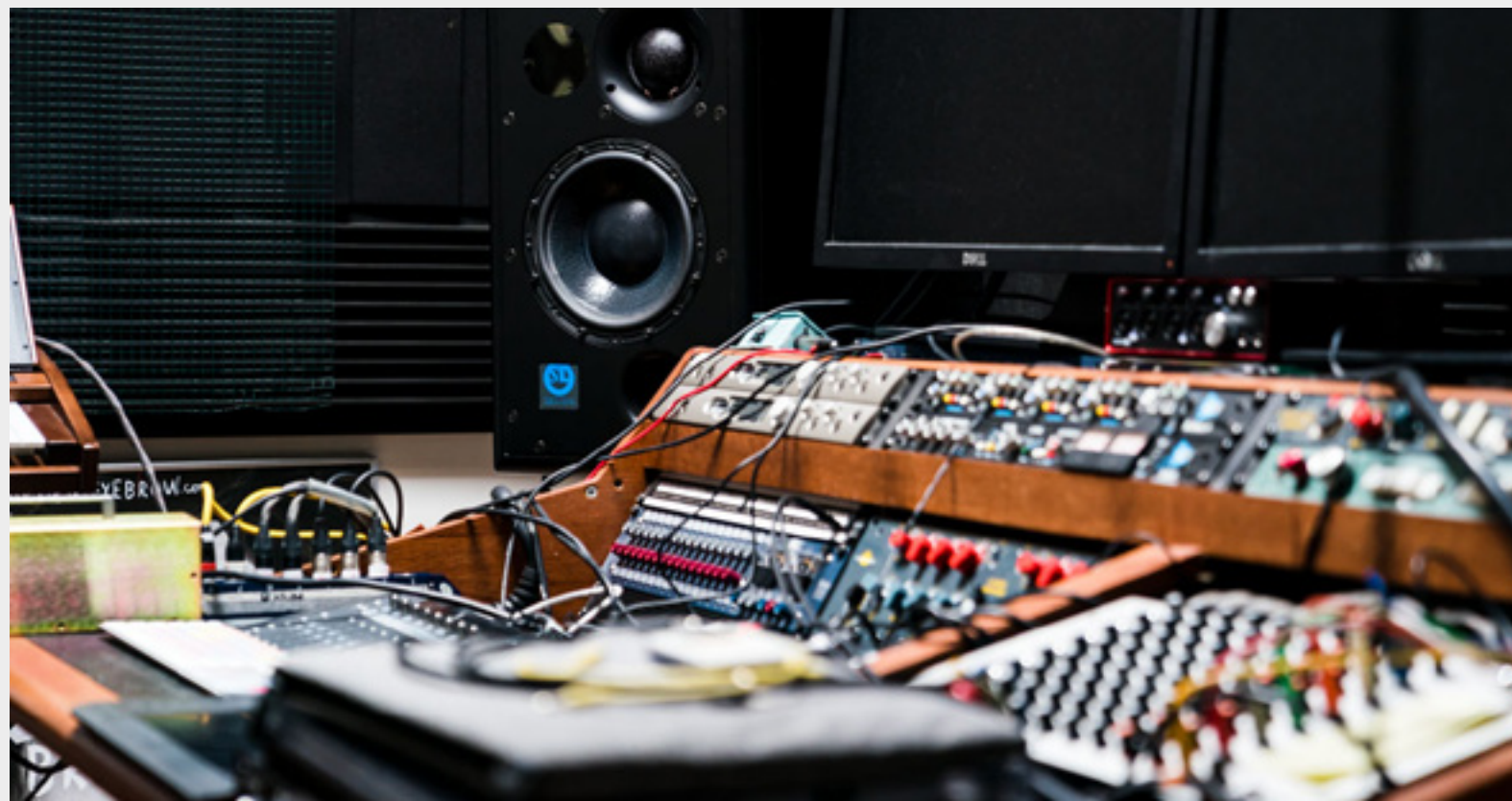
### Active participation of right-holders

Right-holders actively participated in various process optimisation measures. Thanks to their participation, we were able to align our processes and services more accurately to their needs.

A large number of performers, record companies and their representatives were kind enough to let us inform them extensively on what Sena could do for them within the context of key account management. These valuable discussions provided all the parties involved with a good understanding of the mutual expectations in play. We would like to thank all our right-holders for the time and knowledge that they have invested in us.

### Rights per track, per country

Within the 'Rights per track, per country' project, we identify precisely for what repertoire independent record companies have mandated us in which country. As this process has proven to be comprehensive, we were unable to make as much progress in 2017 as we wanted. We expect that once the tool has gone live, we will be able to realise an increase in international income for independent record companies.







**Interview** Ingrid Simons

## New legislation

On 26 November 2016, the Implementation Act for the European Collective Management Directive came into force. This Act resulted in our having to revise our articles of association, among other things, which is a major operation involving the internal and external supervisory authority (the Copyright and Neighbouring Rights Collective Rights Management Control Board (CvTA)). Ultimately, we were not required to implement adjustments to our governance structure that was introduced in 2012. The amended Act requires us to produce a transparency report for the financial year of 2017 and beyond. We adapted our annual report with regard to several items in line with this legislation and, as such, we now meet the publication requirements. Given that the various requirements are spread across the annual report, we have included a reference table (Appendix 4).

## Remote participation and electronic voting

As a result of the Implementation Act for the European Collective Rights Management Directive, right-holders should be given the

opportunity to exercise their right to vote electronically as from 2018. We carried out a trial with this new method during the Meeting of Affiliates (VvA) in May 2017 by providing right-holders with the opportunity to follow the meeting remotely and exercise their right to vote electronically. The lessons that we were able to draw from this experience proved to be valuable and will lead to a smooth implementation in 2018.

## Extension of the CMO Quality Mark

For the seventh year in a row, we have been awarded the CMO Quality Mark by VOI©E on the basis of a binding recommendation by the Keurmerkinstituut (independent quality assurance institute). The Keurmerkinstituut is accredited by the Dutch Accreditation Council which carries out audits on behalf of various sectoral and industry quality marks. Following the audit on 12 September 2017, the 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.

## Complaints and disputes

We received six complaints in 2017, all of which related to absent or incomplete distributions for played repertoire. By the end of the year, we had processed four of the six complaints. We received some 105 comments from right-holders, of which we were able to process the majority in full. The remaining comments and complaints are currently being dealt with swiftly. In 2017, we took a more active role in the resolution of double claims between record companies. Although this approach did result in considerable additional effort, it contributed to the expedited processing of such claims. A single right-holder submitted a complaint to the Distribution Disputes Committee. We received twenty-five complaints lodged by music users in 2017, of which all but two were fully processed by the end of the year.

## Legal developments

More so than in previous years, legal proceedings required our attention and

commitment in 2017. Unfortunately, little progress was made in most of these proceedings. Nevertheless, we were able to gain initial experience with the operation of the Commercial Copyright Disputes Committee. The proceedings in which Sena is involved are generally multi-year proceedings.

## External developments

In 2017, some 3,290 companies and institutions went into administration<sup>1</sup>. This figure is the lowest since 2000. The retail trade, which had experienced difficulties in recent years, was able to realise an increase in turnover of 4.2 per cent in 2017<sup>2</sup>. These developments, which are beneficial to Sena, were paired with the strongest economic growth in the last ten years of 3.3 per cent<sup>3</sup>. The increase of online media spending continued unabated in the first half of 2017 (+13%) at the expense of traditional media types, including television and radio<sup>4</sup>. Naturally, the latter has an unfavorable impact on our income.

<sup>1</sup> Source: Statistics Netherlands, 11 January 2018, not including sole proprietors.

<sup>2</sup> Source: Statistics Netherlands, 13 February 2018.

<sup>3</sup> Source: De Nederlandsche Bank, 18 December 2017.

<sup>4</sup> Source: Nielsen, 27 October 2017.



**Music use by companies**

In 2017, extensive talks took place with the Copyright Committee of the VNO-NCW (the Confederation of Netherlands Industry and Employers) and the Dutch SME Association (MKB-Nederland) on the updating of the Negotiation Protocol of September 2010 and the refinement of the modular compensation scheme for sector associations. The definition of the group of organizations to which the collective schemes apply also formed a part of that discussion. Within this discussion, representativeness, representation of interests, non-profit and positive communication formed the key starting

points for that delineation. We expect to achieve an agreement with the relevant parties in the first quarter of 2018.

2017 was the first full fiscal year in which the Copyright and Neighbouring Rights Service Centre (Service Centrum Auteurs-en Naburige rechten, Scan) handled the invoicing of individual and collective agreements (sector associations) as well as central schemes (for businesses with multiple offices and purchasing organizations) on Sena’s behalf. The efficiency gains that resulted from this development had a positive impact of the results achieved in 2017.



In December, Scan relocated to new premises in Hoofddorp at the same time as Buma/Stemra.

Emphasising the value of music to entrepreneurs is a key aspect that allows us to achieve our mission. It is something that we do through our online knowledge platform Muziekwerkt.nl, among other things, which we professionalised further in 2017 with the provision of a new website. A significant, and unprecedented, number of businesses participated in the annual Muziekwerkt competition. Ultimately, the women’s gym Curves in Uden won the VIP package for Guus Meeuwis’ concert ‘Groots met een Zachte G’.

**Our team**

We are only able to achieve our goals because we employ a team of people who continue to develop both professionally and personally. For that reason, we invested in practical training courses and programmes in 2017, aimed at both the individual and the group.

Furthermore, various employee working groups laboured on the implementation

of the action points that resulted from the employee satisfaction survey which was carried out in 2016.

Last year also saw the entire team celebrate Sena’s 25th anniversary - the company was first registered at the Chamber of Commerce on 29 September 1992. We consider this date to be when Sena was founded. Naturally, we will be celebrating this anniversary and that of neighbouring rights with a variety of festivities for our other stakeholders.

We would like to thank our team for their work and commitment over the past year. Thanks to these achievements, we are confident that 2018 will be just as successful.

Markus Bos  
CEO

Hans Moolhuijsen  
CFO

Hilversum, 26 April 2018

# PURE MAGIC IN THE STUDIO

**He may not have graduated from the music academy himself, but he's been teaching there for years. Bassist Michel van Schie caused a stir as a musician playing with artists including Anouk, Trijntje Oosterhuis and Candy Dulfer. 'Talent is important, but hard work is indispensable.'**

'For me, the major roadblock at the music academy was the classical bowing component,' Michel van Schie (1959) says with a laugh. We're in his Rotterdam apartment, surrounded by bass guitars and mixing boards. 'I cut that class from the very first day, just couldn't be bothered. In my third year, they told me that I'd need to focus entirely on classical bowing in the final year. I didn't want to and I was already getting enough work, so I quit school.' He laughs. 'Lucky for me, no one ever asked to see my diploma.'

These days, he teaches bass guitar at that same music academy. 'I like talking to the kids about the future,' he says. 'Because talent is one thing, but it takes a lot more to make a go of it in this business. I explain to them that they need to keep learning and getting better, following industry developments and playing with their classmates. Those people will be their network later on.'

## No whining

As one of the most-requested bass players in the Netherlands, Michel van Schie knows how important it is to have a network. He's a permanent fixture on programmes such as 'Vrienden van Amstel Live' and 'The Voice of Holland', has a band of his own – Soulvation – and previously played in Anouk's band. He records many sessions for artists and shares the stage with world-class entertainers such as Roger Hodgson of Supertramp. 'When you're a session musician, no two days are alike,' according to Van Schie. 'Sometimes, you're really creative in the studio and the artist gives you plenty of leeway to make suggestions. But at other times, the producers are anything but eager for your input. They just hire you to play for three hours and expect to record a certain number of songs within that time frame. In that case, musicians can't start whining about their ideas, because there's simply no





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time. A good session musician knows when to shut up – which happens often.'

The best moments, he says, are the days when you can feel that something special is happening in the studio. 'I remember the day that I met Anouk very clearly,' he says. 'I got to George Kooymans and Barry Hay's studio and saw her standing in a corner. A little while later, we recorded "Nobody's Wife". When she started to sing, I thought: yeah, this moment is something special. She got it exactly right on the second take. Anouk didn't have to re-record a bit of it. That experience is very rare; when it happens, it's pure magic.'

## Sacked

He's never had a problem making ends meet with his music. 'I've been supporting myself since 1988 and I can't recall any dry spells,' he says. Not even when Anouk sacked him

in 2007. 'That never really bothered me that much. I mean, isn't it healthy for an artist to switch bands every so often? David Bowie hired a new band regularly, too. As a solo artist, you should make a switch every now and again. You need a fresh start.'

Although he realises that he's been fortunate, he's always worked extremely hard at the same time. 'Right now, there are 20 bassists studying at the music academy. Not all of them will be able to find work,' he says with certainty. 'To be successful, you need more than talent alone. The fact that I managed it is partly down to a lot of sweat and toil in the beginning. When I was still in school, I was already playing in cafés a lot, which is how I met Hans Dulfer. He let me play with him, and it was through him that I wound up working with his daughter Candy. I never really had to put much effort into finding gigs.'

**'I still get really excited when I step into a studio, work with other musicians and create something from nothing.'**





What I did do was to play a lot. When you play at a bunch of places, you get to know a bunch of people. You need that kind of drive. I enjoy sharing those experiences with the young people that I teach.'

### Big hits

For Van Schie, the income from Sena is a welcome bit of extra cash. 'I still make money off hits such as "Nobody's Wife" and "Girl". I sometimes spend it on nice dinners and I sometimes buy some new equipment. In my opinion, it's great that Sena has been around for 25 years. It's a way for session musicians to earn money for their work on songs that became big hits. The upcoming app will be a huge improvement. Musicians and money matters are not necessarily an ideal combination. This app makes things easier, which is essential.

Although supplying proof, for which you only used to need a photo of a CD's liner notes, is a bit tricky sometimes. Hopefully, someone will come up with a brilliant solution for this.'

He considers being able to live off his music a great privilege. 'Money is useful, sure, but being able to keep playing is more important,' he feels. 'I still get really excited when I step into a studio, work with other musicians and create something from nothing. If we have a good song to show for it at the end of the day, I'm a happy man. Those moments are the best.'

**Favourite song:** 'Jaco Pastorius' "Three Views of a Secret" is one of the most beautiful compositions that I've ever heard.'

**Favourite Dutch recording artist:** 'Anouk and Candy Dulfer are both amazing.'



# SUPERVISORY BOARD REPORT

## Supervisory Board

Here we report on the way in which the supervision on the Executive Board of Sena was performed in 2017. We are pleased to have been able to welcome Pam van Olphen into our midst as a new independent financial expert member as from the second half of 2017. As the Supervisory Board, we wish her a warm welcome. We would also like to take this opportunity to express our appreciation and gratitude to Koos Boot, who previously held this important post and carried out its responsibilities with panache until his appointment at the Telegraaf Media Groep.

## Legal proceedings

2017 can be characterised as a year in which Sena, as an organization, was forced to spend a great deal of time and energy - more than usual - on legal proceedings with right-holders and music users. Such proceedings are never pleasant but cannot be avoided in certain cases, in view of Sena's statutory objective to represent the material and immaterial interests of performers and producers in relation to their neighbouring rights. The Supervisory Board was actively informed about the progress of the various proceedings and discussed these issues in a number

of committees. As a result, the Supervisory Board is confident that the Executive Board will be able to achieve the best possible outcomes.

## Other issues

One or more members of the Supervisory Board took part in the committees on the review of the articles of association and the creation of a new SoCu entity. A review of the articles of association, this time as a result of the Implementation Act for the European Collective Rights Management Directive, is always a time-consuming process - which yet again proved to be the case. It was gratifying to note, however, that the process took place harmoniously and smoothly.

A delegation of the Supervisory Board which took part in a working visit to Finland was able to get an idea of the possibilities for the creation of an international alliance with international sister organizations, one of the key points in Sena's Policy Plan for 2016-2018.

This fact was also true for the potential intensification of collaboration with fellow CMOs in the Netherlands. In this regard, closer cooperation with Stichting NORMA and/or Buma/Stemra would be the most obvious options, with the

reorientation of the management structure at NORMA in 2017 offering a suitable opportunity for such cooperation. Stichting NORMA, however, opted for an independent scenario. It is very likely that cooperation with Buma/Stemra will return to the agenda at an opportune and appropriate time, given the attractive prospects of cooperation on paper.

In 2017, the Supervisory Board assessed its own performance.

The managers of the IT and Communications Departments provided us with information, through presentations, on the ICT and communications activities in which Sena was engaged.

On 12 June, an inspiring seminar for supervisory authorities took place and was attended by the Board of Affiliates, the Executive Board and executives within Sena.

The annual assessment of the performance of both executive board members was carried out by the Remuneration Committee.

In addition, the Audit Committee discussed the intention to create a budget item for a belated

claims provision. The Performers Section and the Producers Section of the Board of Affiliates subsequently decided to create such an item on 17 March 2017. This item is intended for the payment of claims that can no longer be recovered from third parties or cannot be charged to the account of a music year. A provision was made available of € 100,000 in total (50 per cent performers and 50 per cent producers)

## In conclusion

The dynamic playing field within which Sena operates offers both challenges and opportunities. Its organization is able to meet and seize those challenges and opportunities in a way that shows integrity and inspires confidence. As such, we are confident that the organization will be successful in achieving the goals laid down in the Policy Plan for 2016-2018. The Supervisory Board would like to thank the employees at Sena for their commitment in 2017, and it wishes them every success and fulfilment in their work in 2018.

Aleid Wolfsen  
Chair of the Supervisory Board

Hilversum, 26 April 2018

# OVERVIEW OF SUPERVISORY BOARD MEETINGS IN 2017

Date	Body	Subjects	Resolutions
3 February	Supervisory Board	<ul style="list-style-type: none"><li>- Evaluation of the Collective Management Organizations Supervision and Dispute Settlement Act 2013</li><li>- Policy Framework Supervision of Collective Management 2017</li><li>- Presentation IT department</li><li>- Update: fingerprinting</li><li>- Update: legal proceedings</li></ul>	Draft amendment articles of association
3 March	Audit Committee	<ul style="list-style-type: none"><li>- Draft annual report, financial statements and audit report 2016 (attended by BDO)</li><li>- ISAE 3402 Report</li><li>- Risk matrix</li><li>- Financial implications of legal proceedings</li><li>- Sena &amp; Streaming</li><li>- Belated claims provisions</li><li>- Update: fingerprinting</li><li>- Update: IRS</li></ul>	
9 March	Supervisory Board	<ul style="list-style-type: none"><li>- Draft annual report, financial statements and audit report 2016 (attended by BDO)</li><li>- ISAE 3402 Report</li><li>- Risk matrix</li><li>- Draft information protocol</li><li>- Update: legal proceedings</li><li>- CvTA annual report Good Governance and Integrity CMOs 2016</li><li>- Draft Scan annual report</li><li>- Update: fingerprinting</li></ul>	Approval of annual report and financial statements

Date	Body	Subjects	Resolutions
21 April	Remuneration Committee	<ul style="list-style-type: none"><li>- Appointment of Chair</li><li>- Evaluation of CFO</li><li>- Executives' Pay (Standards) Act (Wet normering topinkomens, WNT)</li><li>- Sena 25th anniversary</li></ul>	
2 June	Supervisory Board	Annual Supervisory Board self-assessment	
9 June	Supervisory Board	<ul style="list-style-type: none"><li>- Recommendation: draft code of conduct for conflicts of interest</li><li>- Retrospect VvA 2017</li><li>- Recommendation: Sena strategy</li><li>- Update: US developments</li><li>- Update: fingerprinting</li><li>- Update: legal proceedings</li><li>- Cooperation with Stichting NORMA</li></ul>	<ul style="list-style-type: none"><li>- Draft amendment articles of association</li><li>- Grant of discharge to the Executive Board</li></ul>
12 June	Supervisory Board	Supervisory authorities seminar	
6 September	Audit Committee	<ul style="list-style-type: none"><li>- Financial report Q2, including 2017 forecast</li><li>- Transparency report</li><li>- Update: SoCu entity</li><li>- Update: IRS</li></ul>	





Date	Body	Subjects	Resolutions
15 September	Supervisory Board	<ul style="list-style-type: none"> <li>- Draft amendment articles of association</li> <li>- Financial report Q2, including 2017 forecast</li> <li>- Recommendation: Sena strategy</li> <li>- CvTA</li> <li>- Update IRS</li> <li>- Progress of recruitment independent member with financial expertise</li> <li>- Update: fingerprinting</li> <li>- Update: legal proceedings</li> <li>- Update: SoCu entity</li> </ul>	Approval of amendment articles of association
13 October	Audit Committee	<ul style="list-style-type: none"> <li>- Draft Audit Plan (attended by BDO)</li> <li>- Draft Budget 2018</li> <li>- Financial report Q3 2017</li> <li>- Update: IRS</li> <li>- Update: fingerprinting</li> </ul>	
27 October	Supervisory Board	<ul style="list-style-type: none"> <li>- Draft budget 2018</li> <li>- Regulations</li> <li>- Guide to articles of association</li> <li>- Financial report Q3 2017</li> <li>- CvTA</li> <li>- Progress of recruitment member with financial expertise</li> <li>- Update: fingerprinting</li> <li>- Update: legal proceedings</li> </ul>	<ul style="list-style-type: none"> <li>- Budget 2018 postponed</li> <li>- Chair of Supervisory Board reappointed</li> <li>- Appointment member with financial expertise</li> <li>- Regulation on sector organization participation approved</li> <li>- Regulation on threshold amounts approved</li> </ul>

Date	Body	Subjects	Resolutions
10 November	Remuneration Committee	<ul style="list-style-type: none"> <li>- Evaluation of CEO</li> <li>- WNT</li> <li>- Pension</li> </ul>	
1 December	Audit Committee	<ul style="list-style-type: none"> <li>- Draft management letter for 2017 (attended by BDO)</li> <li>- Update: distribution in 2017</li> <li>- Pensions</li> <li>- Budget 2018, risk matrix and ongoing issues Scan</li> <li>- Update: IRS</li> </ul>	
8 December	Supervisory Board	<ul style="list-style-type: none"> <li>- Draft Budget 2018</li> <li>- Pensions</li> <li>- Recommendation: policy on advances</li> <li>- Presentation by Communications department</li> <li>- Draft management letter</li> <li>- Update: fingerprinting</li> <li>- Update: legal proceedings</li> <li>- Budget Scan 2018</li> </ul>	<ul style="list-style-type: none"> <li>- Budget 2018 approved</li> <li>- Pension scale approved</li> </ul>

# BOARD OF AFFILIATES REPORT

**The Board of Affiliates carries out its supervisory responsibilities on behalf of the 33,000 right-holders who are registered with Sena as a performer or as a record company. We do so from the principle of representing the interests of the various parties, even though the interests of performers and record companies do occasionally diverge. The annual Meeting of Affiliates is the key moment at which the organization can be held to account for important topics and at which decisions are taken that affect all right-holders at Sena. It is also the time at which right-holders are given the opportunity to cast their vote as an affiliate and thus help to determine which direction Sena will take.**

## **Implications of the Implementation Act**

The Meeting of Affiliates of 9 May 2017 saw a discussion take place on the implications for Sena of the Implementation Act for the European Collective Management Directive. The purpose of this European Directive is to standardise and professionalise supervision of collective management organization (CMOs) in all European Union Member States, ultimately in order to ensure that right-holders are able to access CMOs in other Member States. The Act came into force on 26 November 2016. As a result of the new legislation, Sena was forced to revise its articles of association and its distribution regulations. A committee comprising representatives of the Board of Affiliates and the Supervisory Board, the CEO and General Counsel and Sena's civil-law notary reviewed this matter in 2017. The Copyright and Neighbouring Rights CMO Control Board granted approval for the amendments adopted by the Board of Affiliates. Subsequently, the Supervisory Board undertook to have the articles of association amended in accordance with the proposed changes.

## **Amendments to the articles of association**

A number of items have been amended in Sena's revised articles of association. For example, right-holders will be able to manage their rights more flexibly, in accordance with legal stipulations. They can authorise Sena to manage their rights for the territories of their choice. In addition, the new articles of association explicitly set out that only one person can be affiliated on behalf of a company or legal person, while the loss of the capacity of an affiliate was also reviewed. Right-holders are furthermore provided with the opportunity to attend the Meetings of Affiliates remotely and - in the case of affiliates - exercise their right to vote electronically. The Board of Affiliates decided to use the Meeting of Affiliates in 2017 as a pilot and facilitated an audio cast with voting functionality. As a result of the coming into force of the new articles of association, section representatives were allowed to be temporarily appointed to a vacant seat in the interim. Finally, the Executive Board is required to draw up and publish an annual transparency report.

## **Changes to distribution subregulations**

In 2017, both Meetings of Affiliates voted in favour of amending the individual distribution subregulations for performers and producers. One of the most important changes concerned the time period within which fees were required to be paid to right-holders. If Sena has not been able to distribute an amount that is owed to the lawful right-holder one year after the year of collection, it is required to disclose certain information to participants, affiliates and international sister organizations in order to ascertain the lawful right-holders. In addition, the Board of Affiliates implemented a number of changes within the General distribution regulations, exercising its statutory authority. The key change concerns an amendment of the distribution period to nine months after the end of the fiscal year in which the licence fee income has been collected, unless objective reasons should prevent Sena from meeting this final payment deadline. Other changes were purely editorial in nature.

## **Distribution Committee**

The amendment to the period within which Sena is entitled to recover fees unduly paid





**Interview** Michel van Schie





from four to five years was approved. A meeting of the representatives of the Performers Section of the Distribution Committee was consulted on the desire to allow an additional application of the undistributed fees. The Board of Affiliates in its meeting of 17 March 2017 subsequently decided to translate this desire into a final decision. This decision will be put to the Performers Section during the Meeting of Affiliates in May 2018.

### **Working group for design music**

Prior to the Meeting of Affiliates, a group of authors tabled an agenda item that can be divided into four secondary issues: unequal rights regarding the reclamation period for 'regular' or 'commercial' music in relation to music that was commissioned, reductions for tunes and jingles, fingerprinting, and the distinction between prime time and non-prime time broadcasts. CEO Markus Bos provided clarification on these issues during the Meetings of Affiliates. In response to the questions and clarification, a special, informal working group for tunes and jingles was set up. The purpose of this working group is to explore and potentially

facilitate a simplification of the registration process for tunes and jingles in order to realise greater efficiency. In consultation with the parties involved, a review has taken place and is still taking place into efficient ways to design the process. In addition, it was agreed that the distinction in the distribution process between prime time and non-prime time on national television channels should be put on the agenda for the meeting of the Distribution Committee. Based on the results of that meeting, the Board of Affiliates will be able to assess whether or not adjustment of current policy is desirable, taking into account the interests of all affiliates.

### **Social-cultural policy for Performers**

The Performers Section has laid down its Social-cultural policy (SoCu, meaning social, cultural and educational objectives) in the SoCu Policy Plan for 2017-2019. Part of this plan will be a continuation of existing policy under the Sena Performers Fund. In addition, the Section announced its intention to transfer part of the SoCu funds and activities to a separate entity, namely Stichting Dutch Performers House. The Meeting of Affiliates approved the policy plan.



**Composition of the Board of Affiliates**

Both Sections are made up of seven Section representatives or members each. At the time of the Meeting of Affiliates, there was a vacant seat in the Producers Section, for which elections were held. Hanneke Bannink of Cloud 9 received the most votes and immediately took up her seat within the Section. She withdrew from that position later on in the year. Consequently, there has been a vacancy within the Section. In the Performers Section, elections were held for an unoccupied seat. Matthijs van Duijvenbode defeated two other candidates, including Simone Vierstra whose term ended on 30 June 2017. Matthijs took up his responsibilities in the Section as from 1 July 2017. Erwin Angad-Gaur and Guus Bleijerveld were both appointed by acclamation. Erwin Angad-Gaur was nominated for reappointment by the Dutch Musicians' Union (Nederlandse Toonkunstenaarsbond, Ntb). The Arts Association (Kunstenbond) and the FNV union (Media & Culture sector), as the successors to FNV/KIEM, nominated Guus Bleijerveld for appointment to the seat that was held by Bert Ruiter until 30 June 2017.

Simone and Bert both spent years working tirelessly to represent Sena, neighbouring rights and the rights of musicians in particular. Both were awarded the status of 'Sena Icon' upon leaving their Section, in appreciation of the huge thanks that we owe them for their dedication.

**One team, one goal**

In accordance with our articles of association, chairmanship of the Board of Affiliates rotates on an annual basis. On 29 September, the chairmanship was transferred to the Chair of the Producers Section and the Vice-Chair was transferred to the Performers Section. Together, we can ensure the best possible representation and protection of our neighbouring rights. In 2017, we were moved yet again by our Sena employees' enthusiasm and commitment, which made a significant contribution to achieving that goal.

Peter Boertje  
Chair of the Board of Affiliates

Hilversum, 26 April 2018



# OVERVIEW OF BOARD OF AFFILIATES MEETINGS IN 2017

Date	Body	Subjects	Resolutions
20 January	Board of Affiliates	<ul style="list-style-type: none"><li>- Update: legal proceedings</li><li>- Q4 report Stichting BREIN</li></ul>	<ul style="list-style-type: none"><li>- General distribution regulations adopted</li><li>- Distribution subregulations adopted</li><li>- Distribution regulations Performers Fund adopted</li></ul>
3 February	Distribution Committee	<ul style="list-style-type: none"><li>- Presentation Musicians' Unclaimed Repertoire</li><li>- Update: line-up information via record companies</li><li>- Update: rights per track, per country</li></ul>	
17 March	Board of Affiliates	<ul style="list-style-type: none"><li>- Annual report, financial statements and audit report 2016</li><li>- Lolly procedure</li><li>- Distribution subregulations</li><li>- Belated claims provisions</li><li>- SoCu application</li><li>- Recommendation: regulation on threshold amounts</li><li>- Distribution regulations</li><li>- Regulation on sector organization participation</li><li>- Update: legal proceedings</li><li>- CvTA annual report Good Governance and Integrity CMOs 2016</li><li>- Update: right-holder complaint</li><li>- Update: Pop Music Investment Fund</li></ul>	<ul style="list-style-type: none"><li>- Annual report and financial statements for 2016 adopted</li><li>- Creation of belated claims provision</li></ul>

Date	Body	Subjects	Resolutions
14 April	Board of Affiliates	<ul style="list-style-type: none"><li>- Preparations for 2017 Meeting of Affiliates</li><li>- Amendment articles of association and regulations</li><li>- Update: legal proceedings</li><li>- Update: Pop Music Investment Fund</li></ul>	<ul style="list-style-type: none"><li>- Negative payment statement policy adjusted</li><li>- Funding Stichting BREIN</li></ul>
29 September	Board of Affiliates	<ul style="list-style-type: none"><li>- Financial report for Q2, including 2017 forecast</li><li>- Feedback from tunes and jingles working group</li><li>- VCR enforcement request</li><li>- Evaluation of Meeting of Affiliates</li><li>- Update: legal proceedings</li><li>- Update: Pop Music Investment Fund</li></ul>	<ul style="list-style-type: none"><li>- Amendment to articles of association adopted</li></ul>
3 November	Board of Affiliates	<ul style="list-style-type: none"><li>- Draft budget for 2018</li><li>- Draft guide to articles of association</li><li>- Update: legal proceedings</li><li>- Financial report Q3</li><li>- Update: Pop Music Investment Fund</li></ul>	<ul style="list-style-type: none"><li>- Budget for 2018 postponed</li><li>- Regulations on sector organization participation adopted</li><li>- Regulations on threshold amounts adopted</li></ul>
15 December	Board of Affiliates	<ul style="list-style-type: none"><li>- Proposal for changes to the allocation of undistributed fees</li><li>- Draft regulations for remote attendance of meetings and electronic voting</li><li>- Presentation of Sena communications activities</li><li>- Update: legal proceedings</li><li>- Update: Pop Music Investment Fund</li></ul>	<ul style="list-style-type: none"><li>- Budget for 2018 adopted</li><li>- Changes to allocation of undistributed fees adopted</li></ul>





# VIOLINIST BEHIND THE STARS

**Concertmaster and violinist Arlia de Ruiter (1960) has been performing with the Metropole Orchestra for over thirty years. Her career has seen many highs and one very low point. 'How could they, I thought. How could they kill off this amazing orchestra?'**

For violinist and concertmaster Arlia de Ruiter, every gig is different. She can be playing in a studio to record an album by Trijntje Oosterhuis the one day and share a stage with Elvis Costello the next. Her Metropole Orchestra, one of the world's largest pop and jazz orchestras, is beloved by artists in a wide range of genres. 'Many times, I have absolutely no idea what we're going to do before I walk into the recording studio,' she says. 'It might be really easy or it might be extremely complex. The artist's style doesn't have much to do with the level of difficulty. For example, I've recorded tough parts for Marco Borsato tracks on numerous occasions.'

While the experience that Arlia has gained in over thirty years of playing the violin at the very highest level may be vast, the same can't always be said of her influence. 'It varies quite a bit. Your input is appreciated most of the time, but it can be totally unwelcome at other times. One time, I remember when we went to work with a producer who had requested ten violins. I'd already asked: don't you need any violas and cellos? He said that they wouldn't be necessary. So we came and played the parts for violin.'



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After a while, he called me over. He said that he wasn't quite happy with the sound. So what do you want, I asked. And he played a sample for me. Oh, I said, so you're saying that you want violas, violins, cellos and bass. That time, he listened. Although it did mean that we had to re-record the entire session,' she adds with a grin.

## **No ego**

As a session musician, her musical ability is always in service to the artist with whom she's recording. 'It's just part of the job,' she explains. 'Still, it isn't always easy. Sometimes, a piece of music may contain "off" notes. They might be written that way on purpose, but that fact's not always true. I always point them out, but what they do about it afterwards is up to the artist or producer. It's not important whether I think that a piece of music is beautiful, the point is for me to play it beautifully.'

She's never found it difficult to set her own ego aside. 'The simple act of playing is the best thing in the world,' she says. 'I've never wanted to be front and centre. In that sense, I lack ambition. Still, I'll admit to being crazy happy when someone well-known drops by. We recently played with Gregory Porter, for instance. It's truly an honour to share the stage with a person such as he.'

## **Making contact**

For a long time, her dream was to perform with Frank Sinatra or Barbra Streisand. Unfortunately, Sinatra passed away in 1998 and Streisand retired from performing in 2000, albeit temporarily. Then, in 2013, Streisand announced that she would be touring again and would make a stop in the Netherlands. 'I called virtually everyone in the music business to make sure that I would be able to share the stage with her,' Arlia says with a laugh. 'And it worked. To be honest, though, it was a bit of a disappointment.'

**'Your input is appreciated most of the time, but it can be totally unwelcome at other times.'**





She was so unapproachable. In hindsight, it was a performance that I could have lived without. It's simply much more enjoyable to perform with an artist when you can truly connect and interact with them. Take Gregory Porter, for instance: it really felt as though we were playing with him. He's such a likeable guy.'

There are more great concerts scheduled in the near future, including Bryan Ferry (formerly of Roxy Music) and the young British singer Jacob Collier. Although the Metropole Orchestra has continued playing with the brightest stars, its regular presence was severely threatened in 2012. The orchestra ran into trouble that year when the Dutch government revealed plans to cut off its funding. 'At that point, I fell into a kind of depression,' Arlia tells. 'How could they, I thought. How could they kill off this amazing orchestra? I seriously thought: now I understand what drives people to jump in front of trains. Music is my whole life and this orchestra is so important to me. What will become of me if it ends? Am I going to be hunting for jobs in my mid-fifties?'

After several days of despair, she and her colleagues decided to fight for their continued existence. 'That pulled me out of my funk. At the time, the petition to prevent the Metropole Orchestra from shutting down received more than 28,000 signatures. Because of all that attention, we were able to keep some of our funding. Even though all of our salaries were cut in half, it meant that we were able to carry on. It's not an ideal situation by any means, but at least it's something.'

Arlia is able to make ends meet thanks in part to Sena. 'Although I have a bit of trouble filling in the forms, the new app looks as though it will be much easier to use. With it, I'll be better able to keep track. Because there are always periods with fewer projects, the money is a vital supplement to my income. So I'm quite grateful to Sena being around for 25 years now.'



**Favourite Dutch recording artist:** 'Within the orchestra, I see our rhythm section as the true heroes. They're the beating heart of the orchestra, an extremely vital part of the whole. Their groove can lift the entire orchestra to a higher level.'

**Favourite Dutch song:** "'De Wereld Beweegt" by Wende Snijders: such a fantastic song.'



# COMPREHENSIVE RISK MANAGEMENT

Risks pose a threat to the realisation of Sena's objectives. The risk management framework describes our approach to the comprehensive management of all current and potential risks which may affect our organization.

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

## THE KEY RISK MANAGEMENT FRAMEWORKS ARE:

### Structure and governance

- The articles of association set out the responsibilities and powers of the Executive Board, the Supervisory Board, the Board of Affiliates, the Sections and the Meeting of Affiliates.
- We have drawn up specific job profiles that are used to guide recruitment for the supervisory bodies.
- Our formal organizational structure

reflects the hierarchical and functional relationships between the various positions. Sena's organizational model emphasises the competencies needed in order to conduct our primary and auxiliary processes (process orientation).

- The necessary distinction between the various responsibilities is reflected in the processes described. Crucially, we strive to ensure clear segregation between the issue of licences, the registration of right-holders, the registration of playlist data, distribution activities on the basis of the distribution regulations, and administration activities.
- The organization is subject to supervision by the Copyright and Neighbouring Rights Collective Management Organizations Control Board (CvTA) and is required to follow the general and/or specific recommendations of this Board.

### Desired organizational culture

- Sena derives its right to exist from its 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 record companies. Based on this duty, and in line with the mission that was formulated, our stakeholders include right-holders, customers, national and international sister organizations, suppliers, our internal and external supervisory authorities, and our employees.

Our organizational culture is aimed at representing the interests of our right-holders by collecting and distributing the best possible fees as efficiently as possible, and to provide transparency regarding this process. The organizational culture needed in order to optimally service these stakeholders is based on several core values: a service-oriented approach, quality/professionalism, the reliability of general and management information, and commercial drive. These values can be summed up as follows: Professional, Reliable and Committed.

- Our Complaints and Disputes Committee for Right-Holders (Distribution Disputes Committee) processes and handles complaints from our right-holders, ensuring that any problems relating to our services are taken seriously and learned from;

- Sena is a voluntary member of the VOI©E sector organization. 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 Sena's rights management activities and related information services are adequately identified.

### Requisite competencies

- We expect our staff members to possess specific competencies, which have been elaborated in further detail within various job profiles. These profiles are linked to a salary scale, assessment and 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 Sena's organizational competencies. Since Sena seeks 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). An annual independent audit is carried out to review compliance.

Technology (ICT)

- In view of the fact that Sena depends to a large degree on the continuity, reliability and security of automated data processing to achieve its objectives, it has 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.
- As from May 2018, we will be carefully applying the standards of the General Data Protection Regulation to our processes.

POLICY PLAN

Every three years, we draw up a new policy plan, which is updated annually during that period. The current multi-year policy plan

was drawn up for the period of 2016-2018.

Budget

Each year, we draw up a budget that gives us an understanding of our income and costs in the following year. Throughout the calendar year, we compare the results that we actually achieved to the budget and try to account for any deviations.

Annual plans for departments

Every department draws up an annual plan based on the Policy Plan, which contains the department’s objectives and associated 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 organizational department is responsible. These objectives established for each department are subsequently translated to the responsibilities of the individual employee. The agreements relating to these objectives are laid down on an individual basis and are monitored in the annual performance reviews (plan-evaluation-assessment).

Operational risk management

The key controls are laid down in risk control matrices for each sub-process. 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 process owners are advised by the F&A Manager on these matters.

DUTIES, 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, making the line management the 1st line of defence.

F&A is additionally responsible for monitoring the structure and effectiveness of the administrative organization 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’).

As an additional guarantee for the functioning of internal controls, external auditors and supervisory authorities acting as a third line of defence monitor and evaluate specific activities and achievements of the organization as follows:







**Interview** Arlia de Ruiter





- 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 process and issues the ISAE 3402 conformity statement (based on a description of the relevant process and controls).
- An external consultant is charged with reporting on the security of the ICT infrastructure.
- CBO Quality Mark audit.
- Annual assessment by the Supervisory Board for Collective Management Organizations of Copyrights and Neighbouring Rights.

The Supervisory Board oversees the Executive Board and is charged with aspects such as the approval of policies, the budget and strategy (linked to the proposed strategic risk control measures), and the annual report (including the financial statements), serving 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, the budget and financial statements. The Code of Conduct – Communications Protocol sets out how the different forums deal with subjects in which they have a different interest in terms of communication.

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. In addition, the government may 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 reputations 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 consumption – also play a key role in this regard, as well as the growing demands of licensees in terms of the further

streamlining of the apportionment process and discussions on equitable fees.

Our relationship with right-holders is subject to the following risk factors:

- The loss of international mandates to agents and/or international sister organizations could put pressure on licensing revenues.
- Efforts to ensure privacy and compliance with the Personal 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. Partly in view of the large volume of financial transactions, we are also susceptible to the risk of fraud. The loss of officials key to the organization also comes into this category of risks.
- Finally, technological risks can result in significant cost increases. Naturally, a potential calamity involving the temporary unavailability of ICT systems presents a risk,

as does the loss of data. This risk category also includes the failure to synchronise processes and procedures accurately.

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

# SOCIAL-CULTURAL PROJECTS

**Each year, the Performers and Producers Sections support a range of social, cultural and educational projects. The Producers Section takes a cautious policy line in regard of social-cultural expenditure. In contrast, the Performers Section has a highly engaged SoCu policy and facilitates numerous festivals, information sessions and music recordings. The Performers Section receives an average of three hundred applications per year, which are assessed on the basis of the applicable criteria.**

## **Performers Section policy on social-cultural projects**

The Performers Section has laid down its SoCu targets and priorities for the 2013-2017 period in a policy plan. As in previous years, the performers who attended the Meeting of Affiliates approved the policy plan in 2017. The SoCu policy has three main objectives: the establishment of a professional lobbying organization aimed at strengthening the social and social-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.

As a result of the Section's initiative to apply a minimum fee standard as a criterion for subsidy grants, Stichting NORMA and Buma Cultuur have also decided to apply the same standard.

## **Sena Performers Music Production Fund**

The sixth year of the Sena Performers Music Production Fund was a success. This Fund remains extremely popular among professional musicians who would like to record music themselves but do not have the funds

to do so. In 2017, the Fund received a total of 223 applications over three separate rounds. Eighty-nine of these applications were successful and received a combined total of € 282,000 in funding. This amount also includes two prizes that are awarded by the Fund: € 5,000 to Kristina Valid (winner of the Grachtenfestival Concourse) and € 3,000 to Belinda Kinnaer (winner of the BumaNL Muzikale Snelkookpan). Two thirds of these applications were grants, while the remaining third were loans that had to be paid back by the recipient after two years.

## **Producers projects**

For a number of years, the Producers Section has been a great supporter of Stichting Muziekids. In 2017, it made a grant to the foundation, aimed at making children's hospital stays more pleasant through music.

## **Joint projects**

The Producers and Performers Sections jointly supported three projects in 2017, namely Edison POP, Edison Jazz/World and the Golden Nutcracker. Stichting BREIN also received a joint grant.

In February, the **Edison Pop** Awards were presented at the Gashouder in the Westergasfabriek cultural venue in Amsterdam. Broederliefde won the award for Best Album, with the Oeuvre Prize going to Anouk, who has previously won ten Edison Awards.

At the presentation of the **Edison Jazz/World** awards in June, Reinier Baas won an Edison award in the National Jazz category with his jazz opera 'vs. Princess Discombulatrix'. International artists such as Bill Frisell, David Linx and Solange also garnered Edisons in other categories. The album 'Almost There' by blues band Barrelhouse was chosen by the Dutch public to win the Edison Jazzism Audience Award.

The **Gouden Notekraker**, a prize awarded by and to musicians and actors, was presented to De Staat and Georgina Verbaan during a festive ceremony at Paradiso in Amsterdam. The Zilveren Notekraker awards, the incentive prize for budding talent, were presented to singer Celine Cairo and actress Sarah Bannier.



PERFORMERS SECTION SOCU PRIORITIES

Priority 1	<b>The Section will support more ‘in-house’ (multi-year) projects conducted under the Sena banner.</b>	Examples include the Sena Performers Stages at the Liberation Day festivals and the Sena Performers European Guitar Award, the Sena Performers Dutch Jazz Competition and the Sena Performers Music Production Fund.
Priority 2	<b>The Section aims to create paid employment opportunities for performing artists.</b>	For all SoCu projects, the Section will apply a minimum fee of € 250 per artist per performance. The Section applies this principle – which was unanimously approved by the Meeting of Affiliated Members in 2013 – as a criterion in the assessment of all SoCu applications.
Priority 3	<b>The Section aims to make a significant contribution to the lobbying effort on behalf of performers’ copyrights and neighbouring rights.</b>	Copyright and neighbouring rights remain under considerable pressure from both the music industry and the general public. The Section aims to exert a positive influence on public opinion through the provision of information and lobbying activities.
Priority 4	<b>SoCu projects must yield a substantial PR impact on behalf of Sena.</b>	The Section works closely with Sena’s communications department in the effort to increase the organization’s visibility among its stakeholders.
Priority 5	<b>The Section works to ensure that SoCu funds are distributed equally across the various music genres.</b>	The Section will distribute the available SoCu funds between the various musical genres as equally as possible, depending on the applications received.



PERFORMERS PROJECTS



**Sena Performers Talent Stages – 5 May, fourteen Liberation Day festivals**  
Development of talent is a key reason for Sena Performers to support the nation-wide Liberation Day festivals. A range of talented performers were given the opportunity of showcasing themselves to a large audience by way of fourteen talent stages.



**Operadagen Rotterdam – 12–21 May**  
For a period of ten days, the sounds of opera echoed through the streets of Rotterdam, with a range of concerts and performances taking place all around the city.



**Sena Performers European Guitar Award – 22 May, Joe Bonamassa**  
The American superstar Joe Bonamassa was awarded the Sena Performers European Guitar Award 2017 by Jan Akkerman to a huge turnout at Gebouw-T in Bergen op Zoom.





### Edison Jazz/World 2017 – 30 June

Lee Towers is awarded the Oeuvre Prize by the Mayor of Rotterdam, Ahmed Aboutaleb.



### Weitjerock – 29 July

Weitjerock at IJzendijke hosted a broad range of acts, including a performance by Indian Askin. In 2017, the festival was nominated for a European festival Award in the Best Small Festival category for the fifth time in a row.



### Sena Performers Podium – 26 August

In collaboration with the Uitmarkt and Stichting GRAP, Sena Performers showcased a selection of performers who made a recording with the help of the Sena Performers Music Production Fund. The line up included Ntjam Rosie, Radio Eliza, Nina June and BARTEK.



### Gouden Notekraker – 4 September

The Gouden and Zilveren Notekraker are awards presented by and to fellow musicians and actors. In 2017, De Staat and Georgina Verbaan received the most votes from their peers and both won a Gouden Notekraker award. Celine Cairo and Sarah Bannier were both awarded a Zilveren Notekraker.



### Buma NL – 2 October

As 'Treur niet (Ode aan het Leven)' was the track played most often on the radio, Diggy Dex and JW Roy won the Sena Performers Award and were presented with the prize during Buma NL.



### ADE Beats – 20 October

During ADE Beats, we spoke to Broederliefde about their music, their passion and of course the remuneration for the use of their music by others.



JOINT PROJECTS

Name project	Awarded in 2017	Realized in 2017
Edison Pop 2017		x
Edison Jazz/ World 2017	x	x
Gouden Notekraker	x	x
Stichting BREIN	x	x

PRODUCERS PROJECTS

Name project	Awarded in 2017	Realized in 2017
Edison Pop 2017		x
Edison Jazz/ World 2017	x	x
Muziekids	x	x

PERFORMERS PROJECTS

Name project	Awarded in 2017	Realized in 2017
24 Chambers		x
ADE Beats	x	x
Amersfoort Jazz	x	
Amsterdam Marimba Festival	x	
Amsterdam Roots Festival	x	x
Bach Festival Dordrecht	x	
Bevrijdings festivals Nationaal Comité 4 en 5 mei – Sena Performers Talent Stages	x	x
Big Rivers Festival	x	x
Boy Edgar Prijs	x	x
Buitenspelen voor de GRAP		x
Buma NL	x	x
Cellofest	x	

Cello Biënnale Amsterdam	x	
Cello Festival Zutphen	x	x
CityProms	x	x
Cross-linx	x	x
Delft Chamber Music Festival	x	x
De Muze van Zuid	x	
De Nacht van de Kaap	x	x
Dias Latinos	x	x
Duinstreek Kamermuziek-festival	x	
Dutch Harp Festival	x	
Dutch Jazz	x	x
Dutch Jazz Competition	x	
Dutch Performers House – Volks repertoire	x	x



PERFORMERS PROJECTS - CONTINUED

Name project	Awarded in 2017	Realized in 2017
Edison Jazz/ World	x	x
Edison Pop	x	x
Eurosonic Noorderslag (ETEP)	x	x
Festival Trommel	x	x
Flamenco Biënnale		x
Freeze Festival	x	x
Goois Jazz Festival	x	
Gouden Notekraker	x	x
Grachten-festival Conservatorium Concours	x	x
Grachten-festival Weekend	x	
Grote Prijs van Nederland	x	

Happy Bachdag	x	x
Herfstfest Drumfestival	x	x
Houtfestival	x	x
InJazz	x	x
International Jazzdays The Hague		x
Internationaal Studenten LiedDuo Concours		x
Jagthuis Festival	x	x
Jazzfest Amsterdam	x	x
Jazz en de Walvis	x	x
Jazz in de Kamer	x	x
Jazz on the Sofa	x	x
Jazz te Gast	x	x
Kaderock	x	x
Klassiek op het Amstelveld	x	x

Koorbiënnale	x	x
Kunstenbond	x	
Late Summer Soul & Jazz	x	x
Leusden Jazz	x	x
Loosdrecht Jazzfestival	x	x
Metropole Academy	x	x
Nationaal Jeugd Jazz Orkest		x
New York Round Midnight Orchestra	x	
New York Swings Round Midnight		x
Noord Zie Jazz	x	x
North Sea Round Town		x
Ntb bondsbijdrage	x	x
Operadagen Rotterdam	x	

Oranjewoud Festival	x	x
Oriental Landscapes	x	x
Orlando Festival en Concours	x	x
Peter de Grote festival	x	x
Pianoforte Weekend	x	x
Pop-Monument	x	x
Popunie Live	x	x
Rotterdam Bluegrass Festival	x	
Scaldis Kamermuziek Festival	x	
Schiermonnik-oog Jong Talent Festival	x	x





PERFORMERS PROJECTS - CONTINUED

Name project	Awarded in 2017	Realized in 2017	
Sena Performers European Guitar Award	x	x	Sounds-ofmusic
Sena Grote Prijs van Rotterdam	x	x	Sounds of Europe Festival
Sena Performers Guitar Week	x	x	Storioni Festival
Sena Performers International Jazz Laureates Festival	x	x	The Pack Project
Sena Performers Muziek-productie-fonds podium Uitmarkt	x	x	Ud Festival
September Me	x	x	(Un)heard Festival
Slide Factory, European Trombone Festival		x	Voodoo to Go
			Weitjerock
			Wine Art & Jazz
			Wonderfeel Festival
			World Music Forum NL
			Zeeland Jazz
			Zeister Muziekdagen
			ZomerJazz-FietsTour



SOCIAL, CULTURAL AND EDUCATIONAL SERVICES

AMOUNTS IN THOUSANDS OF EUROS

	2017	2016
Objective		
Social-cultural projects	2,366	1,965
Sena Performers magazine	81	109
Grants by the Sena Performers Music Production Fund <sup>1</sup>	89	131
Total use	2,536	2,205
Objective		
Social-cultural projects	50	44
Sena Performers Music Production Fund	5	5
Total management costs	55	49
Total	2,591	2,254

The management costs listed in the overview above only include out-of-pocket costs. Sena actively supports the Social-Cultural Fund administratively and in terms of promotional activities, with the corresponding hours included in Sena’s general operations.

1: Offset with the loan shares received from the Sena Performers Music Production Fund (the total amount awarded to applications to the Sena Performers Music Production Fund was € 282,000 in 2017; € 264,000 in 2016).

# BENJAMIN HERMAN PAYS FOR HIS FREEDOM WITH SESSION WORK

**He is one of the best-known Dutch saxophonists and has shared the stage with major stars. Still, Benjamin Herman is just as happy playing in some little pub. 'My best moments are when the music just works. It doesn't really matter so much to me who's playing with me and what the venue is.'**

He'll celebrate his 50th birthday soon and plans to honour the occasion by releasing three albums, two of which will be on audio cassette. 'I have absolutely no idea whether that will fly,' he admits with a grin. 'However, I liked the idea. These days, everyone releases their albums online or on vinyl; this format is something different for a change. Plus, the sound is great!'

While 'Project S' is an ode to a car (the Citroën SM), 'Bughouse' is a mix of punk, jazz and musical improv recorded with guitarist Reinier Baas, bassist Peter Peskens from Jungle By Night and hardcore drummer Olav van den Berg. 'Bughouse' was financed in part by the Sena Performers Music Production Fund. 'Last year, I sat down with someone to see whether there were any grants I could get to support my music. Eventually, we found the Sena Performers Music Production Fund. It's fantastic that I got it.'

## Partnership

Benjamin Herman's long career commands respect. Herman graduated cum laude from the music academy in Hilversum in 1991. Two years later, he founded New Cool Collective, which brought him to the attention of a wider public. In recent years, he's also played with artists such as Paul Weller, Candy Dulfer, Jan Akkerman, Dr. John, Tony Allen, Hans Teeuwen and many others. 'I have very broad tastes and enjoy playing with all those people,' he says.

When asked to name highlights of his career, he's quiet for a moment. Then he says: 'A lot of the best moments take place in a pub. The other day, I was in Jazz Café Alto on the Leidseplein with the trumpet player Ian Cleaver. We played there from 10 p.m. to 3 a.m.. Halfway through the third set, something happened. I stopped thinking, my brain was moving in slow





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motion and it felt as though the music was coming out automatically. Although that experience happens maybe once or twice a year, those times are the musical peaks to me.'

## Freedom

He can't summon those moments at will; they simply happen on their own, sometimes on stage and sometimes in the studio. They tend to happen when he's playing freely. 'When I walk into the studio for one of my own projects, I've usually written bits and pieces, but there's still a lot of space left over. That way, there's room to play together, to improvise and to create something good. Since I pay for my own recording time, I can take as long as I want, which is a very valuable thing. In the past, the record label decided when something was finished; now, I can keep

going until everything is just the way that I want it.'

Not only does he greatly enjoy his work as a session musician, it also provides him with financial headroom. 'I rarely turn down a gig, because those sessions are paying for my freedom. The money that I earn goes towards making my own albums and setting up my own projects.'

Thanks in part to the many sessions, he's always been able to support himself with his music. 'I can't recall ever having struggled financially,' he says. 'However, it helps that my cost of living is low. I don't have any kids or a car and my mortgage payments are modest. My own income isn't all that high.' Most of the money that comes in goes right back into his music.

**'I rarely turn down a gig, because those sessions are paying for my freedom. The money that I earn goes towards making my own albums and setting up my own projects.'**





‘With the latest bit of money from Sena, I was able to hire string musicians for my new album ‘Project S’. I’d been planning to for a while, but I couldn’t afford them until then. When the remuneration from Sena came in, I suddenly had the means.’

Sena has become more profitable for him in recent years, he explains. ‘I never played on any major hits as a session musician, so the amount which I received wasn’t all that much for a long time. Over the years, though, I’ve build up a considerable amount of independent work which I also produced. As a result, I get the producer’s remuneration from Sena too. That’s increased the amount coming in, which means that I can pay for studio time more often.’ Although entering the information on MySena works

just fine in his opinion, the new app still strikes him as an enormous improvement. ‘I spend a lot of time in trains with only my smartphone. If I can enter things directly on my phone, I can obviously take care of them much more quickly. It seems ideal, if you ask me.’

For him, performing live never loses its appeal. Whether it’s with world-renowned stars such as Paul Weller in huge venues or a few friends in a café: it’s equally special to him. “I want to play really often, so I can’t count on being in AFAS Live every single week. Neither do I feel the need to – I enjoy playing in pubs just as much. Ultimately, my best moments are when the music just works. Those moments are why I do what I do.”

***Favourite Dutch song:*** ‘I really like the album “Armand & The Kik”. We’ve listened to it a bunch of times in the tour bus. I met Armand late in his life and I liked him. But I didn’t realise that he had written such amazing songs until I heard this album.’

***Favourite Dutch saxophonist:*** ‘Hans Dulfer is one of my idols. Although he’s going to be 76 soon, he just keeps right on playing.’

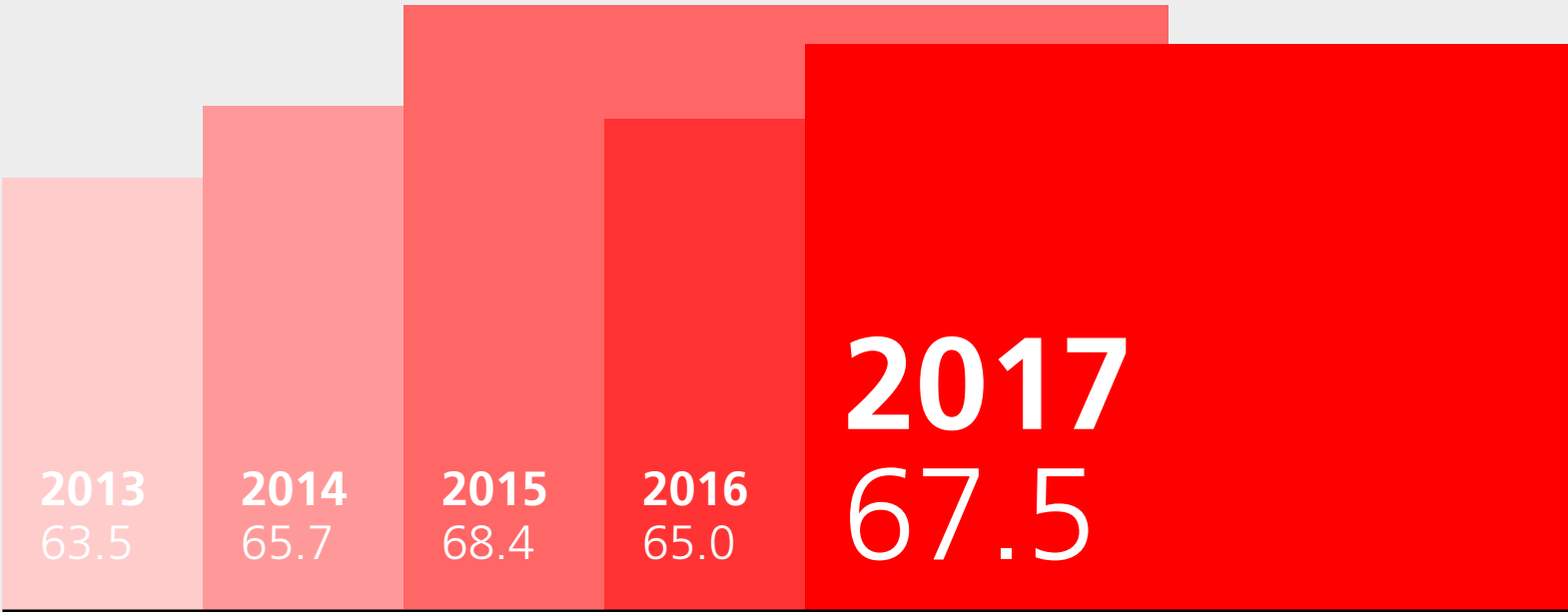


# NOTES TO THE 2017 RESULTS

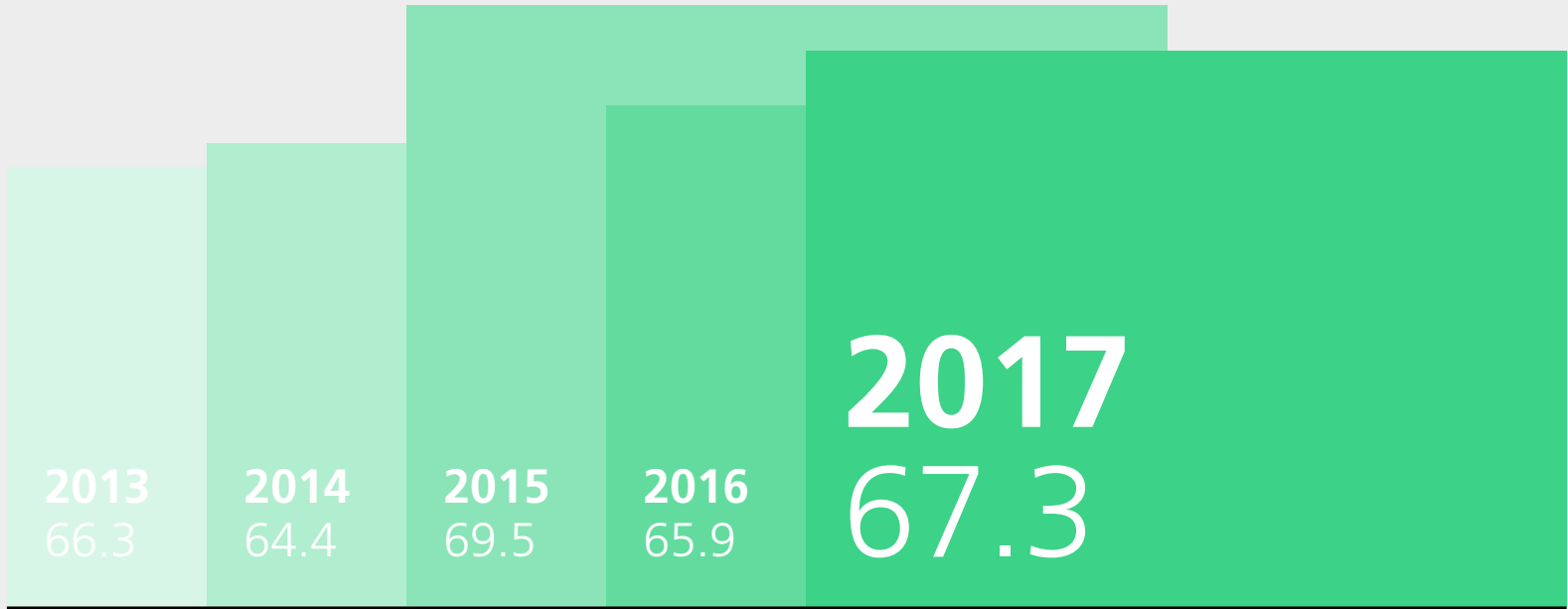
In accordance with CMO Quality Mark guidelines, this annual report was prepared in compliance with the Supervision of Collective Management Organizations (Copyright and Neighbouring Rights) Act (WTCBO) and Title 9, Book 2 of the Dutch Civil Code (BW), as elaborated in Dutch Annual Reporting Council guideline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

Invoiced licence fee income totalled € 67.5 million in 2017; an increase of 3.7 per cent in comparison with the previous year. The growth that we were able to realise from the Dutch collection was partially offset by the decrease in international licence fee income (-€ 0.5 million). Received licence fee income likewise showed an increase by € 1.4 million to a total of € 67.3 million. Income from the Dutch market was responsible for that growth as well.

Distribution to right-holders did not achieve the same level as 2016. In 2017, we distributed € 52.2 million to right-holders. This figure is € 6.0 million less than in 2016, when we distributed more licence fees than was received in licence fee income due to an additional effort in international work that was ongoing. The organization’s net operating expenses in 2017 amounted to € 6.9 million, which is 10.2% of the total invoiced licence fee income (2016: 10.4%).



Received licence fee income 2013 – 2017 in millions of euros

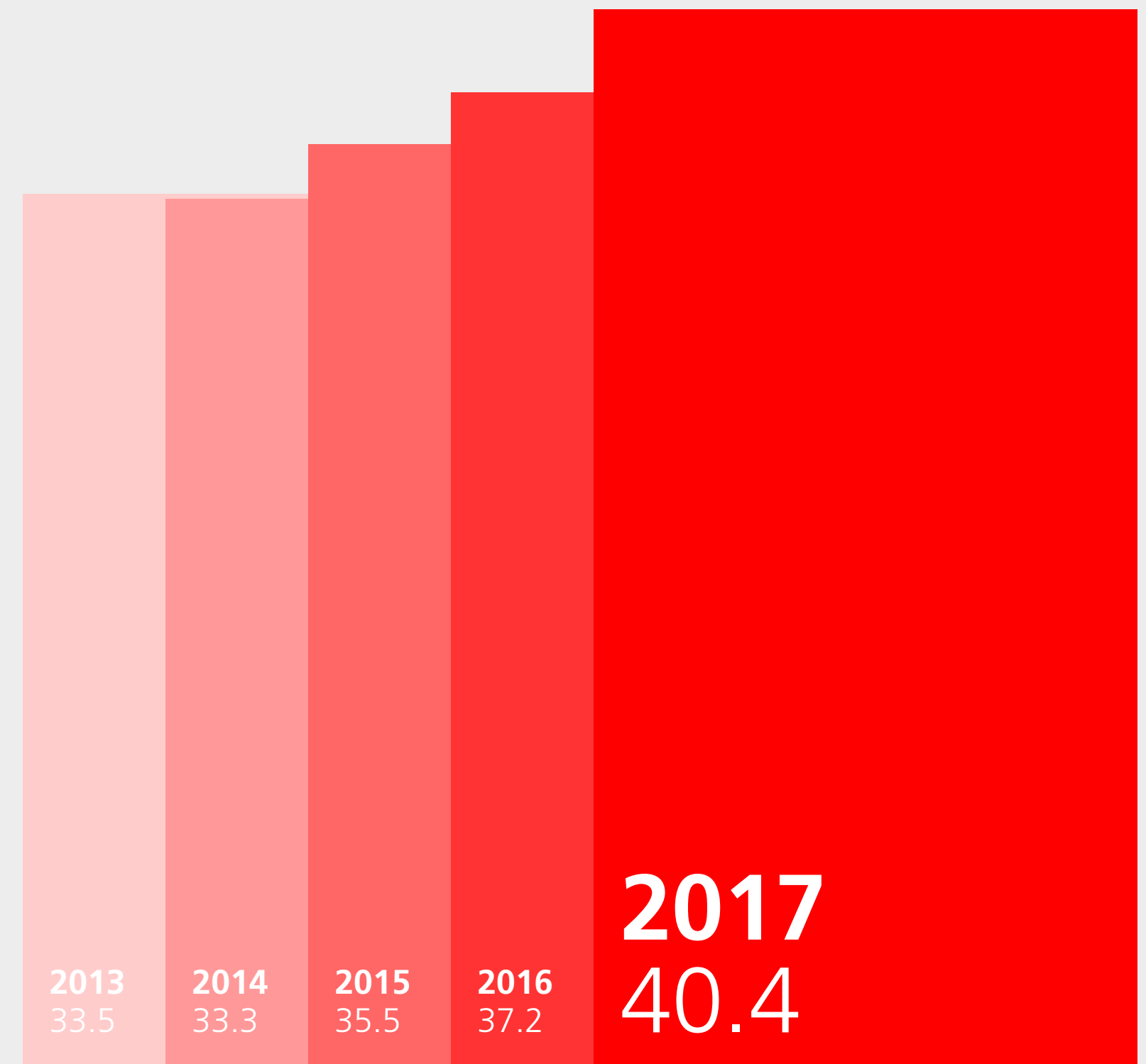


Received licence fee income 2013 – 2017 in millions of euros



### General licences

In 2017, the licence fee income that we received from General licences increased by 8.5 per cent to a total of € 40.4 million. Our licence fee income from collective licensing agreements totalled € 17,4 million (+10.5%) and € 23 million from individual licences (+7.1%). Part of this growth was one-off in nature (€ 700,000). The remainder of the growth was achieved as a result of the recovering economy, a sharp decrease in the number of bankruptcies, a phasing out of discount schemes and an increased focus on marketing. As from 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. In 2017, Scan requested that all collective licence holders submit the details of their members via an electronic form. This method proved to be a successful way to achieve efficiency.



Received licence fee income from general licences 2013 – 2017 in millions of euros



**Media**

In 2017, the total received licence fee income from the media segment showed a decrease of 3.3 per cent to a total of € 19.4 million, while invoiced licence fee income showed a modest increase of 0.7 per cent.

As a result of our long-term agreement with the NPO (Netherlands Public Broadcasting), there was no change in 2017 to the existing licensing relationships, which have been in place since 1 January 2014. In mid-2017, we started talks with the NPO on the conditions for a new contract period. Our aim is

to achieve a higher licence fee, as well as to obtain compensation for the costs of the fingerprinting technology that we will be using.

A decrease in advertising expenditure by commercial national television channels and the continuing decrease in linear viewing time resulted in a decrease in our income from this segment of 0.8 per cent. In 2017, we also conducted intensive talks with these parties on the implementation of the key principles for a new multi-year agreement. Following the reporting date, an agreement

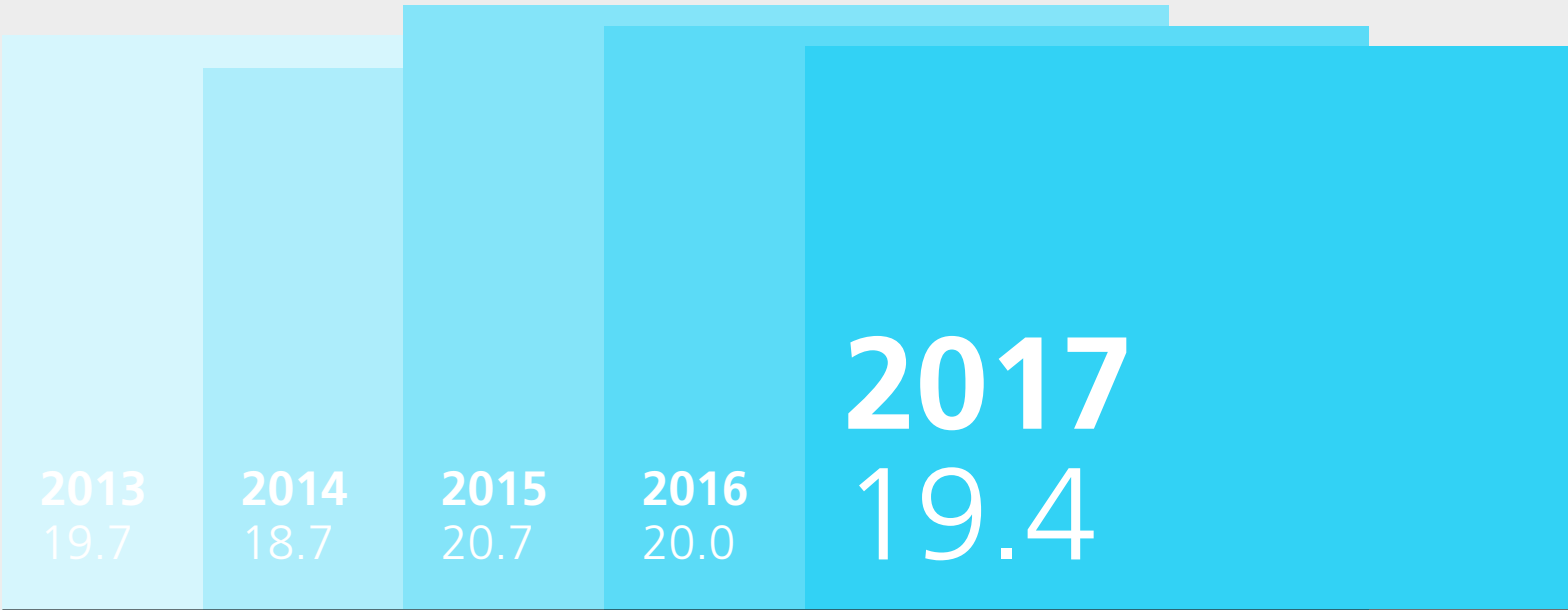
was reached in broad strokes on the key principles of a new three-year agreement for 2017-2019.

Legal proceedings against the Commercial Radio Association (Vereniging Commerciële Radio, VCR) were set in motion during the spring of 2017, with the aim of breaking the deadlock regarding a new model contract. Received licence fee income in this segment decreased over 2017 (-2.7%). By contrast, licence fee income from non-national commercial radio broadcasts showed an increase of 13.1 per cent, in part due to the introduction of a new rate for simulcasting, adjusted rate scales and a new turnover definition.

Within the other commercial and new media segment, received licence fee income for background music showed a decline of 10.6 per cent. The growth in the number of streaming playback points was unable to compensate for the decrease in the number of satellite playback points. Scan's field staff will be informing music users of consumer streaming services for business purposes of the illegal nature inherent in such use.

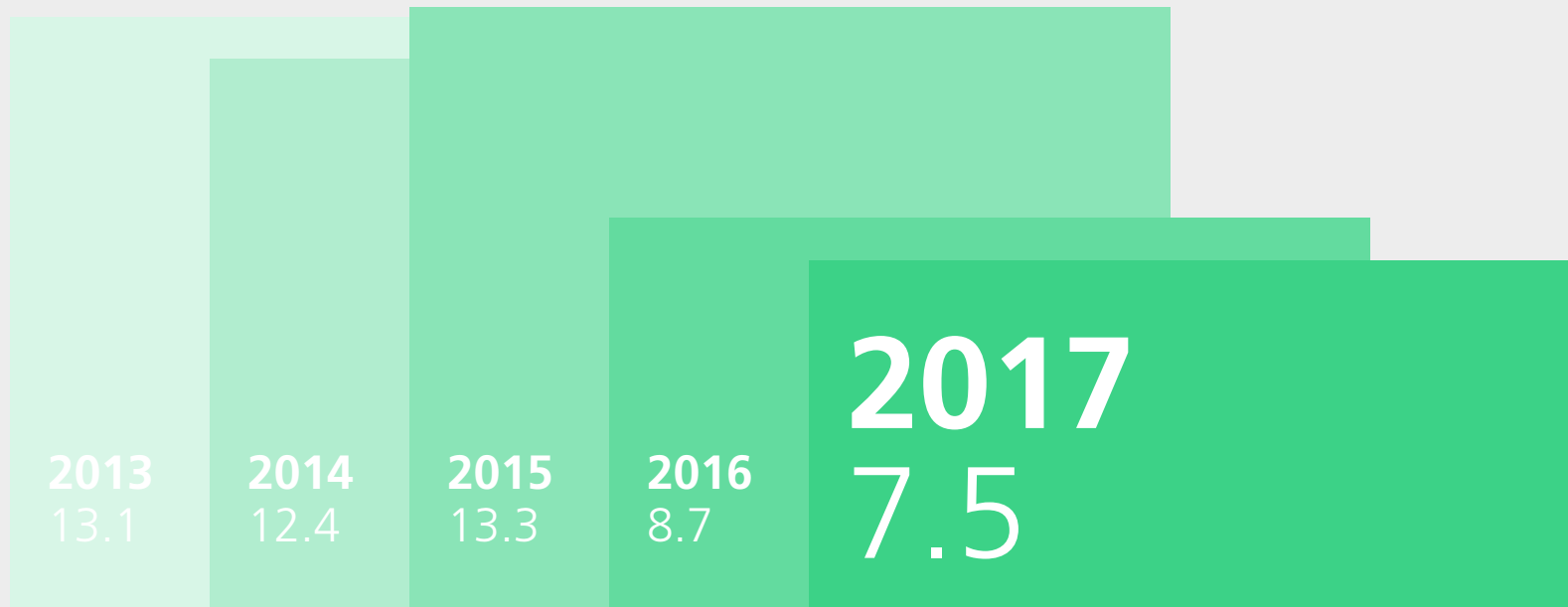
Income from the dance segment has remained virtually unchanged in comparison to 2016, despite the legal proceedings that have been ongoing for a number of years. The growth of the dance sector in general seems to be stagnating.

Both the number of licences issued for small-scale webcasting as the received licence fee income from this segment showed an increase in 2017 (+14.2%), in part due to mediation by Stichting Webcasting Nederland (SWNL).



**Received licence fee income from media 2013 – 2017** in millions of euros





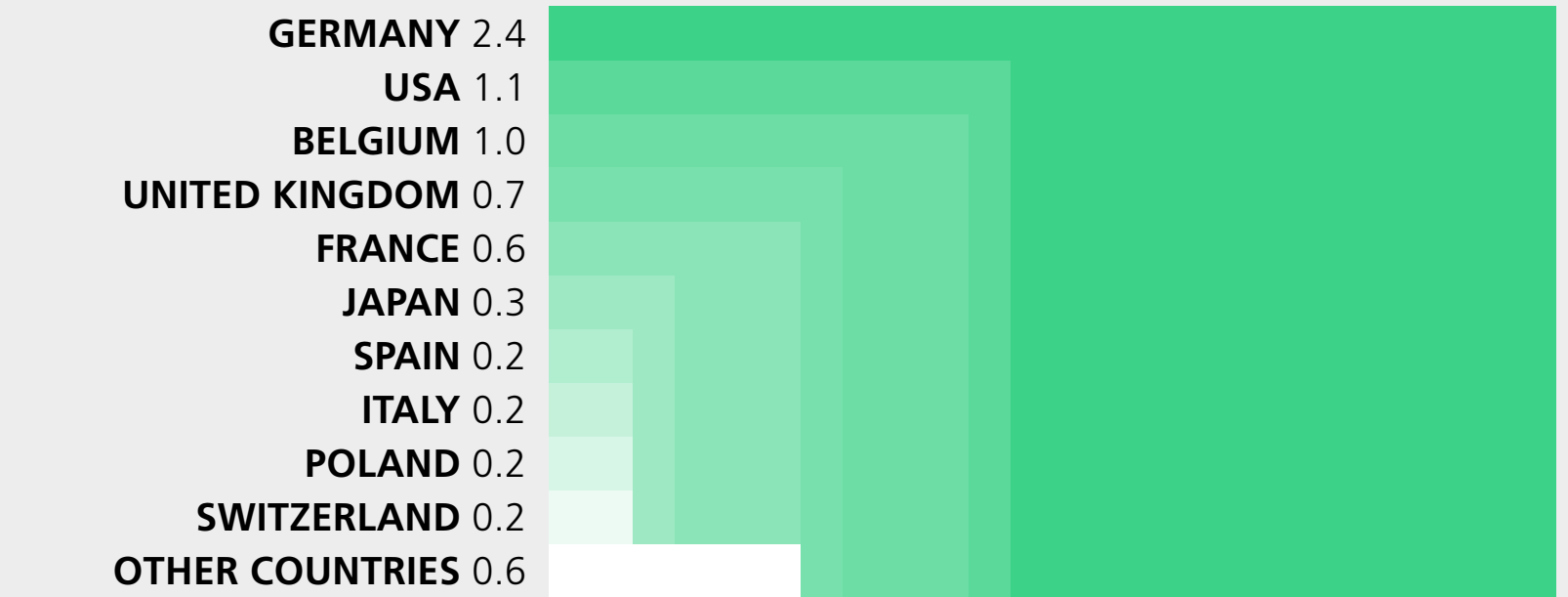
**Received international licence fee income 2013 – 2017** in millions of euros

### International

In 2017, licence fee income showed a decrease of 13.8 per cent, with a total of € 7.5 million received in international licence fee income (2016: € 8.1 million). On a national level, the following can be reported on the matter. In 2016, our American sister organization Sound Exchange implemented changes to its distribution system. Whereas it previously distributed fees per track, the system was changed to a system of distribution per individual right-holder. It was expected that revenue would increase from that point on.

The impact of the loss of mandates as a result of consolidation among agents proved to be more significant than expected, however. As such, income from the United States decreased by € 0.8 million compared to 2016. This decrease can partially be accounted for by the fact that Sena no longer holds QI status as from 2017.

In 2017, a positive court decision was issued in the legal proceedings that we initiated against the curators of the former IMAIE. Despite the ruling and the distribution commitment, we received no supplemental



**Received licence fee income per country 2017** in millions of euros

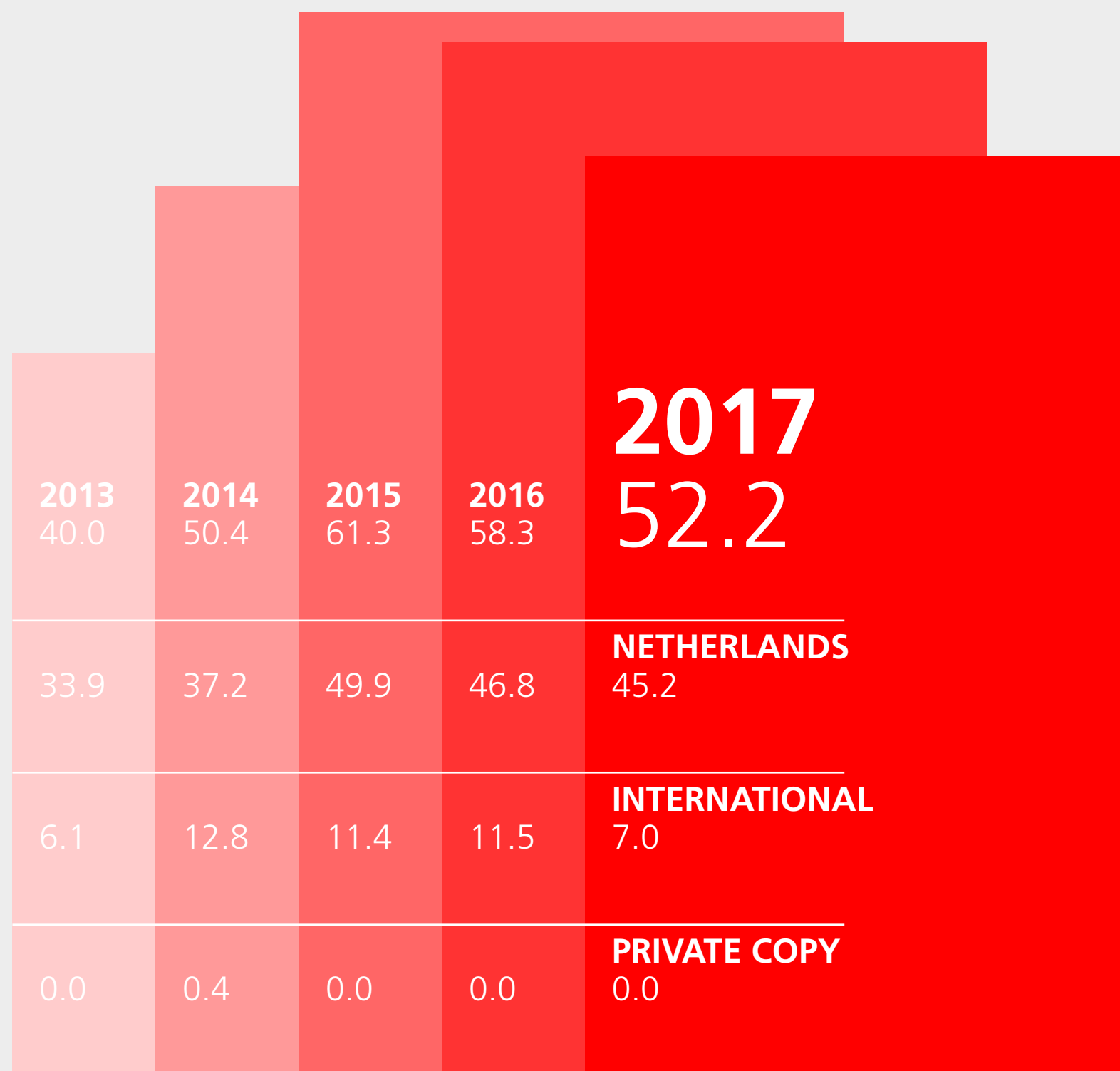
IMAIE fees for the period between 2007 and 2009 during the fiscal year. This fact largely accounts for the difference between the invoiced international licence fee income and the received licence fee income.

In 2017, our German sister organization GVL also worked to bring about a thorough review of its ICT and distribution systems both for performers and producers. For that reason, the processing of our claims information has taken more time than GVL initially suspected. In 2017, GVL made an advance payment for

performers to us for the period 2010–2016. However, GVL did not yet distribute a fee in 2017 for independent producers on the 2016 airplay in Germany.

The ‘Rights per track, per country’ project made limited progress in 2017. We prioritised the development of a new feature on our own online MySena portal that allowed producers to indicate individually for which track they represented the rights and in which country. We expect to launch this tool by mid-2018.





**Net distribution 2013 – 2017** in millions of euros

### Distribution

In 2017, we distributed a gross total of € 58.9 million to our right-holders, of which € 51.6 million was collected within the Netherlands and € 7.3 million was collected internationally. Net distribution amounted to € 52.2 million.

The attention that we devoted to the implementation of fingerprinting in 2017 brought about a delay in the distribution of the 2017 fees. We were only able to make the first payment for the music year in December. In 2018, we aim to distribute fees for the current music year earlier in the year.

### Private Copy

Stichting NORMA has transferred the international Private Copy audio rights to us. Throughout 2017, we were able to collect € 144,000 in international Private Copy audio fees.

**Operating expenses**

Gross operating expenses in 2017 amounted to € 7.5 million; a decrease of 1.3 per cent in comparison to 2016 (-€ 102,000). The most significant decrease was realised in the depreciation and amortisation item, as a result of our decision in 2016 to charge the development of the VRDB international repertoire database to our operating expenses. Our 2017 mailing and collection costs once again include a one-off release of € 0.1 million from the operations of Scan. By contrast, our net operating expenses in 2017 were € 0.1 million higher than the

previous year. This fact is primarily due to the lower distribution of internationally collected fees and the falling income from interest as a result of the European Bank’s interest rate policy.

**Control Board (CvTA)**

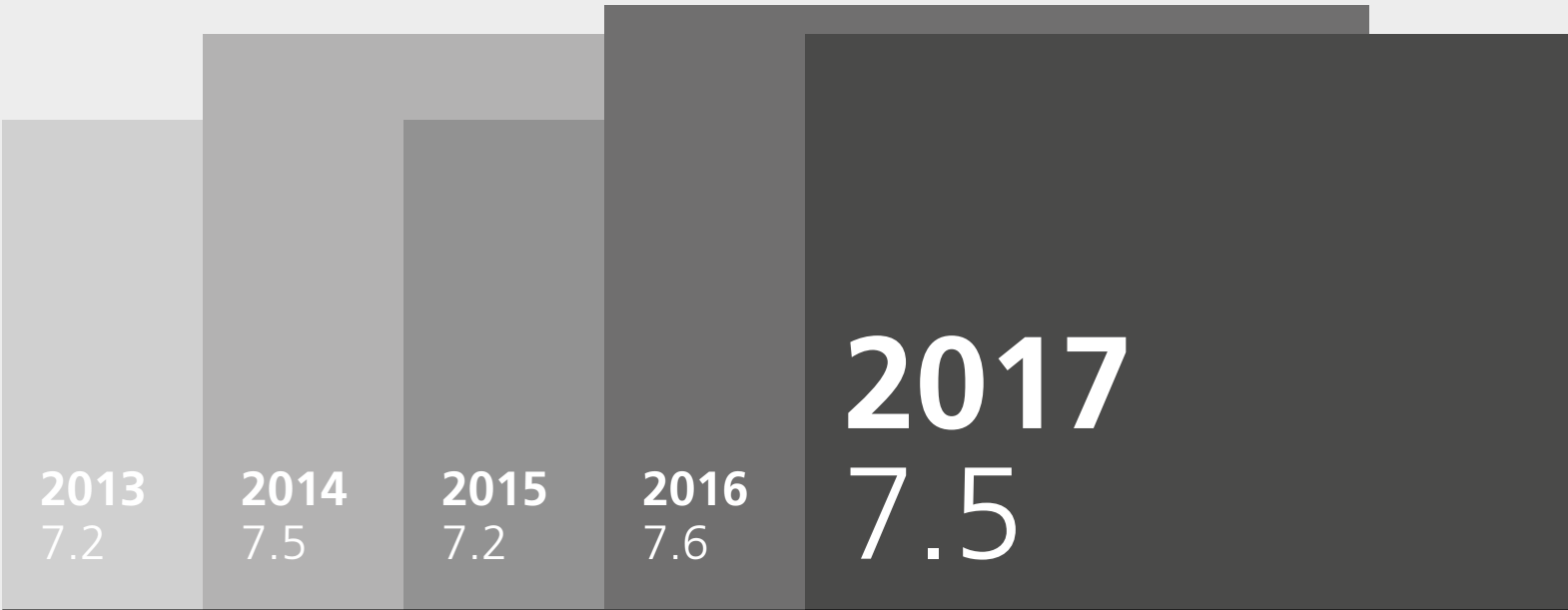
The Copyright and Neighbouring Rights Collective Management Organizations Control Board (CvTA) is responsible for supervising compliance with the Collective Management Organizations Supervision and Dispute Settlement Act on behalf of the Minister of Justice and Security. This Act also includes a

number of ‘comply or explain’ provisions. Our gross operating expenses in 2017 expressed as a percentage of invoiced licence fee income amounted to 11.2 per cent. Gross operating expenses expressed in a percentage of distribution of fees (including the addition to the Social-Cultural Fund) amounted to 11.9 per cent. In this way, Sena is in compliance with the guideline established by the legislator via a Government Decree that stipulates a maximum withholding percentage which can be withheld from income and distribution (15%). Another guideline is that gross operating expenses must not increase faster than the Consumer Price Index. Sena was likewise in compliance with this guideline in 2017. On 1 January 2017, the Transparency Report (Collective Management Directive) Decree (Besluit transparantieverlag collectief beheer) came into force. The Decree is an elaboration of Section 2q of the Collective Management Organizations Supervision and Dispute Settlement Act (Wet toezicht en geschillenbeslechting collectieve beheersorganisaties), which requires the publication of a transparency report from the financial year 2017 onwards. In line with this

legislation, we have supplemented the annual report with the publication requirements. Given that the various requirements are spread across the annual report, Appendix 4 includes a reference table of the financial statements.

**Budget for 2018**

Gross operating expenses are expected to increase by 6.7 per cent in 2018 compared to 2017. This fact is partly due to the rise in costs for Scan, given that we will not be able to achieve a new release in 2018. In addition, the transition to a new ICT system at Scan will entail additional costs. Moreover, 2018 will be characterised by the festivities surrounding the 25th anniversary of neighbouring rights and Sena as an organization, which will entail specific expenses. Finally, we have budgeted for a decrease in general costs, as we expect to receive a contribution from the media parties for the costs of the fingerprinting project.



Gross operating expenses 2013 – 2017 in millions of euros







**Interview** Benjamin Herman

# KEY FIGURES FOR 2017 – 2016

AMOUNTS IN THOUSANDS OF EUROS

	2017		2016
<b>Invoiced licence fee oncome</b>			
Dutch use	59,409	+5.1%	56,501
International CMOs	8,045	-5.7%	8,528
<b>Total</b>	<b>67,454</b>	<b>+3.7%</b>	<b>65,029</b>
<b>Distribution</b>			
Right-holders	49,457	-14.1%	57,604
International CMOs	9,433	+21.0%	7,793
<b>Subtotal</b>	<b>58,890</b>	<b>-9.9%</b>	<b>65,397</b>
Deduction of costs from distribution	(6,686)	-6.5%	(7,147)
<b>Total</b>	<b>52,204</b>	<b>-10.4%</b>	<b>58,250</b>
<b>Distributable licence fee income</b>			
	<b>66,189</b>	<b>+5.7%</b>	<b>62,621</b>
<b>Social-Cultural Fund</b>			
Addition	4,061	+103.5%	1,996
Expenditure	(2,591)	+15.0%	(2,254)
Available for distribution at the end of financial year	4,006	+58.0%	2,536
<b>Statement of income and expenditure</b>			
Dutch income	6,911	+2.0%	6,778
International income	298	-40.4%	500
Miscellaneous income	209	+59.5%	131
<b>Subtotal</b>	<b>7,418</b>	<b>+0.1%</b>	<b>7,409</b>
Operating expenses (gross)	(7,483)	-1.3%	(7,585)
<b>Subtotal</b>	<b>(65)</b>	<b>-63.1%</b>	<b>(176)</b>
Financial result	65	-63.1%	176
<b>Operating result</b>	-	-	-



	2017		2016
<b>Key figures</b>			
Received Dutch licence fee income	59,759	+4.4%	57,233
Received international licence fee income	7,543	-13.0%	8,674
Percentage of actual costs withheld	12.0%	0.0% points	12.0%
<b>Operating expenses expressed as a percentage of:</b>			
Total licence fee income	10.2%	-0.2% points	10.4%
Dutch licence fee income	11.6%	-0.4% points	12.0%
<b>Gross operating expenses expressed as a percentage of:</b>			
Total licence fee income	11.1%	-0.6% points	11.7%
Gross distribution (including addition to Social-Cultural Fund)	11.9%	+0.6% points	11.3%
Annual movements in operating expenses (gross)	(102)		338
Decrease/increase in operating expenses	-1.3%	-6.0% points	4.7%
Derivative consumer price index	+1.1%	+1.1% points	0.0%
Representation of right-holders	>90%	0.0% points	>90%
Number of right-holders with distributions up to and including 2017	33,402	+3.2%	32,367
Number of right-holders with distributions in 2017	11,726	-1.5%	11,903
Number of invoiced users	104,224	+4.5%	99,736
Number of employees expressed in FTE (average)	42.2	-1.2%	42.7



# TONY ROE GETS THE AUDIENCE INVOLVED

**For pianist Tony Roe (1979), session work has been slowly shifting to the back burner in recent years. His own band, Tin Men & the Telephone, has now become a full-time job. 'I like to take challenging music and shove it down the audience's throats – and hear them say they actually liked it.'**

He is still recuperating from surgery for a herniated disk, yet he was back on stage only a week after the operation. 'That was pretty quick, for sure, but as a musician, you can't just cancel everything.' During the period when he had to stay in bed, he used the time to immerse himself in the synthesizer world of the Euroracks. 'I watched about a million tutorials and read endless instruction manuals. At that point, I had all the time in the world.'

You can't knock Tony Roe's work ethic. Since graduating from the music academy in Amsterdam as a jazz pianist in 2009, he has been a highly sought-after musician. He's played with the AskolSchönberg Ensemble and the Modern Balkan Jazz Orchestra, for instance, joined the pop and Room Eleven and recorded sessions with artists including Paul van Kessel. While he still fields regular requests from musicians, he currently dedicates most of his time to his own gig: jazz piano trio Tin Men & the Telephone (with drummer Borislav Petrov and Pat Cleaver on double bass). 'I'm not all that eager to take on session work, as there's still so much I want to do with Tin Men.'



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## **Innovation**

One of his most noteworthy accomplishments in the last few years is the development of an app called 'Tinmendo'. This interactive app, designed to be installed by audience members at Tin Men & the Telephone shows, enables the crowd to take part in the concert. 'It allows everyone in the venue to manipulate the music being played onstage,' Tony explains. 'They can tell us to play more quickly or slowly, for instance. Majority rules in those cases. It's our way of making the audience part of the music.'

He notes that it can be hard to find the right balance at times. 'At one of our shows, we divided the audience into two groups. There were two camels on the screen and the audience was supposed to make them run using an app. While that was really cool and funny, it also pulled focus away from our music. Afterwards, we asked ourselves

whether it was something that we wanted. That tension is a fine line. We're keen to innovate, but the music should always be the main thing.'

## **Interaction**

Tony uses his trio's live performances to explore the interaction between band and audience. 'We want to intensify the way that people experience music,' he explains. 'At other shows, the audience is even able to influence the composition by submitting their own rhythms and harmonies via the app. We pick the best ones and play them live onstage, that very minute. When an audience member's composition is played, his or her name is displayed on the screen behind us. Afterwards people tell us they really liked that aspect.'

Creating the app cost them a hefty 20,000 euros. It's not a sum that musicians are able

**'We're keen to innovate, but the music should always be the main thing.'**





to spend on a whim. 'It was indeed a large risk to take,' Tony admits. 'But I want to break new ground, which means making that kind of investment.' It helps that they often receive support for their projects from various funds. 'For instance, we recently produced a CD with support from the Sena Performers Music Production Fund. The result is a political record that has populist world leaders being wiped off the face of the earth by a kind of alien intervention team. We took speeches by Trump and Putin, among others, and set them to music that we composed. It's wild and electronic.' He laughs. 'It's not exactly a commercially viable project.'

#### Technical costs

Tony is grateful that Sena exists, because being a musician doesn't always bring in the big bucks. He receives a few hundred euros from Sena each quarter. 'My own work doesn't earn me that much, but my session work for artists such as Paul van Kessel does. I never know exactly how much will be coming in, so I try not to rely on it too heavily. When the money does come in, I often spend it on equipment. For Tin Men, our technical costs are ridiculously high,

so every spare cent goes there. In any case, it's always a good idea to keep MySena up to date – you never know whether something might suddenly start getting played in future.'

He expects the introduction of the new Sena app to simplify the whole process. 'Being able to enter everything directly on your smart-phone will naturally save you a lot of time.' Whereas many musicians prefer to avoid all financial aspects, Tony Roe sees it as a field of opportunity. 'It's first and foremost about the music itself, but I do try to approach my work from an entrepreneurial perspective. In other words, I look for funds to which we can apply or grants for which we might be eligible. We need this money in order to put all the plans that I have into action.'

After all, only one thing matters to Roe in the end: sharing the trio's idiosyncratic music with as many people as possible. 'It's always been my goal to take fairly challenging music and shove it down people's throats – and hear them say they actually liked it. I want to show them how fun, energetic and inspiring complicated music can be. It's my personal mission.'



**Favourite Dutch recording artist:** 'Jameszoo. Great music, full of surprises and with a lot of jazz influences.'

**Favourite Dutch song:** 'I've been a long-time fan of the Austrian/French/German duo KNALPOT, who are based in Amsterdam. They make incredibly wild music with tons of electronic effects. The only song title that I can remember is "Prtrt". Very, very good. It sounds as though you're listening to five people play, but there are only two of them.'

# ABOUT US

**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 record companies, in accordance with the Dutch Neighbouring Rights Act. We perform these activities on an exclusive basis in The Netherlands, which means that no other parties are authorised to collect and distribute these fees. Next to nearly all Dutch artists and music companies, we also represent some international artists abroad. 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 music companies, and distribute 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 Mood Media, Media Tools and Xenox are also processed. These parties are responsible for reporting the music use of some 1,500 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 primetime 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 Sena. 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 2017 was set at 12%. We also allocate 3% of all funds designated for performers to social-cultural 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 of the articles of association and

the distribution regulations respectively took place in June 2015 and in 2017.

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.







**Interview** Tony Roe





# FINANCIAL STATEMENTS 2017

## CASH FLOW STATEMENT FOR 2017

	2017		2016	
(in thousands of euros)	€	€	€	€
<b>Received licence fee income</b>				
Invoiced licence fee income		67,454		65,029
Movement in received licence fee income versus invoiced licence fee income		(152)		878
<b>Total received licence fee income</b>		<b>67,302</b>		<b>65,907</b>
<b>These revenues can be itemised as follows</b>				
National	59,759		57,233	
International	7,543		8,674	
<b>Total received licence fee income</b>		<b>67,302</b>		<b>65,907</b>
<b>Distribution (net)</b>				
National	(45,235)		(46,805)	
International	(6,969)		(11,445)	
<b>Total distribution (1)</b>		<b>(52,204)</b>		<b>(58,250)</b>
<b>Cash flow from licences and distribution</b>		<b>15,098</b>		<b>7,657</b>
Operating expenses (gross)	(7,483)		(7,585)	
International income	298		500	
Miscellaneous income	209		131	
Financial result	65		176	
Depreciation and amortisation	179		366	
Investments in tangible/intangible fixed assets	(111)		(390)	
Movement in accrued income	223		252	
Movement in current liabilities	(391)		(954)	
<b>Operating cash flow</b>		<b>(7,011)</b>		<b>(7,504)</b>
<b>Expenditure on Social-Cultural Fund</b>		<b>(2,591)</b>		<b>(2,254)</b>
<b>Movement in cash resources</b>		<b>5,496</b>		<b>(2,101)</b>
Cash resources as at 31 December		69,095		63,599
Cash resources as at 1 January		63,599		65,700
<b>Movement in cash resources</b>		<b>5,496</b>		<b>(2,101)</b>



BALANCE SHEET AS AT 31 DECEMBER

ASSETS	31 December 2017		31 December 2016	
(in thousands of euros)	€	€	€	€
Fixed assets				
Intangible fixed assets (2)	217		208	
Tangible fixed assets (3)	170		247	
		387		455
Current assets				
Accounts receivable (4)	6,852		5,539	
Accrued receivables and income (5)	501		724	
		7,353		6,263
Cash resources (6)		69,095		63,599
TOTAL ASSETS		76,835		70,317



BALANCE SHEET AS AT 31 DECEMBER

LIABILITIES	31 december 2017		31 december 2016	
(in thousands of euros)	€	€	€	€
Equity		-		-
Non-current liabilities				
Social-Cultural Fund (7)		4,116		2,647
Current liabilities				
Provision for claims (8)	94		-	
Liability with regard to distribution (9)				
Payable	58,155		55,560	
Not yet payable	6,852		5,539	
Outstanding amounts	1,182		1,522	
		66,283		62,621
Other current liabilities				
Accounts payable	59		213	
Tax and social security contributions	429		98	
Accrued liabilities (10)	5,948		4,738	
		6,436		5,049
TOTAL LIABILITIES		76,835		70,317



STATEMENT OF INCOME AND EXPENDITURE

	2017		2016	
(in thousands of euros)	€	€	€	€
Income				
Dutch income	6,911		6,778	
International income	298		500	
Miscellaneous income (11)	209		131	
	7,418		7,409	
Operating expenses (gross)				
Salaries (12)	(3,028)		(2,932)	
Mailing and collection costs (13)	(1,831)		(1,797)	
Other operating costs (14)	(2,290)		(2,339)	
Depreciation and amortisation (15)	(179)		(366)	
Supervisors' costs (15)	(155)		(151)	
	(7,483)		(7,585)	
Financial result (15)	65		176	
Operating result	-		-	
Budgeted operating expenses (16)	(7,715)		(7,625)	
Operating expenses (net)	(6,911)		(6,778)	

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

	2017		2016	
(in thousands of euros)	€	€	€	€
Balance as at 1 January	62,621		64,394	
Invoiced licence fee income				
Dutch use	59,409		56,501	
International CMOs	8,045		8,528	
Subtotal	67,454		65,029	
Distribution (gross)				
Right-holders	(49,457)		(57,604)	
International CMOs	(9,433)		(7,793)	
Subtotal	(58,890)		(65,397)	
Other movements				
Additions				
International income	298		500	
Miscellaneous income	209		131	
Financial result	65		176	
Deduction of costs from distribution	6,686		7,147	
Deduction of costs from distribution provision for claims	1		-	
Release of bad debt provision	-		603	
Distributable fees	-		806	
Fund for Performing Artists	84		-	
Subtotal	7,343		9,363	
Deductions				
Operating expenses (gross)	(7,483)		(7,585)	
Withholding tax	(224)		(682)	
Currency losses	(73)		(18)	
Social-Cultural Fund	(3,391)		(2,067)	
Distributable fees	(777)		-	
Provision for claims	(100)		-	
Deduction of costs on international distribution	(291)		(416)	
Subtotal	(12,339)		(10,768)	
Balance as at 31 December	66,189		62,621	

# 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 Title 9, Book 2 of the Dutch Civil Code. In addition, we take into account the provisions of guideline RJ640 of the Dutch Accounting Standards Board (Raad voor de Jaarverslaggeving).

## OUR ACTIVITIES

Under the Neighbouring Rights Act (Wet op de naburige rechten), we have two core duties. First, we grant licences to businesses or organizations using music on behalf of our right-holders 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 as well as which licences apply.

Our second duty is to ensure that the fees are correctly distributed among the performers and producers. To facilitate this

process, we first register right-holders' details and the repertoire which they produced or helped to create. Subsequently, we work out who is entitled to what. We do so by means of data such as the play-lists used by radio and television stations. In addition, we use the results of a market survey which is carried out in collaboration with Buma. The survey maps the listening behaviour of the Dutch business sector. Finally, we distribute the fees to the right-holders. This distribution takes place on a not-for-profit basis, while we 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 2016 have been restated in order to facilitate a comparison with 2017.

## ESTIMATES

In compiling the financial statements, the Executive Board – in accordance with gener-

ally 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 as at year-end. Any measurement differences resulting from the conversion are stated under 'Liability with regard to distribution'.

## 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 FOR ASSETS AND LIABILITIES

### Intangible and tangible fixed assets

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

### Receivables

Receivables are carried at fair value on initial recognition and are subsequently measured at amortised cost, which is equal to the nominal value, less 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. This item is carried at the nominal



value of the expected obligations required in order to unwind any losses.

### **Pensions**

We offer our employees a pension scheme, where the pension payments are based on the available contributions. 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. In the event that the contribution amounts paid should exceed the contributions to be paid to the pension provider, the surplus amount is considered as pre-payment or accrued income, to the extent that the pension provider provides reimbursement or settlement with contributions in future.

### **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. Amortised cost is equal to the nominal value.

### **Current liabilities**

Most of the current liabilities have an expected term to maturity of one year or less. The liabilities are carried at fair value on initial recognition and are subsequently measured at amortised cost. Amortised cost is equal to the nominal value.

### **Liabilities regarding distribution**

The liabilities regarding distribution to right-holders are recognised in accordance with the provisions of the articles of association and the distribution regulations. Licence fee income is recognised at the moment that the invoice is issued. The liabilities regarding distribution item is carried at nominal value.

### **Outstanding amounts**

The 'Outstanding amounts' 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, less 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 distribution. Movements in this item are also caused by the unrealised part of the cost deduction for receivables movements. Any other movements will be clarified 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. Costs are determined in accordance with the accounting principles set out above. Losses are accounted for in the year in which they are foreseeable.

### **Dutch income**

Our services primarily consist of invoicing licence fees, registering the repertoire, processing the playlists 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 operating expenses is immediately credited or charged, as the case may be, to the liability regarding distribution.

### **International income**

This item accounts for the benefits arising from the withholding rate on foreign income.

### **Miscellaneous income**

This item comprises the income generated by other services.

### **Depreciation**

Depreciation is related to the acquisition value of the tangible and intangible fixed assets concerned. Such depreciation is based on the estimated economic life and calculated on the basis of a fixed percentage of the acquisition cost, 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 accounts) and are recognised in the year to which they refer.

## PRINCIPLES UNDERLYING THE CASH FLOW STATEMENT

The indirect method was used to prepare the cash flow statement.





NOTES TO THE CASH FLOW STATEMENT

DISTRIBUTION (1)

The summary below shows the composition of gross and net distribution in the 2016-2017 period. Distributions are made four times a year, at the end of each quarter. In 2017, gross and net Dutch distribution decreased by 3.6% and 3.4% respectively in comparison to 2016. We were able to distribute more fees from the income received during the same year in 2017 than in 2016. In total, we distributed € 18.2 million worth of Dutch licence fee income during the 2017 collection year. Furthermore, the first distribution payment from the Fund for Performing Artists took place during the financial year to the amount of € 58,000. This distribution also relates to domestic Dutch collection; no costs were withheld.

International distribution of fees showed a decrease of 39.1% in respect of 2016, due to the fact that far more was distributed in 2016 than was received in collection that year (€ 11.9 million versus received fees of € 8.7 million). The proportions in 2017 were more balanced.

	The Netherlands	International	2017
Gross distribution	51,630	7,260	58,890
Deduction of costs	(6,395)	(291)	(6,686)
Net distribution	45,235	6,969	52,204

	The Netherlands	International	2016
Gross distribution	53,536	11,861	65,397
Deduction of costs	(6,731)	(416)	(7,147)
Net distribution	46,805	11,445	58,250



NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER

INTANGIBLE FIXED ASSETS (2)

Movements in this item are as follows:

	2017	2016
	Software	Software
Book value as at 1 January	208	310
Investments	80	127
Disinvestments	(306)	(257)
Depreciation	(71)	(229)
Depreciation of disinvestments	306	257
Book value as at 31 December	217	208

The investments that were made in 2017 mainly related to the purchase of software licences, the development of the first phase of the Sena app and the setting up of a portal that allows producers to load sound files. Disinvestments comprise the development costs for the older version of MySena, which is no longer in use and had been fully written off.

The total acquisition values and depreciation are as follows:

	2017	2016
Acquisition value	4,619	4,845
Cumulative depreciation	(4,402)	(4,637)
Book value as at 31 December	217	208

Depreciation rates

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

TANGIBLE FIXED ASSETS (3)

Movements in this item are as follows:

	Refurbishment	Fixtures & fittings	Hardware	2017	2016
Book value as at 1 January	3	28	216	247	121
Investments	2	1	28	31	263
Disinvestments	-	(14)	-	(14)	(131)
Depreciation	(1)	(9)	(98)	(108)	(137)
Depreciation of disinvestments	-	14	-	14	131
Book value as at 31 December	4	20	146	170	247

In 2017, we primarily invested in hardware in the context of replacing desktop computers. The furniture replaced in the company canteen, which resulted in the disinvestments shown, had been written off entirely.

The total acquisition values and depreciation are as follows:

	Refurbishment	Fixtures & fittings	Hardware	2017	2016
Acquisition value	145	235	568	948	931
Cumulative depreciation	(141)	(215)	(422)	(778)	(684)
Book value as at 31 December	4	20	146	170	247

Depreciation rate

The following depreciation rates were applied: software (20%), fixtures and fittings (20%) and hardware (33.33%).

ACCOUNTS RECEIVABLE (4)

	2017	2016
Accounts receivable	7,035	5,726
Bad debt provision	(183)	(187)
Balance as at 31 December	6,852	5,539

	2017	2016
Accounts deceivable		
Balance as at 1 January	5,726	5,191
Invoiced licence fee income	67,454	65,029
Revenue	(67,302)	(65,907)
Written off against the provision	(4)	(31)
Other	1,161	1,444
Balance as at 31 December	7,035	5,726

MOVEMENTS IN RECEIVABLES AND BAD DEBT PROVISION

	2017	2016
Bad debt provision		
Balance as at 1 January	(187)	(821)
Debts written off	4	31
Release	-	603
Balance as at 31 December	(183)	(187)

The ‘Accounts receivable’ item has increased by € 1.3 million compared to 2016. Throughout the year, € 4,000 was written off in relation to debts that will no longer be collected. As in 2016, the formation of the bad debt provision was analysed in detail on the basis of empirical figures. This process yielded the conclusion that the provision is adequate and that no changes are consequently required. The ‘Other’ item consists of licence fees that have not yet been realised.





ACCRUED RECEIVABLES AND INCOME (5)

	2017	2016
Interest due	65	132
Prepaid expenses	254	198
Sena Performers Music Production Fund loans	110	111
Tax and social security contributions	-	146
Other	72	137
Balance as at 31 December	501	724

The ‘Interest due’ item has decreased in comparison to 2016 as a result of 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 ‘Other’ item includes a receivable of € 3,000 owed by Scan.

CASH RESOURCES (6)

	2017	2016
Savings account/deposit	59,000	59,000
Current account	10,095	4,599
Balance as at 31 December	69,095	63,599

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 social-cultural 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, the undistributed fees for performers in the 2013 music year were added to the provision in compliance with the resolution dated 17 March 2017. Moreover, a sum of € 414,000 from the amount available for distributions to producers was added to the Social-Cultural Fund in 2017.

	Performers	Producers	2017	2016
Balance as at 1 January	2,536	0	2,536	2,794
Additions for joint projects	222	222	444	150
Additions during financial year	761	192	953	925
Additions of distributable fees	791	-	791	-
Additions of undistributed fees	1,873	-	1,873	921
Additions: subtotal	3,647	414	4,061	1,996
Expenditure on joint projects	(222)	(222)	(444)	(150)
Expenditure in financial year	(1,955)	(192)	(2,147)	(2,104)
Expenditure: subtotal	(2,177)	(414)	(2,591)	(2,254)
Balance as at 31 December	4,006	0	4,006	2,536
Sena Performers Music Production Fund loans	110	-	110	111
Balance as at 31 December	4,116	0	4,116	2,647

SOCIAL-CULTURAL FUND (7) – CONTINUED

Specifications per year	Balance as at 1 January	Addition	Withdrawal	Balance as at 31 December
up to 2010	2,457	-	-	2,457
2016	79	-	(79)	-
2017	-	1,397	(1,397)	-
2017 (addition for the 2013 music year)	-	1,873	(324)	1,549
2017 (addition of distributable fees)	-	791	(791)	-
<b>TOTAL</b>	<b>2,536</b>	<b>4,061</b>	<b>(2,591)</b>	<b>4,006</b>

Overall, this is a non-current item, as the balance up to and including 2010 (€ 2.5 million) has no limitation period. The balance remaining after addition in the reporting year has a limitation period of three years.

PROVISION FOR CLAIMS (8)

Following the decision of the Performers and Producers Sections of 17 March 2017, the provision for claims item was created. This item is intended for the payment of claims that can no longer be recovered from third parties or cannot be charged to the account of a music year. A provision was made available of € 100,000 in total (50 per cent performers and 50 per cent producers) So far, € 6,000 worth of old claims has been paid to right-holders.

	Performers	Producers	2017	2016
<b>Balance as at 1 January</b>	-	-	-	-
Additions	50	50	100	
<b>Additions: subtotal</b>	<b>50</b>	<b>50</b>	<b>100</b>	
Payment	(4)	(2)	(6)	-
Release	-	-	-	-
<b>Withdrawals: subtotal</b>	<b>(4)</b>	<b>(2)</b>	<b>(6)</b>	<b>-</b>
<b>Balance as at 31 December</b>	<b>46</b>	<b>48</b>	<b>94</b>	<b>-</b>

Specifications per year	Balance as at 1 January	Addition	Withdrawal	Balance as at 31 December
up to 2016	-	-	-	-
2017	-	100	(6)	94
<b>TOTAL</b>	<b>-</b>	<b>100</b>	<b>(6)</b>	<b>94</b>



LIABILITY REGARDING DISTRIBUTION (9)

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 playlists). 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 2017	The Netherlands	International	Total 2016
Balance as at 1 January	50,825	4,735	55,560	50,252	8,622	58,874
Distribution						
Gross distribution	(51,630)	(7,260)	(58,890)	(53,536)	(11,861)	(65,397)
Deduction of costs	6,394	291	6,686	6,731	416	7,147
Net Distribution	(45,235)	(6,969)	(52,204)	(46,805)	(11,445)	(58,250)
Social-Cultural Fund						
Gross deduction	(3,959)	-	(3,959)	(2,403)	-	(2,403)
Deduction of costs	568	-	568	336	-	336
Net Deduction	(3,391)	-	(3,391)	(2,067)	-	(2,067)
Invoiced licence fee income						
Invoiced licence fee income	59,409	8,045	67,454	56,501	8,528	65,029
Movement in receivables	350	(502)	(152)	732	146	878
Total deceived licence fee income	59,759	7,543	67,302	57,233	8,674	65,907

Payable	The Netherlands	International	Total 2017	The Netherlands	International	Total 2016
Movement in receivable licence fee income	(1,161)	-	(1,161)	(1,445)	-	(1,445)
Movement in other receivables items	-	-	-	1	-	1
Movement in outstanding amounts	340	-	340	(372)	-	(372)
Operating expenses (net)	(6,911)	-	(6,911)	(6,778)	-	(6,778)
Deduction of withholding tax	-	(224)	(224)	-	(682)	(682)
International deduction of costs	-	(291)	(291)	-	(416)	(416)
Deduction of costs for provision of claims	1	-	1	-	-	-
Withdrawal under provision of claims	(100)	-	(100)	-	-	-
Fund for Performing Artists: Addition	84	-	84	-	-	-
Currency losses	-	(73)	(73)	-	(18)	(18)
Distributable fees	(777)	-	(777)	806	-	806
Other movements	(8,524)	(588)	(9,112)	(7,788)	(1,116)	(8,904)
Balance as at 31 December	53,434	4,721	58,155	50,825	4,735	55,560

<b>Non-payable</b>	<b>The Netherlands</b>	<b>International</b>	<b>Total 2017</b>	<b>The Netherlands</b>	<b>International</b>	<b>Total 2016</b>
<b>Balance as at 1 January</b>	<b>5,426</b>	<b>113</b>	<b>5,539</b>	<b>4,111</b>	<b>259</b>	<b>4,370</b>
Movement in receivables	811	502	1,313	1,315	(146)	1,169
<b>Balance as at 31 December</b>	<b>6,237</b>	<b>615</b>	<b>6,852</b>	<b>5,426</b>	<b>113</b>	<b>5,539</b>

<b>Outstanding amounts</b>	<b>The Netherlands</b>	<b>International</b>	<b>Total 2017</b>	<b>The Netherlands</b>	<b>International</b>	<b>Total 2016</b>
<b>Balance as at 1 January</b>	<b>1,522</b>	<b>-</b>	<b>1,522</b>	<b>1,150</b>	<b>-</b>	<b>1,150</b>
16% cost deduction on received Dutch licence fee income	18	-	18	131	-	131
12% cost deduction on received Dutch licence fee income	7,158	-	7,158	6,769	-	6,769
Operating expenses (net)	(6,911)	-	(6,911)	(6,778)	-	(6,778)
Belated claim *	(637)		(637)	-	-	-
Other movements	32	-	32	250	-	250
<b>Balance as at 31 December</b>	<b>1,182</b>	<b>-</b>	<b>1,182</b>	<b>1,522</b>	<b>-</b>	<b>1,522</b>

<b>Liabiliy regarding distribution</b>	<b>60,853</b>	<b>5,336</b>	<b>66,189</b>	<b>57,773</b>	<b>4,848</b>	<b>62,621</b>
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\* In relation to a judgment issued by the Court of The Hague on 8 February 2017, we made a distribution payment of € 637,000 that related to previous years.

Distribution and payment of the fees took place on the basis of the distribution regulations (see chapter 'About us'). As this relates to two different years, two different withholding percentages have been used.

This year saw a first distribution take place from the Fund for Performing Artists (Fonds Uitvoerende Kunstenaars), as mentioned previously. That distribution payment was included in the 'The Netherlands' column (net € 58,000). In addition, the collected amount for the Fund was added to the liability (€ 84,000, presented in 2016 under accrued liabilities). As such, the ongoing work item for this Fund comes to € 26,000 at year-end.

The 'Distributable fees' item relates to returned distribution payments. This amount was added to the Social-Cultural Fund pursuant to the decision of 17 March 2017.

The 'Other movements' item includes the items 'Withholding costs for debtor movements' (€ 108,000) and 'Movements for reservation for the Social-Cultural Fund' (-€ 130,000).



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 Organizations Control Board as well as being one of the criteria for the CMO Quality Mark.

	Open music year	Closed music year	Total music year
Double claims up to and including 2013	-	544	544
2014	5,393	-	5,393
2015	7,072	-	7,072
2016	12,830	-	12,830
2017	27,595	-	27,595
Total net distributable fees	52,890	544	53,434

Since 2009, a booking period of three years following completion of the music year in question has been applied. In 2017, the 2013 music year was closed. In accordance with a resolution by the section representatives, the balance of undistributed fees was distributed as follows: the producers’ share was paid out to the producers (€ 1.9 million gross) and the performers’ share was added to the Social-Cultural Fund in full (€ 1.9 million net following deduction of VAT). The remaining balance for the period up to and including 2013 (shown above) relates to double claims. Up to and including 2017, claims could still be submitted in relation to the 2014 music year. The final claims submitted for the 2014 music year will be processed during the first quarter of 2018. We have done everything possible to trace the right-holders.

Our mission states that we aim to distributed collected fees as quickly and as accurately as possible. Under the law, and in accordance with Section 2i(3) of the Copyright and Neighbouring Rights Supervision and Dispute Settlement Act, we must distribute fees within nine months after the end of the collection year, unless there are reasonable grounds that preclude such distribution. We more than fulfil this requirement for most of our distribution activities given that we, as one of the few collective rights management organizations, are able to distribute licence fees to right-holders already across the collection year. Nevertheless, we endeavour to trace the right-holders of partially claimed or unclaimed repertoire within a period of three years before these amounts are designated as undistributed fees.



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 organizations, which inhibits the lead time of processing distributions. Section 2k(5) of the Copyright and Neighbouring Rights Supervision and Dispute Settlement Act even stipulates that the collected fees must have been distributed within six months after the end of the collection year. Furthermore, 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. As in 2016, the total amount still to be distributed amounts to € 4.7 million in this financial year. This amount includes an as yet unspecified advance payment from Germany of € 2.3 million.

	Collection year	Total music year
< 2007	-	204
2007	-	35
2008	-	23
2009	-	50
2010	-	44
2011	-	85
2012	-	84
2013	-	114
2014	89	(8)
2015	-	34
2016	92	(62)
2017	3,929	8
Total payable	4,110	611



OTHER CURRENT LIABILITIES

	2017	2016
Payables	59	213
Tax and social security contributions	429	98
Accrued liabilities (10)	5,948	4,738

The payables balance includes € 501,000 in negative items.

Accrued liabilities

This item relates to receivables owed by right-holders. 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.



COMMITMENTS AND RIGHTS NOT SHOWN IN THE BALANCE SHEET

As at 31 December 2017, 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)	227	512	-
Lease contracts for cars	60	62	-
Copiers (contract runs up to and including January 2023)	5	16	-
Lessor's bank guarantee	-	25	-
Guarantee to Scan	-	1,000	-
Total for 2017	292	1,615	-
Total for 2016	297	1,869	-

Legal proceedings

On 8 February 2017, the Court of The Hague ruled at first instance that AMP c.s. were entitled to fair compensation. In execution of the judgment, Sena paid an amount to the relevant right-holders. The proceedings initiated by AMP c.s. against Sena are currently pending appeal before the Court of Appeal in The Hague. In their appeal, AMP c.s. increased their claim. If this claim were awarded by the Court, it would have a significant financial impact on the right-holders represented by Sena and moreover affect the current method of distribution used by Sena.

At present, however, it is impossible to provide a reliable estimate or forecast of the outcome given the current status of the appeal. Any additional payment corresponding to the payment that was made in 2017 would not impact the statement of income and expenditure,

but it would be directly deducted from the Liability regarding distribution item. Although this process will lead to a dilution of the minute value for the open years, it will not impact the current or future withholding percentage.

On 8 February 2017, the Court of The Hague also held that RTL should compensate the damage incurred by Sena as a result of RTL's failure in fulfilling its obligation to Sena in respect of the continued provision to Sena of a playlist that was as accurate as possible. The damage is yet to be ascertained further by way of damage assessment procedure. RTL has appealed the judgment of the Court.

EVENTS AFTER THE BALANCE SHEET DATE

Following the balance sheet date, the section representatives of the Producers and Performers Sections came to a decision on 23 March 2018 regarding the undistributed fees from 2014. The Producers Section decided to add the undistributed fees of the 2014 music year to the fees designated for distribution to right-holders in full, while the Performers Section decided that their full share of the fees should be added to the Social-Cultural Fund.

A right-holder halted the limitation period for closed music years through the submission of a complaint. Any resulting payment as a result of this complaint will be processed in the reporting year in which the payment takes place.



NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

MISCELLANEOUS INCOME (11)

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 (12)

	2017	2016
Wages and salaries	2,395	2,270
Social security contributions	452	452
Pension costs	181	210
Total	3,028	2,932

Our workforce comprised an average of 46.5 employees in 2017 (2016: 46.8), totalling 42.2 FTEs (2016: 42.7). The average number of FTEs in 2017 can be broken down into 5.2 FTEs for management and support, 9 FTEs for commerce, 9.4 FTEs for distribution, 2.0 FTEs for legal affairs and 16.6 FTEs for ICT, business development, communication and finance.

Wages and salaries in 2017 increased by € 0.1 million in respect of 2016. This increase was due to a number of factors. First, wages showed a slight increase on average. Second, the movements in the reserves for holidays and holiday allowances rose by € 45,000, due to fewer holidays being taken in 2017. Finally, a presentation adjustment of the employer’s share of the additional pension for the Executive Board in respect of last year led to an increase in the Wages and salaries item. At the same time, this adjustment led to a decrease of the pension costs with the same amount of € 29,000. Social security contributions in 2017 were in line with 2016.



EXECUTIVE BOARD REMUNERATION

(amounts x € 1)	2017	2017	2016	2016
Name	M.J. Bos	J.A. Moolhuijsen	M.J. Bos	J.A. Moolhuijsen
Position	CEO	CFO	CEO	CFO
Duration of employment	1 January – 31 December	1 January – 31 December	1 January – 31 December	1 January – 31 December
Extent of employment in FTE	1.0	1.0	1.0	1.0
Remuneration plus axable reimbursement of expenses	241,360	168,026	248,093	167,952
Remuneration payable in the future	41,473	21,479	41,473	21,479
Total	282,833	189,504	289,566	189,431
Individually applicable remuneration cap	181,000	181,000	179,000	179,000
Reason for possible exceeding of this cap	Transitional scheme under Executives’ Pay (Standards) Act I	Transitional scheme under Executives’ Pay (Standards) Act II	Transitional scheme under Executives’ Pay (Standards) Act I	Transitional scheme under Executives’ Pay (Standards) Act II

SUPERVISORY BOARD REMUNERATION

(amounts x € 1)	2017	2017	2016	2016
Position	Chair	Supervisory Board member	Chair	Supervisory Board member
Remuneration	20,000	15,000	18,750	13,500
Generally applicable remuneration cap	27,150	18,100	26,850	17,900

Position	Member with financial expertise	Member with financial expertise
Remuneration	17,500	14,750
Generally applicable remuneration cap	18,100	17,900

In 2017, the position of the independent member with financial expertise was vacant. Due to the fact that the position was temporary vacant in 2017, the abovementioned remuneration was not fully paid out. The parting independent member with financial expertise received a remuneration of € 8,750. The newly appointed independent member with financial expertise is entitled to € 1,944 starting 20 November 2017. This will be paid in 2018.

We would kindly refer you to the chapter ‘Personal details and relevant activities’ for the fulfilment of the position.

BOARD OF AFFILIATES REMUNERATION

(amounts x € 1)	2017	2017	2016	2016
Position	Chair	Supervisory Board member	Chair	Supervisory Board member
Remuneration	6,000	4,000	5,000	3,500
Generally applicable remuneration cap	18,100	18,100	17,900	17,900

The salary details of the Executive Board and the supervisory bodies are disclosed in compliance with the Collective Management Organizations (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 25a of the Collective Management Organizations (Copyright and Neighbouring Rights) Supervision and Dispute Settlement Act.

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’.

MAILING AND COLLECTION COSTS (13)

We have outsourced the invoicing and collection processes for general licences to the Copyright and Neighbouring Rights Service Centre (Scan). The corresponding costs have been charged to this item. As in 2016, a one-off release resulted in the overall costs being lower.





OTHER OPERATING COSTS (14)

	2017	2016
Other staff costs	456	445
Accommodation costs	257	249
IT costs	251	127
Office costs	67	85
Publicity costs	157	200
Advice and services from third parties	378	540
Overheads	724	693
Total	2,290	2,339

The ‘Other staff costs’ item was € 40,000 higher in 2017 due to increased costs of external support for the processing of repertoire. This item was partly compensated by a one-off release of a reserve. Accommodation costs showed an increase of € 8,000 in 2017 compared to 2016 as a result of an amendment to the lease arising from modifications to the commercial property. The decision was made in 2016 to charge the previously activated costs of the development of the Virtual Repertoire Database (VRDB) directly to the operating result. In 2016, this procedure led to an additional depreciation charge (please also see the statement on depreciations). The knock-on effect for 2017 is that the costs related to the management and the development of the VRDB will be directly charged to the statement of income and expenditure. These costs to the amount of € 130,000 are presented under IT costs and hence account for the deviation in respect of 2016. Publicity costs fell by € 43,000 due to the fact that a number of one-off promotional and research activities took place in 2016, which were not repeated in this fiscal year. The ‘Advice and services from third parties’ item decreased by € 162,000. This decrease was in part due to the fact that one-off costs were incurred in 2016 for the hiring of an external party to support the

IT department. In addition, other one-off costs were incurred for an external survey of radio and television rates. The overheads increased by € 31,000 in 2017 compared to 2016.

In general, a decrease was achieved in 2017 for items such as travel costs, playlist costs and contributions. Nevertheless, overheads rose in 2017 due to the fact that we were forced to include a reserve in the financial statements for a possible fine and corresponding interest charges (€ 120,000) for the American tax and customs authority (IRS) relating to the settlement of Sena’s Qualified Intermediary status. Naturally, we will be doing everything in our power to ensure that this penalty and interest charge is reduced or even avoided entirely.



OTHER OPERATING EXPENSES (15)

This item comprises depreciation and amortisation, supervisors’ costs and the financial result. The Depreciation and amortisation item was lower in 2017 due to a one-off accelerated depreciation of the investment in VRDB over 2016. The costs of the Supervisory Board and the Board of Affiliates are recognised under ‘Supervisors’ costs’. As from 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 balance that is maintained at the various financial institutions, interest income was lower in 2017 than in 2016.

BUDGETED OPERATING EXPENSES (16)

	2017	Budget
	€	€
Operating expenses (gross)		
Salaries	3,028	3,145
Mailing and collection costs	1,831	1,950
Other operating expenses	2,290	2,165
Depreciation and amortisation	179	292
Supervisors’ costs	155	163
Total operating expenses	7,483	7,715

The current operating expenses in 2017 were € 142,000 lower than budgeted. Salary costs came in under budget due to a number of staff changes that took place, which resulted in several vacancies over a period of several months. The recruitment process to fill these vacancies took longer than previously estimated. In addition, more employees took prolonged sick leave, which resulted in our receiving compensation from the insurer. Scan’s operating result also came in under budget, due in part to the one-off release of a cost reserve. The ‘Other operating expenses’ item exceeded the budget by € 125,000 in 2017, the primary reason being the aforementioned reserve for the possible fine and interest charges by the IRS for the amount of € 120,000. Naturally, we did not budget for these costs. Depreciation and amortisation was € 113,000 under budget. The ‘Depreciation and amortisation’ item was set too high in the 2017 Budget, due to the fact that no account was taken in its preparation of the accelerated depreciation of the VRDB. Finally, supervisors’ costs in 2017 were € 8,000 under budget as a result of the number of unfilled vacancies for a member of the Board of Affiliates and for the position of the independent member with financial expertise on the Supervisory Board. The latter position has been filled in the interim.

### AFFILIATED PARTIES

We have entered into a partnership with Buma under the name Copyright and Neighbouring Rights Service Centre (Scan). Scan carries out the invoicing for as well as the collection of licence fees from general licences on Sena's behalf and ensures that all fees received are distributed as soon as possible. It invoices its operating result to both parties each month. Both parties are represented on the Scan board.

Hilversum, 26 April 2018

### Executive Board

M.J. Bos

J.A. Moolhuijsen

### Supervisory Board

A. Wolfsen

P.K. van Olphen

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 2017

### Our opinion

We have audited the financial statements 2017 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 2017 and of its result for 2017 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 2017;

2. the profit and loss account for 2017; 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 Wet toezicht accountantsorganisaties (Wta), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations 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-Cultural 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 management board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

## 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 skepticism 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, 26 April 2018

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

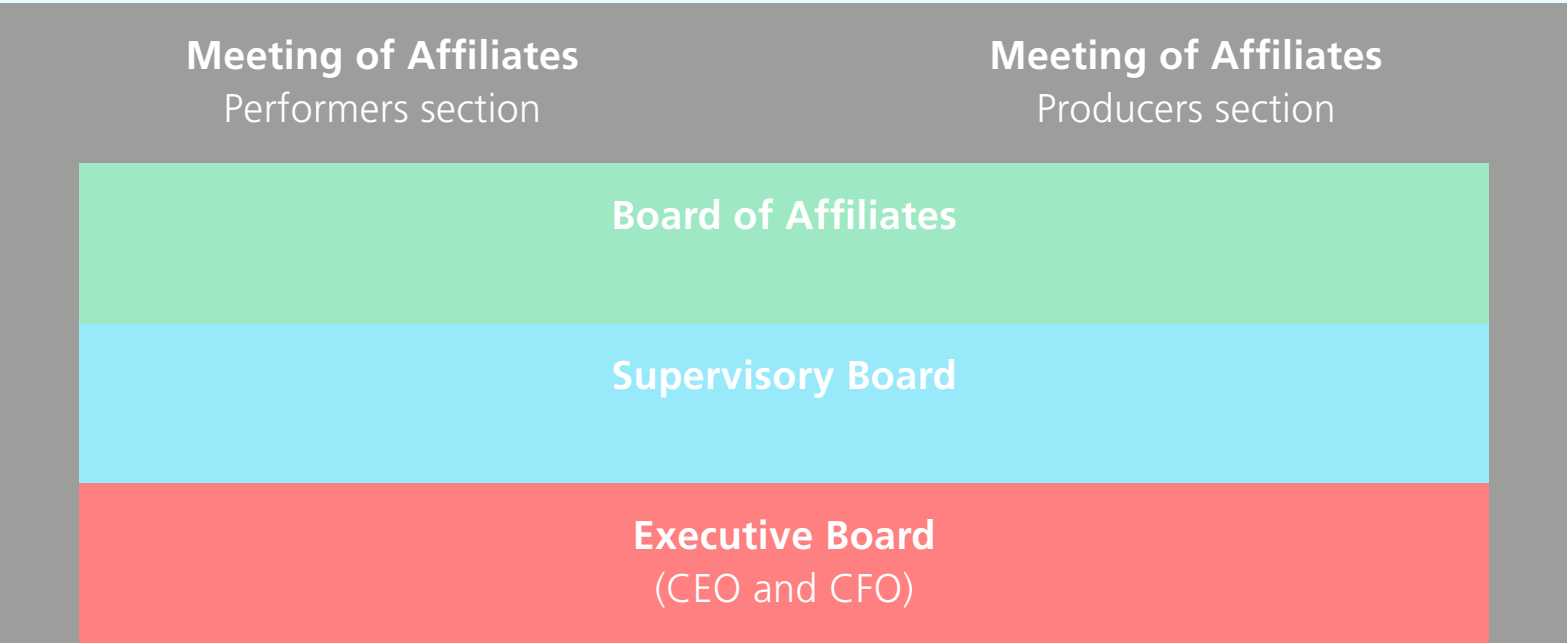
R.W.A. Eradus RA





# PERSONAL DETAILS AND RELEVANT ACTIVITIES

The day-to-day management of Sena is conducted by the Executive Board (Management Board). The Executive Board is monitored by the Supervisory Board. 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 2017. As from 31 December 2017, the Board of Affiliates comprised the following members:

### Mr E.R. Angad-Gaur

Chair of the Board of Affiliates until 29 September 2017 / Vice-Chair of the Board of Affiliates from 29 September 2017 / Chair of the Performers Section (paid)

Additional positions:

- 1 Musician/composer/lyricist/publicist (paid)
- 2 Secretary of Ntb, VCTN and SPAN (paid)
- 3 Chair 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 Thuis kopie (paid)
- 8 Member of the Board of Kunsten 92 (paid)
- 9 Member of the Board of D66's National Thematic Department 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 (paid)

**Ms H. Bannink (from 9 May up to and including 29 August 2017)**

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

Additional positions:

- 1 Head of Legal and business affairs, Cloud 9 Music B.V. (paid)
- 2 Member of the Board of Stichting Entertainment Groep

**Mr M. Beets**

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

Additional positions:

- 1 Bass player (paid)
- 2 Double bass 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 G. Bleijerveld (as from 1 July 2017)**

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

Additional positions:

- 1 Musician (paid)
- 2 Lecturer at Inholland in Media Entertainment Management/International Music Management (paid)
- 3 Independent legal consultant (paid)
- 4 Treasurer of Stichting NORMA (paid)
- 5 Secretary of the Buma Social Fund (paid)
- 6 Member of the Board of Stichting de Thuis kopie (paid)
- 7 Member of the Board of Stichting Leenrecht (paid)
- 8 Member of the Board of Stichting Leenrecht Kunstfonds (paid)
- 9 Vice-Chair of the Visual Works section at Stichting Leenrecht (paid)
- 10 Secretary at Popauteurs.nl (paid)
- 11 Popauteurs consultant (paid)
- 12 Member of the Board of Platform Makers (paid)
- 13 Chair of the Alsbach Stichting
- 14 Member of the Board of the Kunstenbond (legal successor to FNV KIEM; paid)

### **Mr P. Boertje**

Vice-Chair of the Board of Affiliates until 29 September 2017 / Chair of the Board of Affiliates from 29 September 2017 / Chair 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 Chair 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 Performer in various bands (Artvark, Houdini's, Jazzinvaders, Licksandbrains; paid)
- 4 Freelance arranger and composer (paid)
- 5 Radio programme host Dutch Jazz at Sublime FM (paid)

### **Mr M.J.T. van Duijvenbode (as from 1 July 2017)**

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

Additional positions:

- 1 Owner of Paloma Music (paid) Involvements through Paloma Music: Douwe Bob – management, songwriting, and band member (paid), Tangarine – management (paid)
- 2 Freelance session musician (paid)
- 3 Freelance producer (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 PragmaFlex 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 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 Board of PPL
- 5 Member of the Executive Board of SIMIM
- 6 Member of the WIN/Impala Collecting Rights Committee
- 7 Member of the Board of GVL

**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 Muziekauteurs en -Uitgevers

**Mr A.C.M. Ruiter (up to and including 30 June 2017)**

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
- 3 Member of the Board of NVPI Audio

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

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)
- 7 Chair of Stichting Dutch Performers House (paid)



**Ms S. Vierstra (up to and including 30 June 2017)**

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)
- 3 Feldenkrais teacher (paid)

**SUPERVISORY BOARD**

Unless stated otherwise, the Chair and members of the Supervisory Board were in post throughout 2017. As from 31 December 2017, the Supervisory Board consisted of the following members:

**Mr A. Wolfsen MPA**

Independent Chair of the Supervisory Board (paid)

Additional positions:

- 1 Chair of the Supervisory Board of Jantje Beton/NUSO
- 2 Chair of the Supervisory Board of Stichting de Basis (paid)
- 3 Chair of Long Alliantie Nederland (paid)
- 4 Deputy judge (paid)
- 5 Chair of the Supervisory Board of Oasen N.V. (paid)
- 6 Chair of Autoriteit Persoonsgegevens (paid)
- 7 Member of the Supervisory Board of Bartholomeus Gasthuis (paid)
- 8 Member of the Arbitration board for the building industry (paid)
- 9 Chair of the Employment and Remuneration Committee NVTZ (paid)
- 10 Chair of the NPO independent external recommendation committee for members of the Supervisory Board (paid)
- 11 Chair of Stichting Vrienden van de oude hortus Utrecht
- 12 Member of the Board of Stichting Move Utrecht



**Mr C.G. Boot RA (up to and including 26 June 2017)**

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)

**Ms P.K. van Olphen RA (from November 2017)**

Independent financial expert member of the Supervisory Board (paid)

Additional position:

CFO of SLTN Inter Access (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 Chair 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 Secretary of STOMP
- 4 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 Secretary of the EEGA (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 Chair and the independent financial expert member are appointed by the four Supervisory Board members appointed by the section representatives.





EXECUTIVE BOARD

Mr M.J. Bos

CEO (paid)

Additional positions:

- 1 Chair of the Copyright and Neighbouring Rights Service Centre
- 2 Treasurer of the Executive Board of VOI©E
- 3 Member of the Board/Treasurer of 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 ORGANIZATIONS CONTROL BOARD

Chair

Mr J.W. Holtslag

Members

Ms N. Loonen–van Es RA  
Mr M.R. de Zwaan

Director and Secretary

Dr V.L. Eiff

DISTRIBUTION DISPUTES COMMITTEE

Chair

Prof. F. W. Grosheide

Members

Mr B.J. Lenselink  
Mr R. Dijkstra

Secretary

Mr H.W. Roerdink

RESIGNATION ROTA FOR SUPERVISORY BOARD AND BOARD OF AFFILIATES AS FROM 1 JULY 2017

Name	Body	End current term
Mr E.R. Angad-Gaur	Board of Affiliates, Performers Section	30 June 2021
Mr M. Beets	Board of Affiliates, Performers Section	30 June 2018
Mr G. Bleijerveld	Board of Affiliates, Performers Section	30 June 2021
Mr P. Boertje	Board of Affiliates, Producers Section	30 June 2018
Mr R.P. Delfos	Board of Affiliates, Performers Section	30 June 2018
Mr M.J.T. van Duijvenbode	Board of Affiliates, Performers Section	30 June 2021
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 B. van Sandwijk	Board of Affiliates, Producers Section	30 June 2018
Mr M.C.J. ten Veen LLB	Board of Affiliates, Producers Section	30 June 2018
Ms A. Verheggen	Board of Affiliates, Performers Section	30 June 2020
Mr E. Winkelmann	Board of Affiliates, Performers Section	30 June 2020
Mr A. Wolfsen MPA	Supervisory Board, independent Chair	31 December 2021
Ms P.K. van Olphen RA	Supervisory Board, independent member with financial expertise	19 November 2021
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



# APPENDICES

## 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, organizational, 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 organizations.

- 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) organizations 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 organization.

## 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 organizations. 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 WTH INTERNATIONAL ORGANIZATIONS AS AT DECEMBER 2017

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

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



Country	Organization	Received licence fee income international	Gross distribution licence fee income international	Cost percentage withheld	Gross distribution licence fee income The Netherlands	Cost percentage withheld
Argentina	AADI	-	-	6%	1	16% / 12%
Austria	LSG	106	-	4%	43	16% / 12%
Belgium	Playright	764	-	4%	184	16% / 12%
Brasil	Abramus	122	-	6%	28	16% / 12%
Brasil	SBACEM	-	-	6%	2	16% / 12%
Canada	Actra PRS	70	-	6%	243	16% / 12%
Canada	ARTISTI	-	-	6%	4	16% / 12%
Canada	MROC	-	-	6%	29	16% / 12%
Czech Republic	Intergram	-	-	4%	1	16% / 12%
Denmark	GRAMEX	84	-	4%	108	16% / 12%
Finland	GRAMEX	35	-	4%	25	16% / 12%
France	ADAMI	391	9	4%	172	16% / 12%
France	Spedidam	225	4	4%	68	16% / 12%
Germany	GVL	2,459	4	4%	163	16% / 12%
Hungary	EJI	46	-	4%	-	16% / 12%
Ireland	RAAP	(8)	1	4%	253	16% / 12%
Italy	ITSRIGHT	-	-	4%	9	16% / 12%
Italy	IMAIE	-	-	4%	21	16% / 12%
Italy	NUOVO IMAIE	180	-	4%	1	16% / 12%
Japan	Geidankyo	259	11	6%	18	16% / 12%
Norway	Gramo	98	-	4%	48	16% / 12%
Poland	STOART/SAWP	243	2	4%	1	16% / 12%
Portugal	GDA	-	-	4%	1	16% / 12%
Romania	Credidam	-	-	4%	2	16% / 12%
Russia	VOIS	-	-	6%	1	16% / 12%
Spain	AIE	162	2	4%	45	16% / 12%
Sweden	SAMI	79	-	4%	547	16% / 12%
Switzerland	SWISSPERFORM	167	5	4%	4	16% / 12%
United Kingdom	PPL	709	3	4%	6,186	16% / 12%
United States	AARC	-	1	6%	22	16% / 12%
United States	AFM/AFTRA	148	-	6%	146	16% / 12%
United States	Sound Exchange	844	154	6%	345	16% / 12%
Total performers		7,183	201		8,721	



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

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





Country	Organization	Received licence fee income international	Gross distribution licence fee income international	Cost percentage withheld	Gross distribution licence fee income The Netherlands	Cost percentage withheld
Australia	PPCA	16	-	6%	-	16% / 12%
Belgium	SIMIM	227	-	4%	21	16% / 12%
Canada	Re:Sound	11	-	6%	1	16% / 12%
Denmark	GRAMEX	-	-	4%	2	16% / 12%
Estonia	EFÜ	15	-	4%	-	16% / 12%
France	SCPP	18	-	4%	-	16% / 12%
Germany	GVL	-	-	4%	1	16% / 12%
Germany	IFPI	-	-	4%	16	16% / 12%
Hungary	MAHASZ	12	-	4%	-	16% / 12%
Ireland	PPI	(3)	-	4%	-	16% / 12%
Italy	SCF	9	-	4%	1	16% / 12%
Latvia	Laipa	16	-	4%	-	16% / 12%
Sweden	IFPI Svenska	39	-	4%	2	16% / 12%
United Kingdom	PPL	-	-	4%	467	16% / 12%
Total producers		360	-		511	
Total		7,543	201		9,232	



4. TRANSPARENCY REPORT (REFERENCE TABLE)

Please find below the reference table regarding the statutory obligation to publish a transparency report, as referred to in the Transparency Report (Collective Management Directive) Decree and published in the Government Gazette on 23 November 2016. The purpose of this table is to increase the ease for the reader to find the required elements of the transparency report in this annual report.

Section	Description	Part of annual report
Section 2		
a	cash flow statement;	Cash flow statement
b	information on refusals to grant a licence under Section 2l(3) of the Collective Management Organizations (Copyright and Neighbouring Rights) Supervision and Dispute Settlement Act;	Transparency report
c	a description of the statutory and administrative structure of the collective management organization;	Personal details and relevant activities, Appendices 1 and 2
d	information on the entities that are directly or indirectly owned by, or are wholly or partially under the supervision of, the collective management organization;	Notes to the statement of income and expenditure; Affiliated parties
e	information on the total remuneration amount that was paid to the persons referred to in Section 2e(3) and Section 2f of the Collective Management Organizations (Copyright and Neighbouring Rights) Supervision and Dispute Settlement Act in the past financial year, including any other benefits granted to such persons;	Notes to the statement of income and expenditure; Executive Board and Supervisory Board remuneration, Personal details and relevant activities
f	the financial information referred to in Section 3 of this Decrees;	See Section 3
g	a special report on the use of amounts that have been withheld for social cultural, and educational services, in which the information as referred to in Section 3 of this Decree is included;	See Section 3
Section 3		
a	financial information on rights revenue specified by category of managed rights and by type of use, including information on the income from the investment of rights revenue and the use of such revenue;	Report of the Executive Board, Notes to the 2017 results, Transparency report
b	financial information on the costs of rights management and services provided by the collective management organization to right-holders, with a full description of at least the following items:	



Section	Description	Part of annual report
	1 all operating expenses and financial costs, specified by category of managed rights, and, in the event of indirect costs that cannot be attributed to one or more rights categories, an explanatory note on the method of allocation of indirect costs;	Transparency report
	2 operating expenses and financial costs, specified by category of managed rights, and, in the event of indirect costs that cannot be attributed to one or more rights categories, an explanatory note on the method of allocation of indirect costs, to the extent that these costs relate to rights management, including the management costs that have been withheld on or compensated with rights revenue or income arising from the investment of rights revenue under Section 2g(4) and Section 2h(1–3) of the Collective Management Organizations (Copyright and Neighbouring Rights) Supervision and Dispute Settlement Act;	N/A
	3 operating expenses and financial costs for services other than rights management, including social, cultural and educational services;	Social-cultural projects
	4 resources that are used to cover costs;	N/A
	5 amounts that have been withheld on rights revenue, specified by category of managed rights, type of use and purpose of the deduction;	Statement of movements in distributable licence fee income. Also see: Notes to the balance sheet, Liability regarding distribution
	6 the percentages of the costs of the rights management and other services provided by the collective management organization to right-holders in respect of the rights revenue in the relevant financial year, by category of managed rights, and, in the event of indirect costs that cannot be attributed to one or more rights categories, an explanatory note on the method of allocation of indirect costs;	Key figures and Appendix 3, Agreements with international organizations as at December 2017
c	financial information on amounts owed to right-holders, with a full description of at least the following items:	
	1 the total amount attributed to right-holders, specified by category of managed rights and type of use;	Notes to the balance sheet; liability regarding distribution
	2 the total amount paid to right-holders, specified by category of managed rights and type of use;	Notes to the cash flow statement, Notes to the balance sheet; liability regarding distribution
	3 the frequency of the payments, specified by category of managed rights and type of use;	Notes to the cash flow statement
	4 the total amount collected but not yet allocated to right-holders, specified by category of managed rights and type of use, and an indication of the fiscal year in which these amounts were collected;	Notes to the balance sheet; liability regarding distribution
	5 the total amount allocated but not yet distributed to right-holders, specified by category of managed rights and type of use, and an indication of the fiscal year in which these amounts were collected;	Notes to the balance sheet; liability regarding distribution
	6 if a collective management organization has not carried out the distribution and payment within the period stipulated by Section 2i(3) of the Act, the reasons for this delay;	Notes to the balance sheet; liability regarding distribution



Section	Description	Part of annual report
	7 the total of non-distributable amounts, with an explanatory note on the use of those amounts;	Notes to the balance sheet; liability regarding distribution
d	information on the financial relationship with other collective management organizations, with a description of at least the following items:	
	1 amounts received from other collective management organizations and amounts paid to other collective management organizations, specified by category of managed rights, type of use and organization;	Transparency report and Appendix 3, Agreements with international organizations as at December 2017
	2 management costs and other deductions on income from managed rights that are owed to other collective management organizations, specified by category of managed rights, type of use and organization;	Appendix 3, Agreements with international organizations as at December 2017
	3 management costs and other deductions on the amounts that have been paid by other collective management organizations, specified by category of managed rights and organization;	Appendix 3, Agreements with international organizations as at December 2017
	4 the amounts directly distributed to right-holders that derive from other collective management organizations, specified by category of rights and by organization;	Notes to the cash flow statement
<b>Section 4</b>		
a	the amounts for social, cultural and educational services withheld during the financial year, specified by type of objective, and a specification of each objective by category of managed rights and type of use;	Key figures, Statement of movements in distributable licence fee income, Notes to the balance sheet, Liability regarding distribution
b	a clarification of the use of those amounts, with a specification by type of objective, including the management costs of the withheld amounts for the funding of social, cultural and educational services as well as the individual amounts that have been used for social, cultural and educational services;	Social-cultural projects

5. TRANSPARENCY REPORT

Information on refusal to grant a licence

Due to the fact that Sena exercises a right to be compensated rather than a right of prohibition on behalf of its right-holders, it is in principle unable to withhold, suspend or terminate music licences from or of music users. Licences can only be terminated at the initiative of the music user, if that user wishes to terminate the publication or disclosure of protected mechanical music and notifies Sena of this fact.

Licences will be suspended if a music user refuses the payment of fair compensation in accordance with Section 7 of the Neighbouring Rights Act (Wet op de naburige rechten). Should the music user report to have played music in public for which Sena is not owed a fee, the rights incumbent on the music that has been used will be verified before the termination of the licence is effected.

Rights revenue		2017	2016
		€	€
Rights category	Type of use		
Neighbouring rights	The Netherlands	59,409	56,501
Dutch licence fees		59,409	56,501
Rights category	Type of use		
Neighbouring rights	International	7,901	7,939
Other rights	International private copy	144	589
International licence fees		8,045	8,828
Total rights revenue		67,454	65,029
Income from investment* of rights revenue		65	176
Total rights fees including income from investment		67,519	65,205

\* Rights revenue that is not yet payable, in accordance with the investment principles, will be held at banks on savings accounts that yield the highest possible interest. The income from investment outlined here exclusively relates to revenue from interest.



Costs		2017	2016
		€	€
Rights category – type of use			
Dutch collection	Operating expenses (gross)	7,104	7,189
International collection	Operating expenses (gross)	379	396
Total cost allocation		7,483	7,585

Sena employees do not record their hours. As such, we make no distinction in terms of the hours dedicated to the rights categories listed above. Nevertheless, in order to comply with the requirements of the transparency report, the gross operating result has been charged to the Dutch collection and International collection rights categories based on a estimate of the dedicated hours for each department. This overview is founded on a comprehensive cost calculation, which also includes pro rata rental costs for the premises.





## 6. GENERAL INFORMATION SENA

Op 29 september 1992 is bij notariële akte de Stichting ter Exploitatie van Naburige Rechten opgericht. De stichting heeft haar zetel te Hilversum. Op 24 november 2017 zijn de statuten laatstelijk gewijzigd.

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 Neighbouring Rights 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 or educational 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 inside and outside the Netherlands 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 Justice and Security 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.

# COLOPHON

## Editor-in-chief

Melanie van de Kuinder, Sena

## Concept and realisation

Fellows

## Interviews

Rianne van der Molen

## Photography

Paul Tolenaar

## Video

Seeltje van Boeckel

## Contact

Catharina van Renneslaan 20  
1217 CX Hilversum

T +31 (0)35 - 625 1700

E [sena@sena.nl](mailto:sena@sena.nl)

I [www.sena.nl](http://www.sena.nl)

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