

PRINCIPLES FOR DISTRIBUTION OF RIGHTS REWARDS, COLLECTIVE REWARDS AND INDISTRIBUTABLE FUNDS

At the general meeting of Music Nest Norway (MNN) on December 20th, 2022, the following distribution principles were adopted.

LEGAL FEES

Remunerations received and managed by MNN are distributed to the greatest extent possible based on actual use and based on a set of distribution keys approved by the board and the general meeting. Remuneration must be distributed in accordance with the Act on collective management of copyright. MNN prepares forecasts that list the distributions made under the auspices of MNN, and according to which distribution keys.

The distribution keys are prioritized as follows:

Key	Basis of calculation	Distribution	Explanation
1	Actual use	The allocation of funds is made on the basis of actual use in the form of reporting from the user or external registration of use.	The rights registered as used are reimbursed for the relevant use (proportionately).
2	Analogous distribution based on reporting	In the absence of information on actual use, the closest distribution based on actual use is used.	This may be because the information cannot be obtained in any way, or that it would be disproportionately burdensome (e.g. financially or time-wise) to obtain information about actual use for the area in question. In these cases, an analogous distribution basis can be used according to the board's decision, provided that there is another area - where actual use is known - which is sufficiently related that the distribution can be made on the basis of this use.
3	Analogous distribution based on previous years' distributions	The distribution is made on the basis of the previous year's total distributions, calculated proportionally.	The distribution can be used when information about actual use cannot be obtained. This may be due to the fact that the information cannot be provided in any way, or that it would be disproportionately burdensome (financially or in terms of time) to obtain information about actual use for the area in question. In addition, there is no related area of actual distribution that can be used analogously. The distribution means that the total distributions from the previous year are calculated so that a right holder's total share of the funds distributed in the previous year is used as the basis for distribution. This means that the licensee's average share of the funds in the previous year forms the basis for the distribution.

Withhold- ing of funds	According to the dis- tribution key in the applicable area		According to the association's articles of association, the secretariat has the option to withhold remunera- tion to ensure that the rights holders are not later faced with demands for repayment. Reservations are approved by the board.
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MNN distributes to all music producers, regardless of membership, in line with the Act on collective management of copyright. This applies, for example, to the distribution of NORWACO funds and to direct agreements with an agreement license effect. For some areas, distribution will only be made to music producers who are members of MNN at the time of distribution, for example where agreements are made for only parts of the repertoire.

INDISTRIBUTABLE FUNDS

Non-distributable funds are funds that have been received as consideration and which MNN has not been able to distribute and which no rights holder has claimed within 3 years from the end of the accounting year when the amounts in question were collected, cf. Act on collective management of copyright section 21 third paragraph.

In the period from receipt of rights remuneration until expiry occurs, MNN must work actively to identify individual rights holders so that the remuneration can be paid. If the rights holder has not been able to collect within the limitation period, the remuneration is categorized as indivisible.

When the consideration can be categorized as non-distributable, any rights holder's right to demand payment of the consideration is lost.

The non-distributable funds are redistributed within the same administrative areas from which they come. The redistributed remuneration shall be distributed in connection with the next main distribution within the administrative area to which the funds are linked. If an administrative area linked to the non-distributable funds has ceased, the board can decide to which current administrative area the funds are to be distributed instead.

The board can also decide that a share of the individual non-distributable funds must be distributed collectively, cf. Act on collective management of copyright section 12, fourth paragraph letter b. The board can also decide that a share of the non-distributable funds can be reserved and used to cover any claims that rights holders may have or obtain against MNN. Correspondingly, the board can decide that any withheld funds shall later be distributed as non-distributable funds.