

We think of music



OSA – Ochranný svaz autorský pro práva k dílům hudebním, z.s. is a professional association of composers, lyricists and music publishers, which continues the work of Ochranné sdružení spisovatelů, skladatelů a nakladatelů hudebních děl, zapsané společenstvo s ručením omezeným (Protective association of writers, composers and publishers of musical pieces, registered union with limited liability), which was founded in 1919 by Karel Hašler, Rudolf Piskáček, Arnošt Hermann, Josef Šváb, František Šmíd, Eduard Joudal, Emil Štolc, Otakar Hanuš and Karel Barvitijs. The son of composer Antonín Dvořák was one of the first directors. OSA is also one of the founding members of the International Confederation of Authors and Composers Societies CISAC (founded in 1926) and Bureau International de l'Édition Mécannique BIEM (founded in 1929).

Management of copyrights of represented composers, lyricists, inheritors of copyrights and publishers, not the interpreters of these compositions, is the mission of OSA. To ensure the widest possible territorial and repertory coverage, Ochranný svaz autorský

(Copyright Protection Association) has concluded contracts with partner companies around the world, and in this way, it offers the authors a unique opportunity to get paid automatically for music played in most countries of the world. Currently, in the Czech Republic, OSA represents rights and offers repertoire of more than 1,000,000 copyright holders from various parts of the world; as of 31 December 2016, there were 9,159 domestic authors. OSA represents foreign authors through reciprocal agreements concluded with 80 foreign collective rights managers.

Because of this extensive international background, the tradition of almost one hundred years and last but not least the active enforcement of copyrights at home and abroad, OSA strives to give authors the opportunity to concentrate on their work without being disturbed.

At the same time, we facilitate simple and easy access to legal use of the compositions of authors from all over the world and across genres to all users. OSA creates an important bridge between authors and users in this way.

Music brings beauty to people's lives. Its creators deserve our recognition, admiration, but mainly care and support. Our mission is to ensure that the authors can develop their unique talents further and thereby enrich our lives. And it is their talent, if you want a gif that needs to be promoted most.

Some authors present this gift as the ability to see music. They see music as colorful shapes that are formed from individual tones, melodies, rhythms and harmonies where everything fits in perfectly and creates a beautiful three-dimensional image full of colors, shapes, synopsis, mirroring and movement.



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OSA in figures 2016

Year-on-year comparison of main indicators of economic results for 2016/2015 *

Royalties collected for OSA	929,849	+ 88,390	+ 10.50%
Distributed to authors and publishers	787,894	+ 103,495	+ 15.12%
Total royalties collected	1,007,329	+ 92,345	+ 10.09%
Total costs	142,407	+ 7,708	+ 5.72%
Average overheads	14.14%		- 0.58%

Structure of royalty collection from selected segments *

	2016	Diff. 2016/2015	
Television broadcasting	212,761	+ 2,937	+ 1.40%
Recorded music	199,211	+ 25,438	+ 14.64%
Concerts and other live music productions	143,383	+ 35,645	+ 33.08%
Radio broadcasting	82,166	+ 12,983	+ 18.77%
Cable transmission operators	80,232	- 5,519	- 6.44%
Blank media levies	74,923	+ 2,624	+ 3.63%
Royalties collected abroad	61,706	+ 1,724	+ 2.87%
Music carriers sold	20,441	+ 3,234	+ 18.79%
Internet	15,554	+ 5,268	+ 51.22%
Cinemas and other projections	13,539	+ 4,147	+ 44.15%
Agency activity (synchronization, theatre performances)	6,323	+ 1,496	+ 30.99%
Audiovisual works with music content	5,216	- 1,534	- 22.73%

* exclusive of other collective rights managers
in CZK '000

OSA supervisory board report 2016

Dear colleagues,

this report of activities of the Supervisory Board relates to the period from the last General Meeting held on 19 May 2016 to the 2017 General Meeting held on 23 May 2017.

Introductory information Our Board of Directors consisting of three members is stable and its members have not changed. After the elections held at the last General Meeting, the Supervisory Board started working with its new members. All elected members have delivered their clean criminal record certificates and negative lustration certificates in accordance with Article 12.1 of our statutes.

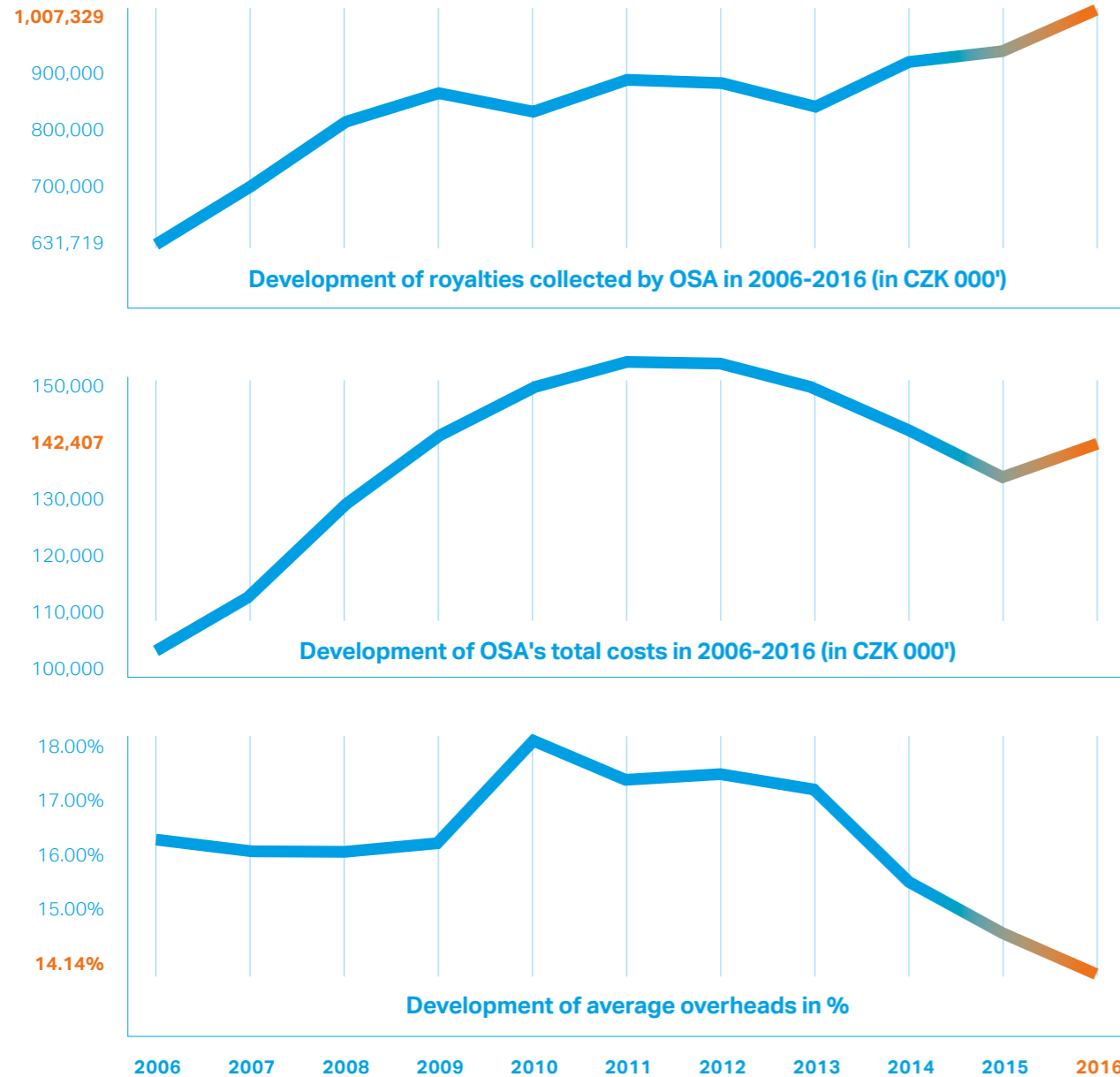
Audit The regular audit, carried out by Apogeo, did not detect any defects in OSA accounts for 2016 and the information contained in the annual report of OSA Board of Directors is consistent with the financial statements in every respect.

Economic results Once again we can state with satisfaction that OSA's economic growth continued

in 2016. The total of royalties collected grew by 10 %. Our realistic targets were exceeded in a manner best described as "outstanding" or, if you wish, a dreamland. We really did not expect reaching the ten-digit number as early as in the last year.

The year of 2016 also beat the results of the historically most successful year of 2015 and the best economic result for the whole existence of OSA was achieved. Collection of royalties was not affected by any extraordinary circumstances beyond a standard accounting year. The reason behind the result is to be found particularly in the hard work of the Board of Directors and OSA employees. Despite an increase in the costs necessary to improve productivity, the average overheads were reduced by 0.58% thanks to the record amount of royalties collected. Other details and detailed statements can be found in the annual report of OSA Board of Directors. In the next page, you can examine reference charts of royalties collection development over the last 11 years.

Year	Total royalties collected <i>(in CZK '000 net of VAT)</i>	Average overheads
2014	900,145	15.54%
2015	914,984	14.72%
2016	1,007,329	14.14%



Membership As of 31 December 2016, OSA represented in total 9,159 copyright holders compared to the 8,819 in the previous year. The number of members slightly increased in between the General Meetings. As of 31 December 2016, there were 578 members in total – 331 are popular music composers, 77 are classical music composers, 92 are lyricists, 53 are inheritors and 25 are publishers. But from 1 January 2017, we have 19 new members accepted at the last General Meeting. Hence the current number of association members is 597 (compared to 592 in the last year). Membership conditions were met by the total of 27 copyright holders this year. Membership application was filed by 10 represented persons – 6 popular music composers and 1 classical music composer in the professional group of composers, 1 lyricist and 2 inheritors. Decision on these applications will be made at this year's OSA General Meeting.

Copyright Act amendment It was supposed to be a major event of 2016 for us but it was eventually delayed by one year. But to be fair, the Czech Republic is not the only country in delay. We received the government's draft amendment last year in February. The purpose of the amendment was to transpose the directive of the European Parliament into our legal system but it became a battle for collective rights managers' tariffs. The government's amendment which contained an effective freeze of royalties "for ever" had been drawn up much earlier than OSA published

its new tariff for music performed by means of technology in March 2016. Therefore it is not appropriate to look for a causal link between our tariff and legislator's intention to limit collection of royalties. Our tariff was later misinterpreted and used to influence the public not at the time of publishing but a few months later. Everything was time just before the regional elections and debates on the copyright act amendment. The famous 50% increase applies only to hotels and restaurants in the cities with population higher than 100,000 and OSA's share in this segment (TVset), from which royalties are collected also by other collective rights managers (Intergram, Dilia, OOA-S, OAZA), was less than 24%. Our share increased by 50% affected end users as an overall increase by 19%. OSA's tariff share is currently 30% and our rate is not the highest among the aforementioned companies after the rise in prices. If we go a little further, we can ask whether the overall relations among individual collective rights managers comply with the common European standard. The information about a rise in OSA's prices – i.e. all prices increased by 50% – was a complete fiction or more precisely a calculated disinformation.

A new tariff in the segment of public production of live music has been in force since 1 January 2016. This tariff was subject to strict examination. "The Office for the Protection of Competition inquired into a possible violation of the Act on Protection of Competition resulting from the increase of OSA royalties in the live music tariff for 2016 compared

to the tariff in force in 2015. In this respect, the Office states that it has concluded the inquiry without finding any reasons for initiation of administrative proceedings. The complainant has been informed in this respect." The OPC is also supposed to inquire into our new tariff for recorded music.

Work of the Supervisory Board In addition to its standard activities, we devoted the most time to the amendment of the Copyright Act. Where possible, OSA representatives attended each round-table discussion as well as each meeting of parliamentary or senate committees. We had several opportunities to talk to the deputies and we made use of them. We distributed several letters, e.g. to the Ministry of Culture or to the prime minister of the Czech Republic. At this point I would like to express my thanks to Ing. Roman Strejček, chairman of the Board of Directors, because he had to communicate with and face the pressure of the media throughout the year. We would like to believe that our effort helped reverse the negative development of the discussed amendment. The suffering resulted in a comprise Copyright Act which, once a few legal issues are resolved, we can learn to comply with. We will have a tariff regulator which standard in the European Union. When we want to increase the rates by more than the annual inflation, we will need a prior approval of the Ministry of Culture. Where the Ministry of Culture does not grant the approval in public proceedings, we will have a remedy of turning to a court.

From 1 January 2017, OSA is a member of the Economic Chamber of the Czech Republic. We considered it appropriate to join this organization in order to declare our affiliation with the private business sector. Authors are subject to special legislation and they are either self-employed persons or they are registered as small companies. This is a special type of business where each author carries on business using his/her art and talent in the creative industry. As proven by the last year's figures, the amounts of money involved are not small. OSA is also an organization working across borders and author activities represented by OSA provide employment to many other professions and services on the labor market. Our admission raised heated debates in the Chamber, which is good. OSA certainly deserves more respect.

Fundamental documents The Supervisory Board together with its committees dedicated efforts to adjustments of our fundamental documents. At this year's General Meeting, we have to adapt our internal regulations to the requirements of the new Copyright Act. Therefore, we will amend the statutes, rules of procedure of the General Meeting as well as the distribution rules including the statutes of the cultural and social fund. Some changes brought about by the directive of the European Parliament and the amendment to the Copyright Act may be considered technical because they are mandatory for us. Factual changes which are subject to our decision will be discussed in detail in advance. We present the

distribution rules for public performances – live music in accordance with new principles which were presented in 2015 and, having been reviewed, are fully consistent with the directive of the European Parliament as well as with the amendment to the Copyright Act. Structure of our current distribution rules is factually based on the situation existing in the nineties but since then the music market and technology of musical works dissemination have substantially changed. The proposal aims to accept changes of the external environment, improve the position of domestic authors, achieve greater fairness and radically simplify the distribution process. To do so necessitates transition to the direct distribution of royalties collected while maintaining the current level of support for non-commercial works through the cultural and social fund as is the current practice of the vast majority of European collective rights managers.

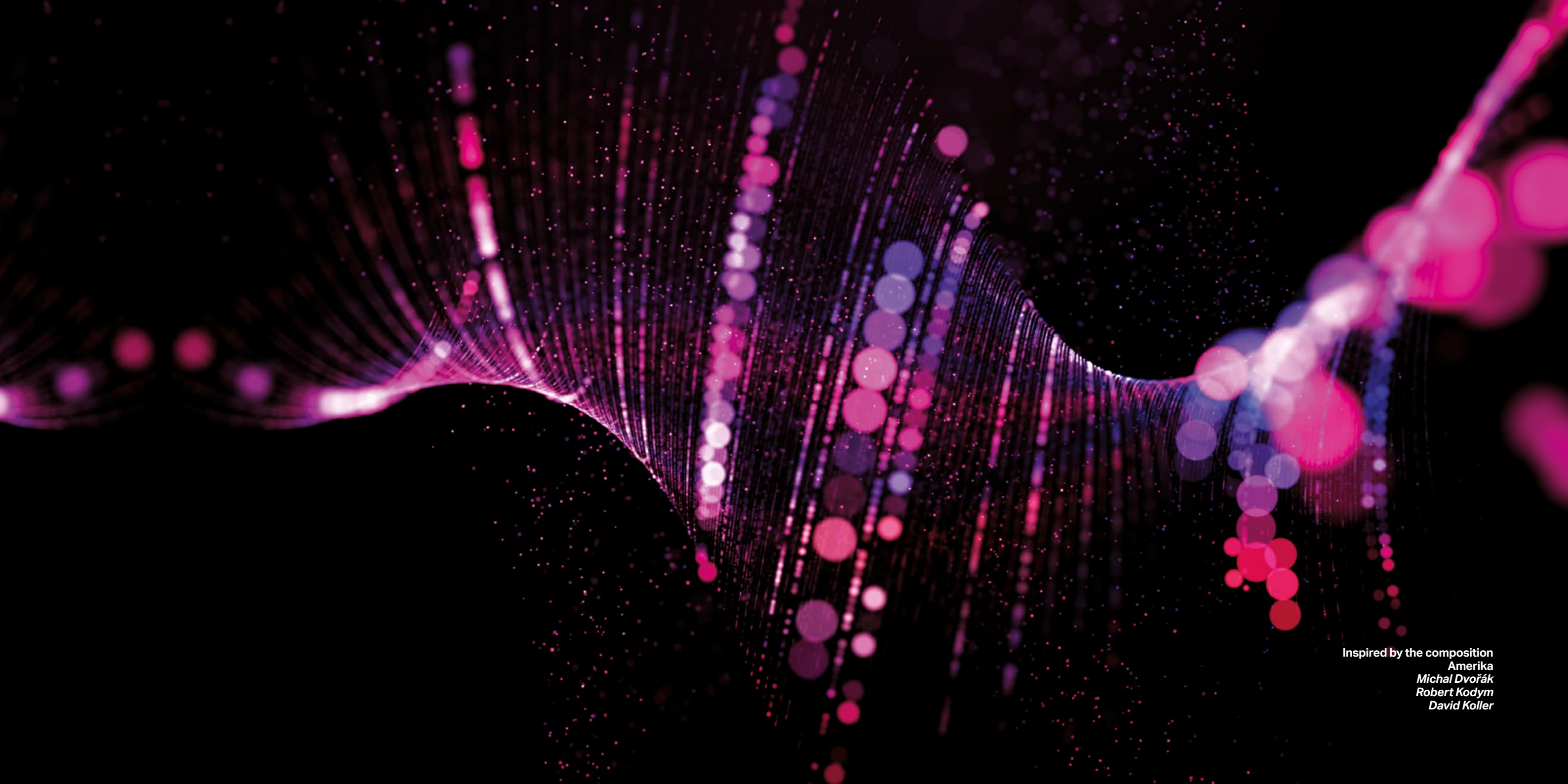
Conclusion Last year's results are persuasive evidence of the excellent condition of OSA. But it still applies that OSA must be able to compete within EU countries. Another directive of the European Parliament regarding the copyright is expected to be passed in two years. The effort to unify protection of copyrights in the European Union continues and hence we await another amendment to the present one. But the contents of the next amendment are still unknown.

Let me express my thanks on behalf of the Supervisory Board to the Board of Directors and

OSA employees for their year-round work and outstanding economic results in 2016 and to all of you for your trust.

On behalf of the Supervisory Board, I wish many creative and personal successes to you all.

Luboš Andršt
for the Supervisory Board



Inspired by the composition
Amerika
Michal Dvořák
Robert Kodym
David Koller

02

OSA profile

2. 1. Basic OSA characteristics

Name: OSA — Ochranný svaz autorský pro práva k dílům hudebním, z.s.

Legal form: registered association

Registered office: Čs. armády 786/20, Prague 6, post code 160 56, Czech Republic

ID: 63839997

Tax ID No.: CZ 63839997

Registered in the Associations Register kept by the Municipal Court in Prague, Section L, Insert 7277

Contact information

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Facebook: www.facebook.com/Ochrannysvazautorksy

Autor in: www.autorin.cz

Infosa: www.infosa.cz

Myslíme na hudbu (We think of music): www.myslimenahudbu.cz

OSA annual awards: www.cenyosa.cz

Customer centre — Havlíčkův Brod

Nádražní 397

580 01 Havlíčkův Brod

Customer line: +420 220 315 000

E-mail: vp@osa.cz

Subject of activity

The collective management of ownership copyrights to musical pieces with or without lyrics and to other copyrighted works within the meaning of the Copyright Act and disclosure of these works to the public and related activities on the basis of an authorization granted by the Ministry of Culture of the Czech Republic or on the basis of a commission granted to OSA by other collective rights manager, all of these are the main subjects of business of OSA. OSA further performs agency activities on the basis of an issued trade license. Within the agency, it also grants licenses on the basis of an individual commission from individual copyright holders

OSA is a member of international organizations

CISAC Confédération Internationale des Sociétés d'Auteurs et Compositeurs
International Confederation of Societies of Authors and Composers

BIEM Bureau International des Sociétés Gérant les Droits
d'Enregistrement et de Reproduction Mécanique

International Bureau of Companies Managing Rights for Mechanical Recording
and Reproduction of Musical Works

GESAC Groupement Européen des Sociétés d'Auteurs et Compositeurs
European Association of Authors and Composers

Awards

Since 2011, OSA has been the holder of the highest degree of evaluation performed by the International Confederation of Societies of Authors and Composers (CISAC). In an in-depth audit, focused on effectiveness of management, transparency of internal documents (distribution order, statutes, company directives etc.) and processes (for example monitoring of financial flows of non-specific income), equal approach to all copyright holders (domestic or foreign, members or represented persons), or quality and extent of the offered services, OSA was found to be a company fulfilling the so-called "Professional Rules", which are binding on companies united within CISAC, without any exception.

> www.cisac.org

2. 2. Mission and values

Our motto

We think of music

Our mission

Copyright holders

composers, lyricists, music publishers, inheritors

We actively enforce your copyrights home and abroad

We let you have enough time for your work. We negotiate terms and conditions on your behalf and subsequently monitor any use of your works.

We set trends in the speed of royalty payments. We belong to the world's finest in this regard.

With us, you know where your songs are being played! We provide a detailed list of the use of your works along with your payment.

Music users

businessmen, operators, promoters, professional and amateur public

With our music, we help your business to create a pleasant atmosphere, help with exercise or just playing something nice to listen to, to emphasize emotions in a film or at sports grounds.

We make your paperwork much easier. Our employees arrange rights to music of more than one million composers and lyricists of various genres from all around the world for you.

Our values

Community. We are a professional association of composers, lyricists and music publishers.

Tradition. We have been here for your since 1919.

Music. We share feelings through (our) universal language.

Availability. We make the music world available from one place.

Openness. We promote transparent approach.

Association effectiveness *Less paperwork — more time for work, legal protection and higher earnings*

We are an authors' association which was founded on the basis of needs which had been shared for a long time, and whose basic building stone is mutual solidarity. An author needs especially time and means for his work. Unity with the Copyright Protection Association provides authors with a unique opportunity to focus on their professions instead of paperwork, which they can let the professionals do.

Background of many years of experience, a strong position given by common interest of more than one million represented authors from all around the world, the most complex database of information on music compositions and number of their replays on the Czech market, expertly educated and experienced management and knowledge of the trends on the copyright market give authors a feeling of unity with professional groups, time and energy saving and last but not least better chances and higher effectiveness in the activities subsequently interconnected with music.

We will negotiate business terms and conditions on behalf of authors and at the same time, through contracts, we will provide them with important legal and tax frame and protection including possible legal enforcement of claims. With us, authors' works are safely registered in an international database. On authors' behalf, we monitor where their music is being played. Regardless of the dynamically growing volume of data from users, we keep shortening the period between the use of music and payment of royalties for such use. We distribute royalties continually after the receipt of funds and musical pieces reports from users and we subsequently pay the royalties in four pay periods: in March, June, September and December.

The whole world from one place *Easy access to legal worldwide music and royalties*

Users of music — businessmen, promoters or producers - do not have to undergo complicated identification of the authors of desired works and then approach individual copyright holders to negotiate terms of use of their works, but they can solve everything quickly and simply. In one contact place, we will help them with easy identification of music of more than one million composers and lyricists from all around the world and at the same time, they can negotiate the conditions of use of their music. Thanks to our long-term cooperation with DILIA collective rights manager, we are able to offer to settle not only the rights of authors of music, but also the rights of authors represented by this collective rights manager, and to do so in the case when television receivers are located in public places, such as bars, restaurants, hotel rooms etc. On the other hand, authors represented by us gain simple access to royalty fees for their music used in most countries of the world. We register their works in international databases. On the basis of reciprocal contracts concluded

with foreign partner organizations, these companies automatically send royalties for music of our authors to us and we subsequently pay them to our clients. We are able to eliminate cases of unpaid foreign use of music within the preliminary or complaint procedure. The system works reciprocally, i.e. we identify the use of music of foreign authors in the Czech Republic, we receive royalty fees for it and we subsequently pay these to partner author organizations abroad.

Music = language that connects us *Through reciprocity and diversity to mutual synergy*

Music is a means of communication. Effective communication is bilateral and so are our activities. We try to create an inspiring environment which not only provides energy and resources for authors themselves but, at the same time, is open to its surroundings and allows the general public to use it for various purposes.

Music is a language through which we convey our opinions, feelings and wishes to our surroundings. Our language is very rich and colorful. We represent and offer rights to tens of millions of musical pieces across genres by authors and lyricists not only from the Czech Republic, but also from various parts of the world. By consistent application of equal approach to all musical repertoires, we create voluminous and diverse cultural mix with a strong potential to become an original and effective assistant in business. The research shows that music is a relatively cheap but strong marketing tool, which intensively shapes consumer behavior and expectations. Music can create the desired atmosphere, emphasize emotions, invite to action or rest. It can do all that in the most diverse places and situations — at the place of business, in a movie or at sports grounds. The strength, effect and beauty of music can be best discovered through a common language between authors and users.

Transparent approach *Informed trust*

The greatest possible openness towards authors, users, domestic and foreign partners and the general public is one of the main priorities of our association's policy. We work out in detail the distribution mechanisms in the distribution order published at the OSA website and the principles of our association's self-government and functioning in the Statutes. We present basic economic indicators transparently and in summary in the regularly published yearbook, whose archive can be found at the website together with the current Annual Report, auditor's report or annual financial statements. Most information and fundamental documents are also available in English. In this regard we belong to the most transparent collective rights managers in the world, which we take pride in.

> www.osa.cz/dolni-menu-eng/downloads (distribution rules, statutes, annual reports)

Together with payment of royalty fees, we provide authors with regular detailed reviews of the use of their works, giving them the information necessary to eliminate unpaid uses and to adequately control their income. To the authors, we guarantee regularity and at the same time an abovestandard speed of quarterly payments of royalty fees. Personal electronic account of an author in the INFOSA system is a very important source of information for authors. Using the system, the represented author can register new compositions and lyrics from the comfort of his home and at the same time, he has a grasp of the works he has registered so far, including a detailed overview related to where and how many times a specific composition was played, i.e. at which concert, on which television or radio station etc. On the website, we also publish the most important forms (representation contracts, notices of new works etc.).

> www.infosa.cz

> www.osa.cz/dolni-menu-eng/downloads (authors and publishers)

Four times a year, we publish our own printed magazine *Autor in*, in which we inform our represented authors, partners and, through its electronic version, also the general public of important news and changes, we present various statistical and economical analyses, interviews with music celebrities or up-to-date information from the world of the Czech music scene. Particularly for the user public, we have also placed a publicly accessible on-line database of the OSA repertoire with detailed information on individual compositions and their authors on the website. Of course, we publish a clearly ordered table of tariffs.

> www.autorin.cz

> www.osa.cz/hlavni-menu-eng/authors-and-publishers (musical works database)

> www.osa.cz/dolni-menu-eng/downloads (price list)

We also fulfill the demands for transparency in the provision of information on our accounts, tariffs, contractual obligations etc. towards our foreign partners and international organizations to the greatest extent possible. We regularly send the required information to relevant multi-national central locations (CISAC, BIEM, GESAC) or publish it in English for the needs of other companies on our website. Within the in-depth audit carried out by the International Confederation of Societies of Authors and Composers (CISAC) which was focused inter alia on effectiveness, transparency and quality of knowledge of its surroundings, OSA got the top evaluation within the evaluation scale — as a company fulfilling the so-called “Professional Rules”, which are binding on companies associated within CISAC, in full.

339 newly represented copyright holders in 2016

339



Inspired by the composition
Toulavá
Ondřej Fidler
Sebastian Navrátil

03

OSA clients

3. 1. Copyright holders

Composers, lyricists, music publishers and inheritors

3. 1. 1. Representation by OSA association

OSA distinguishes two forms of a relationship:

- represented person
- member (with a right to vote and an opportunity to vote representatives or run for Supervisory Board himself or herself at the General Meeting of OSA members)

Who can be represented by OSA?

Every author of music (composer or lyricist), music publisher or copyright inheritor who concludes a contract for representation with OSA and at the same time proves that he or she is an author or a copyright holder of at least one publicly performed musical piece. Further, every author who concluded a contract for representation with a foreign collective rights manager, with which OSA had concluded a contract for representation of foreign authors in the Czech Republic can be represented by OSA. We do not represent performers (singers).

More than **1,000,000** authors and publishers from all around the world,

out of which 9,159 were domestic ones

*Total number of copyright holders as of 31 December 2016:
more than 1,000,000 authors and publishers from all around the world, out of which 9,159 were domestic ones.*

Total domestic copyright holders	9,159
Authors	5,831
Inheritors	3,211
Publishers	117

Number of copyright holders who joined the "OSA family" in 2016

Total newly represented domestic copyright holders	339
Authors	336
Publishers	3

19 newly accepted members in 2016 *

** accepted by the GM in 2016 (effective from 1 January 2017)*

Who can become a member of OSA?

A composer, lyricist, publisher or inheritor who concluded the contract for representation with OSA and at the same time fulfils the conditions set by OSA Statutes with respect to the period of representation and amount of collected royalties, and who is accepted as a member by the OSA General Meeting.

Composer and lyricist he or she must have been represented at least for the period of five years and achieved at least the amount of CZK 80,000 in royalties in the past four successive years, or CZK 1,000,000 in total for the past five years

Publisher he or she must have been represented for the minimum of five years and achieve double the sum set for composers and lyricists in royalties.

Inheritor

- **the deceased was a member of OSA: the royalties of the deceased author amounted at least to 2/3 of the sum set for composers and authors in the past five successive years prior to death;**
- **the deceased was not a member of OSA: in the last five years, the royalties of the deceased author (all inheritors in total) amounted at least to the double of the sum set for composers and lyricists for the period of five years.**

** The required minimal royalty is decreased by half for classical music composers, heirs and publishers.*

Structure of members as of 31 December 2016

Total members	578
Popular music composers	331
Classical music composers	77
Lyricists	92
Publishers	25
Inheritors	53

3. 1. 2. How to protect your musical pieces?

Musical pieces are registered on the basis of notices of new works delivered by the author in relation to every musical piece. An author who will not report his musical piece in time exposes himself to the risk that if his work is used, he will not receive his royalty fees in proper period.

3. 1. 3. Newly registered notices

Total newly registered notices	13,700
Lyricists	1,664
Classical music composers	1,462
Popular music composers	10,574

3.2. Users of music

Businessmen, operators, promoters, professional and amateur public

Total number of business partners in all segments of royalties collection in 2016

50,351 business partners

** according to Company ID*

In 2016, we distributed royalty fees to authors and publishers on the basis of lists of used musical pieces from:

organizers of **33,422** concerts

37 television stations that played **122,717** hours of music in 2016

110 radio stations that played **597,595** hours of music in 2016

Realized concerts in 2016

79.83% popular music concerts

11.32% jazz concerts

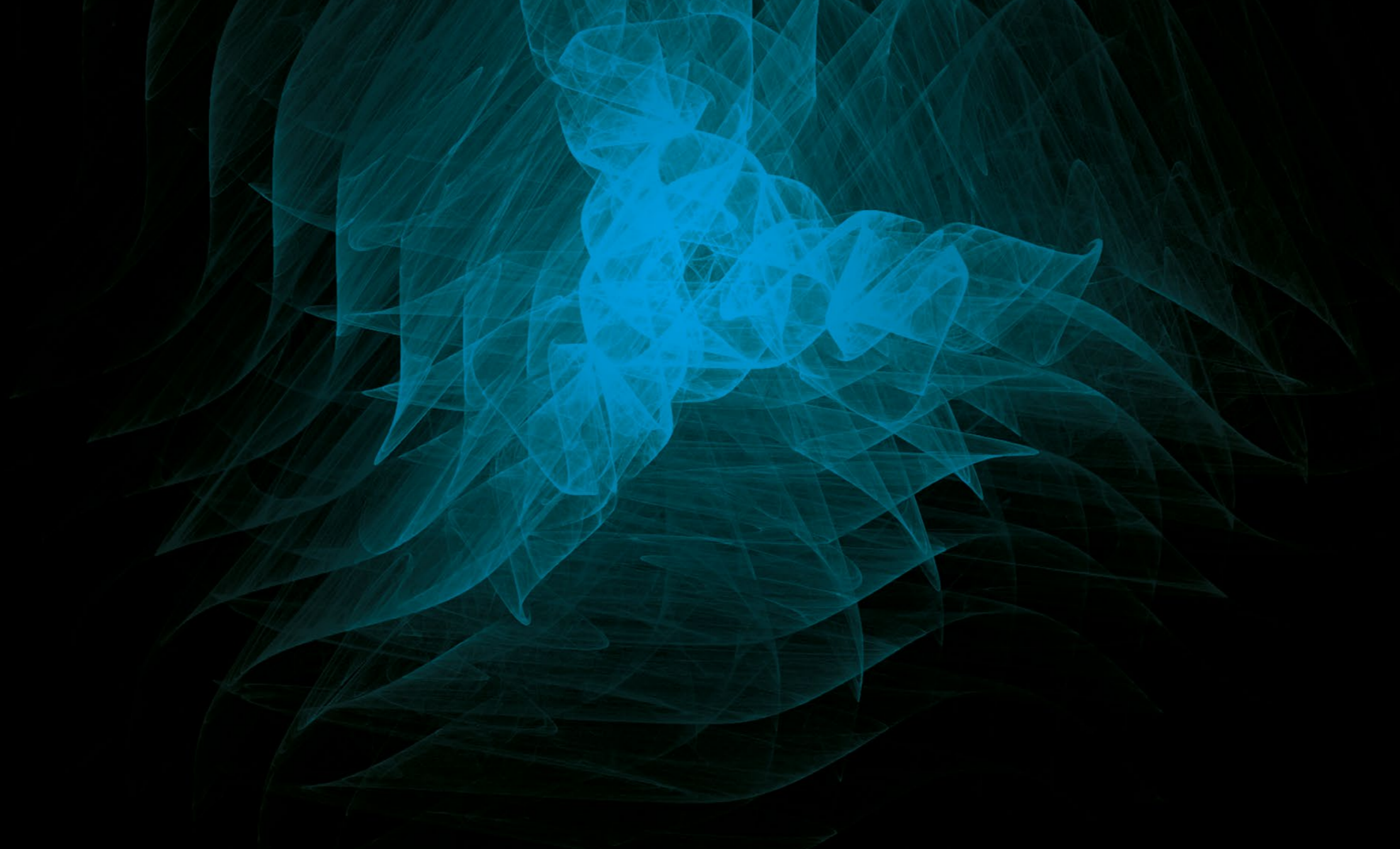
8.29% classical music concerts

0.43% dance parties with DJ

0.13% music recitals

Regional division of business partners in 2016

Region	Share in %
Capital of Prague	15.85%
South Moravian Region	11.38%
Central Bohemian Region	10.77%
Moravian-Silesian Region	10.69%
South Bohemian Region	7.18%
Ústí Region	6.35%
Olomouc Region	6.25%
Pilsen Region	5.99%
Hradec Králové Region	5.50%
Vysočina Region	4.69%
Zlín Region	4.34%
Pardubice Region	4.21%
Liberec Region	3.54%
Karlovy Vary Region	3.26%



Inspired by the composition
Měsíčku na nebi hlubokém
Antonín Dvořák
Jaroslav Kvapil

OSA leading bodies are: General Meeting, Supervisory Board, Board of Directors

4.1. General Meeting

General Meeting is the supreme body of OSA. It consists of OSA members and is convened at least once a year in the first half of the calendar year after conclusion of economic results for the previous year.

General Meeting competence

The General Meeting approves the business results for the previous year and annual financial statements, approves fundamental documents of OSA and their amendments (Statutes, distribution order – rules for distribution of royalty fees etc.), decides on the use of the economic result, votes and removes its representatives in the Supervisory Board or decides on issues related to members. Powers of the General Meeting are specified by OSA Statutes, which are available on OSA website.

Decision-making of the General Meeting

OSA members (membership conditions are specified in detail in the OSA Statutes) or other persons invited by the Board of Directors or the Supervisory Board can participate in the General Meeting. Only one person can participate on behalf of a member who is a legal person. The General Meeting is quorate if at least 10% of members and at the same time 10% of members from every profession are present (i.e. composers, lyricists and publishers). If not enough members meet so that the General Meeting is quorate within 30 minutes from the moment for which the General Meeting was convened, the General Meeting is quorate provided that each profession group is represented. Every member has one vote. The right to vote has to be exercised by every member personally, except for legal persons.

The Statutes and the distribution order are approved separately in individual profession groups (every profession approves its decisions by a two-thirds majority), while changes in these documents become effective only if the choice of all three profession groups is accordant. The General Meeting follows the Code of Procedure and minutes of its session are taken.

The General Meeting of OSA members took place in the conference room of Elephant Hotel on 19 May 2016. Because the three-year mandate of all members of the Supervisory Board expired in 2016, the elections of a new Supervisory Board for the new three-year period were held here.

4.2. Supervisory Board

Supervisory Board members

The Supervisory Board is the management and control body of OSA. It consists of 13 members – 6 composers, 3 lyricists and 4 publishers. The members of the Supervisory Board are elected at the General Meeting for the period of 3 years and every profession group votes its representatives into the Supervisory Board separately by a secret vote. Two substitutes are elected for every profession group. The Supervisory Board elects a chairman and two vice-chairmen from its members. The chairman is elected from the profession group of composers, one vice-chairman from the group of lyricists and one from the group of publishers. If there is a need to remove the entire Supervisory Board, the General Meeting decides on such measure in a plenary session. If there is a need of to remove a member of the Supervisory Board, the profession from which he or she was elected decides on the removal in a secret vote. The Supervisory Board is responsible for its actions to the General Assembly.

Supervisory Board competence

The competence of the Supervisory Board covers, in particular, the election and removal of the chairman and the members of the Board of Directors and control of their activities, establishment and cancellation of OSA professional committees and their control, discussing the proposals of tables of tariff of royalty fees, deciding on the percentage amounts of overhead deductions, deciding on the percentage amount of deductions to the reserve fund and using the funds from it, discussing and approving fundamental questions of OSA procedures during its activities and principals of contractual relations for individual types of use, determination of OSA's economic goals for the next year, discussing the quarterly economic report or approval of an auditor for the yearly financial statements. The powers of the Supervisory Board are specified by OSA Statutes, which are available at www.osa.cz

Decision-making of the Supervisory Board

The Supervisory Board is quorate if an absolute majority of its members is present. However, every profession must be represented by at least one member. The Supervisory Board decides by a simple majority of votes of the present members. Where votes are ties, the vote of the chairman counts as two votes. If the Supervisory Board members from the composer profession present at the meeting of the Supervisory Board have the same opinion unequivocally, they cannot be voted down by the other present members of the Supervisory Board. The Supervisory Board follows a Code of Procedure and minutes of its session are taken.

In 2016, 12 sessions of the Supervisory Board were held. Three members of the Board of Directors are also present at the Supervisory Board sessions. Because the mandate of the Supervisory Board expired in 2016, a new Supervisory Board was elected for the next three-year period at the General Meeting which took place on 19 May 2016. There were in total four changes in its composition. New representatives of composers are Jan Hála and Lukáš Matoušek; Jan Krůta is a new representative of lyricists and Schubert Music Publishing s. r. o. is a new representative of publishers.

Supervisory Board members as of 31 December 2016

chairman	Luboš Andršt	composer
vice-chairmen	Michael Prostějovský	lyricist
	Universal Music Publishing, s.r.o. - Jolana Zemanová	publisher
members	Jan Hála	composer
	Martin Kratochvíl	composer
	Eduard Krečmar	lyricist
	Jan Krůta	lyricist
	Ivan Kurz	composer
	Lukáš Matoušek	composer
	Zdeněk Nedvěd	publisher
	Michal Prokop	composer
	Provox Music Publishing, s.r.o. - Jiří Paulů	publisher
	Schubert Music Publishing, s.r.o. - Jiřina Petrová	publisher
substitutes	A-TEMPO VERLAG, s.r.o. - Petr Bělohávek	publisher / 1st substitute
	Roman Cejnar	composer / 1st substitute
	Český rozhlas - Radim Kolek	publisher / 2nd substitute
	Petr Kocfelda	lyricist / 1st substitute
	Jan Rotter	composer / 2nd substitute
	Václav Ševčík	lyricist / 2nd substitute

Professional Committees elected by the Supervisory Board as of 31 December 2016

Economic Committee

It prepares materials, data and proposals of solutions for decisions of the Supervisory Board in the area of OSA management. It monitors tariff levels abroad, economic effects of tariff rates, discusses changes of royalty tariffs and the rate of royalties for new ways of using the works. It also took over the work of the Committee for Relations with Represented Persons and for Social Issues that was abolished in 2013. Its competence covers e.g. dealing with issues of represented persons, distribution and administration of funds from the solidarity fund allocated by the Supervisory Board (pursuant to Article 2(d) of the OSA Cultural and Social Fund Statutes) or decisions on approving contributions and support, amount and pay date thereof. All profession groups must be represented in the Committee.

chairwoman	Jolana Zemanová
members	Tomáš Doležal, Eduard Krečmar, Jiří Paulů

Distribution Committee

It prepares particularly the proposals of changes in the distribution order, checks all distribution mechanisms, monitors distribution orders of author organizations abroad (preferentially in EU countries), analyzes impacts of the distribution order on the relationships among the represented persons, deals with problems of administrative deductions together with the Economic Committee. All professions must be represented in the Committee.

chairman	rotation principle
members	Martin Kratochvíl, Jiřina Petrová, Michael Prostějovský, Miroslav Pudlák

Committee for Creativity Affairs

In particular, the Committee categorizes reported works to relevant categories in accordance with Annex 1 to the valid distribution order (points chart), comments on disputes of authorship from the creative point of view, assesses the degree of works adaptation and arrangement, deals with authorship disputes of the represented persons, identifies possible plagiarism.

chairman	Emil Viklický
members	Juraj Filas, Lukáš Hurník, Ivana Loudová, Lukáš Matoušek, Vladimír Popelka, Boris Urbánek

Partnership Committee

It was established by the Supervisory Board in 2010 and it pursues fulfillment of the OSA Partnership project. The Committee is entitled to decide to award OSA partnership in the implementation on the basis of a written request of the implementer of a specific project. Furthermore, it looks for potential applicants/promoters from individual areas and informs them of the possibilities of partnership. The Committee enters coordination negotiations with the OSA Board of Directors to reach mutual agreement on strategy and coverage of the spectrum of cultural events within the frame of fulfillment of the Partnership project. All profession groups must be represented in the Committee.

chairman	Ivan Kurz
members	Jiří Gemrot, Karel Holas, Radim Kolek, Martin Němec, Milan Svoboda, Jaroslav Šprongl

AUTOR IN editorial board

Together with the magazine editors, it prepares the contents of individual issues and it sees to the balance of published topics with regard to individual profession groups represented by OSA.

chairman	rotation principle
members	Jan Fischer, Jan Krůta, Zdeněk Nedvěd, Michal Prokop

Committee for OSA Annual Awards

A non-permanent committee which focuses on preparation of OSA Annual Awards and other annual events.

chairman	Michal Prokop
members	Lukáš Matoušek, Michael Prostějovský, Jolana Zemanová

4.3. Board of Directors

Board of Directors members

The Board of Directors is a statutory and executive body of OSA. It has three members and it consists of the chairman and two members. The Board of Directors is elected and removed by the Supervisory Board. It is responsible for its activities to the General Assembly and to the Supervisory Board.

Board of Directors competence

The Board of Directors particularly controls and manages the company activities, exercises employer's rights, participates in sessions of the Supervisory Board and General Assembly and implements their decisions. Further, it presents the Supervisory Board with a quarterly economic report, financial statements for the previous year and a financial plan for the next year, approves tables of tariffs of royalties, implements organizational changes and concludes and terminates contracts with other collective rights managers and important users. The powers of the Board of Directors are specified by OSA Statutes, which are available at www.osa.cz.

Decision-making of the Board of Directors

The Board of Directors represents OSA externally. The chairman of the Board and one other member always act jointly on behalf of OSA. The Board of Directors follows a Code of Procedure and minutes are taken of its sessions. If a decision of the Board of Directors is not unanimous, the names of opposing voters or those who abstained are stated in the minutes.

Members of the Board of Directors as of 31 December 2016

chairman	Roman Strejček
members	Jiřina Barelló, Luboš Tesař

In 2016, OSA distributed royalties in the amount of **CZK 787,894,000** to **138,338** domestic and foreign copyright holders for **546,022** musical pieces.

787,894,000

138,338

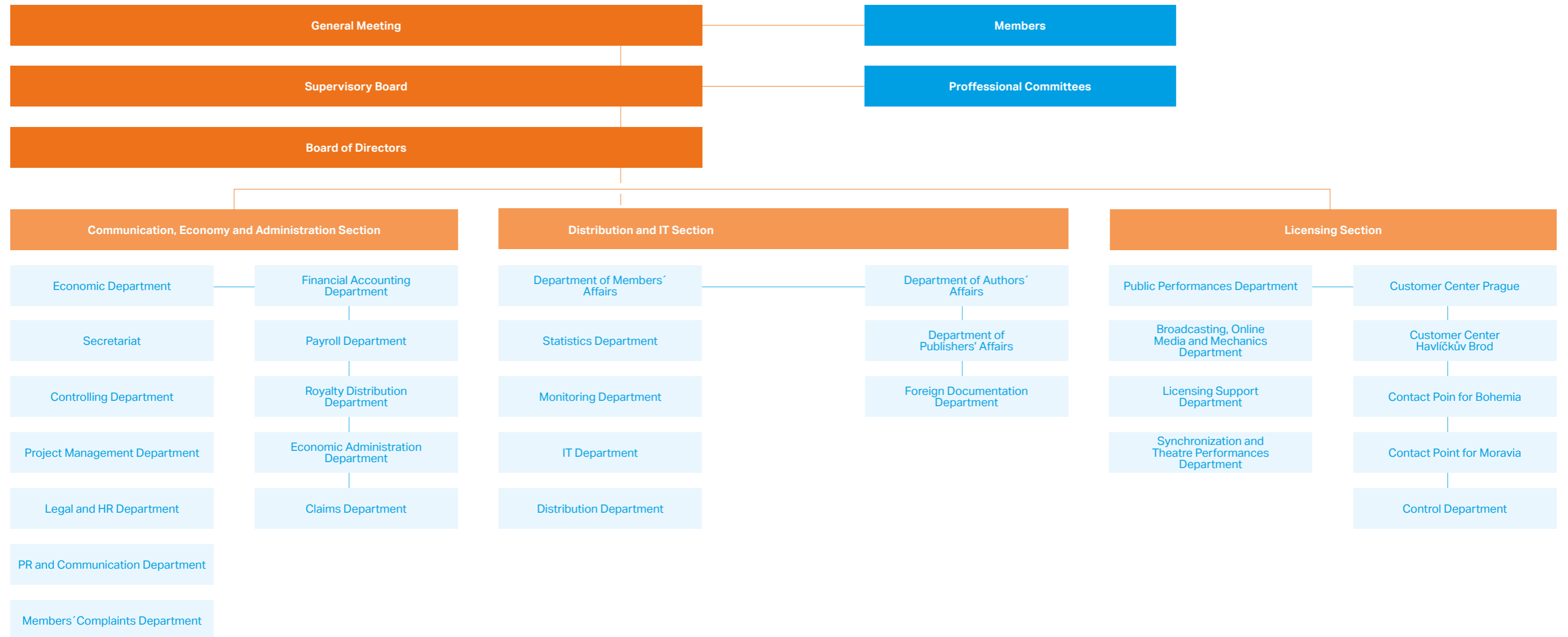
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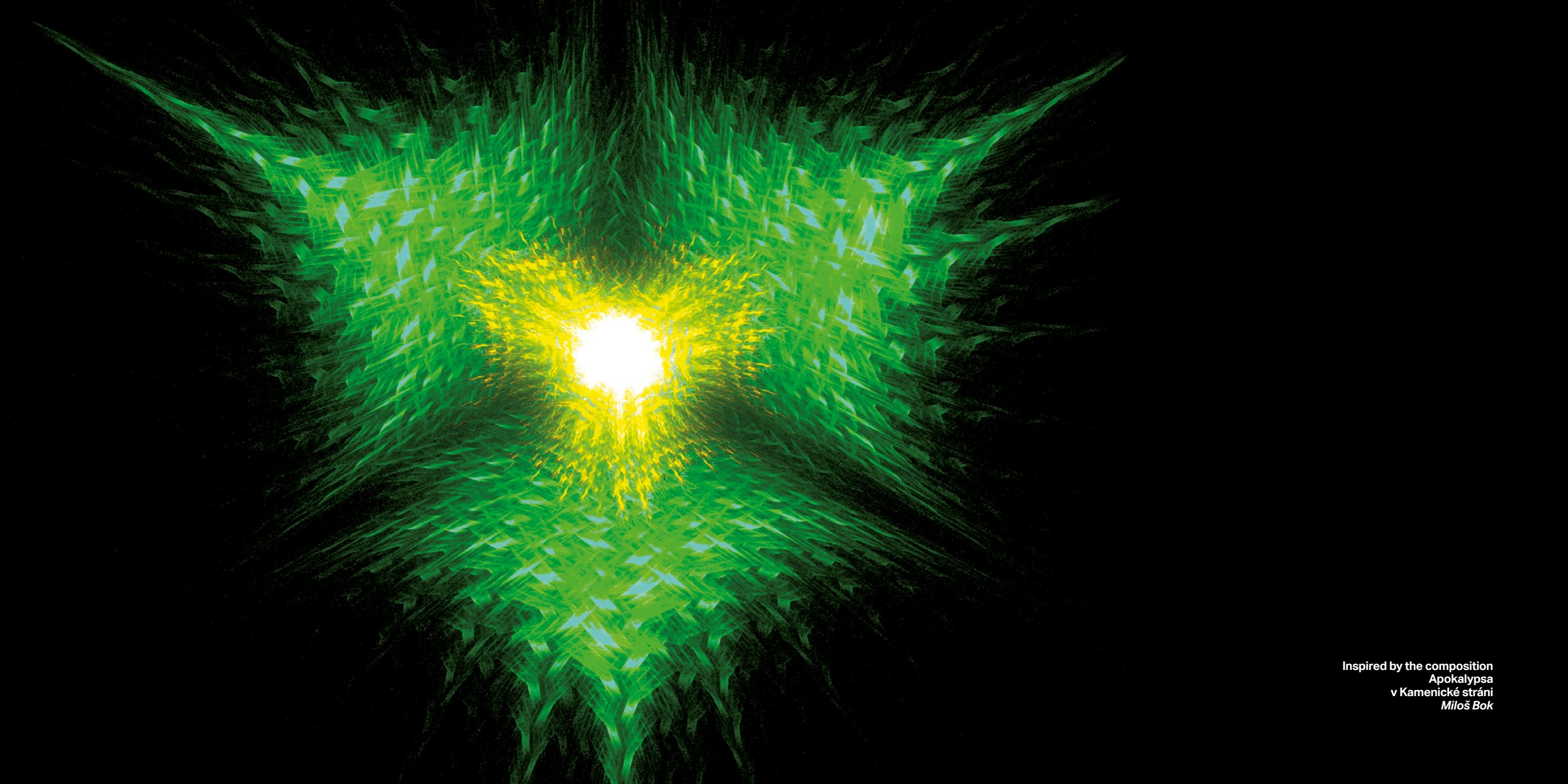
05

**Organizational structure
as of 31 December 2016**

We can state that every Czech household spent **CZK 19.74** each month on music copyrights in 2016

19.74





Inspired by the composition
Apokalypsa
v Kamenické stráni
Miloš Bok

Macroeconomic perspective and average expenses of inhabitants on musical copyrights in 2016

Copyrights are reflected in the end prices for customers in various sectors of the economy. With regard to the collection of royalties by OSA in terms of macroeconomic indicators, we can state that every Czech household spent CZK 19.74 including the 21% VAT each month on music copyrights in 2016. If we look at the average expense from the perspective of economically active inhabitants of the Czech Republic in productive age, i.e. aged between 20 and 64 years, then each such individual spent on average CZK 17.59 including the 21% VAT on music copyrights each month.

For comparison: an undiscounted 30 minute public transport ticket on weekdays cost CZK 24 in Prague and CZK 20 in Ostrava. In 2016, the average price of one liter of Natural 95 gasoline was CZK 28.63 and one liter of diesel cost CZK 27.43 on average. For example, the average price of bottled beer with wort content between 7.00-10.99% (formerly the 10 degree beer) in retail establishments amounted to CZK 11.23 in 2016. In 2016 the minimum wage was CZK 9,900 which equals to an hourly rate of CZK 58.70 for the working time of 40 hours a week. Employees with minimum wages had to work 18 minutes each month to cover the average copyright expense. The average wage for the whole year of 2016 amounted to CZK 27,589. Employees with average wages had to work approximately 6 minutes and 26 seconds each month to cover music copyrights.

How many musical pieces did an author have to sell or have viewed or replayed in 2016 to receive a royalty amounting to the minimum monthly wage of CZK 9,900? Two authors composing one musical piece are considered (author of lyrics and author of music). In 2016 the authors had to sell 21,637 music media each month in order for the royalty to amount to the minimum wage of CZK 9,900 (calculated assuming that the author has 1 musical piece on a CD containing 12 musical pieces). As concerns streaming, a musical piece would need 1,037,303 views per month. In case of music downloading a musical piece would require 11,460 downloads. The musical piece would require 4,994 replays (calculated using the average amount collected from individual stations) on private national and regional stations including Český rozhlas. If the musical piece has more than two authors, these numbers must be adjusted according to the number of authors.

With its year-on-year GDP increase by 2.3%, growth rates of the Czech economy slowed down by half in 2016. The economy relied mainly on the growing final consumption household expenditure (particularly the growing purchases of durable goods) and foreign demand (influenced by the positive economic development of the closest business partners; in terms of economic development, 2016 was a successful year for most of the European countries). The deceleration in growth was caused particularly by the high

relative basis of 2015 which reflected the non-recurring growth factors that did not occur again in 2016. The factors included mainly the investment activity which did not contribute to the growth throughout the last year unlike in 2015 when

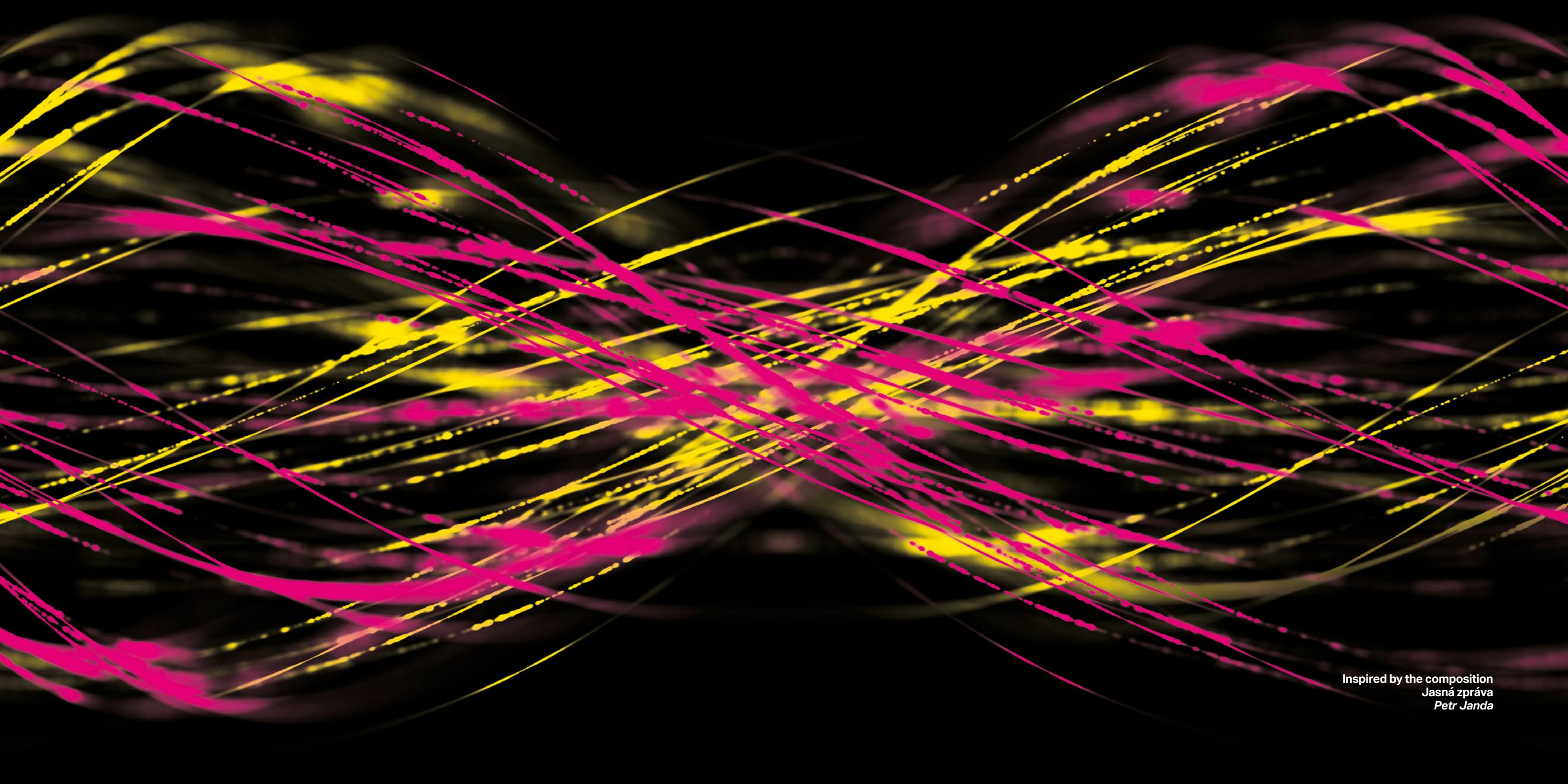
European funds had been absorbed. Economic growth was experienced throughout the national economy with the exception of the construction sector. On the supply side, the processing industry was once again the greatest driver of the Czech economy, traditionally dominated by the production of motor vehicles (the record number of motor vehicles manufactured in the Czech Republic was once again broken). Other successful areas included real estate and particularly agriculture, forestry and fishing whose strong growth was aided by very good harvest. E.g. the contribution of trade, transport, accommodation and hotels and restaurants amounted to 0.2% of the gross added value (which grew by 2.1% in 2016). Export figures of 2016 were at a record high too. The export of motor vehicles, accounting to 27.8% of exports from the Czech Republic, was most successful. According to the updated data of the year before last, i.e. 2015, the standard of living measured by GDP per capita amounted to 87% of the average of EU countries (i.e. the Czech GDP per capita was the fifteenth highest of the 28 member states).

The strong appetite for purchase relied on low consumer prices, low unemployment level, high share of available workforce, growing wages as well as low interest rates and easily available loans. The average wage amounted to CZK 27,589 in 2016 which means a year-on-year increase by CZK 1,122 (4.2%). When we take into account the consumer prices which increased by 0.7% over the period concerned (the highest figure in the last 3 years), the real wage increased year-on-year by 3.5%. Also the situation on the labor market further improved. For the first time in the history of the Czech Republic, the number of workers exceeded the level of 5.3 million at the end of the year. The share of those employed (aged between 15 and 64) reached 72.9% in December 2016 (a year-on-year increase by 2.1%). The rate of unemployment continued to be the lowest among the EU states (even though over the year, unemployment decreased in 90% of the EU states). The share of those unemployed was 5.2% at the end of the year (a year-on-year decrease by 1%) and 3.6% in the group of those aged between 15 and 64 (a year-on-year decrease by 0.9%). The number of unemployed persons registered with employment agencies decreased to 381,373 job applicants in December (a year-on-year decrease by 71,745 job applicants). Development of inflation in 2016 was affected particularly by the increase in prices of tobacco products and spirits (by 4.4%) and the increase in prices of rent and other services relating to housing (by 0.6%). The increased inflation was influenced also by the increase in prices of clothing and footwear (by 1.8%), recreation and culture (by 1.4%) or catering and accommodation (by 1.5%). On the

other hand, the decrease in prices of fuels (by 8.7%) and the decrease in prices of food and soft drinks (by 0.9%) had the opposite effect (i.e. decrease in prices). Retail sales, net of cars, increased by 5.6% in 2016. The sales of service providers increased by 1.2% last year. In this sector – like in the previous year – people spent most money on catering and accommodation. In the sector of catering and hotels and restaurants increased year-on-year by 5.7% and by 4.4% in the accommodation sector. Sales were increased also in the sector of program creation and broadcasting, publishing activities and film and music industry.

According to economists' forecasts, the domestic economy will accelerate its growth rate to 2.5-2.7% in 2016. It will be still supported by the growing private consumption and after the last year's interruption, it should be revived by investment activities of the government and businesses. On the contrary, the industrial production and partially the foreign trade are expected to experience a decline compared to 2016. The situation on the labor market will probably continue to improve as the unemployment rate will further decrease and the wages will increase. Average inflation might rise to 2%. At the beginning of April, the ever greater deflation pressure made the Czech National Bank terminate its exchange commitment (foreign exchange interventions aimed at maintaining the exchange rate of the Czech crown around 27 EUR/CZK and reaching the 2% inflation goal) published in November 2013. Risks of 2017 include e.g. uncertainty regarding the foreign demand development to which the open Czech economy is more sensitive than other member states of the EU. The space for further decrease of unemployment has also started reaching its limits.

Sources: Czech Statistical Office, Investicniweb.cz, ceskenoviny.cz, Employment Agency of the Czech Republic



Inspired by the composition
Jasná zpráva
Petr Janda

07

OSA annual report on activity and economic result for 2016

In 2016, OSA collected **CZK 1,007,329,000**

1,007,329,000

7. 1. Main economic indicators

Main economic indicators	2012	2013	2014	2015	2016	Diff. 2016/2015
Total royalties collected	878,721	858,851	900,145	914,984	1,007,329	+92,345
Total costs	153,407	146,376	139,888	134,699	142,407	+7,708
Distributed royalties incl. other domestic collective rights managers	720,392	740,574	777,592	748,149	855,124	+106,975
Average overheads in %	17.46%	17.04%	15.54%	14.72%	14.14%	-0.58%

* in CZK '000 net of VAT

** costs referred to herein are net of income tax

7. 2. Royalties collected in 2016

Royalties collected for licenses	995,765
Other royalties collected	11,564
Total royalties collected	1,007,329
2016/2015 comparison (in %)	+10.09%
2016/2015 comparison (in CZK)	+92,345

* in CZK '000 net of VAT

Royalties collected for licenses – detailed itemization by use	2015	2016	2015/2016 difference (in CZK)	Diff. 2016/2015 (in %)
Public performances	334,206	402,804	+68,598	+20.53%
Broadcasting and online media	375,443	391,115	+15,672	+4.17%
Mechanics and audiovision	128,888	133,817	+4,929	+3.82%
From abroad	59,982	61,706	+1,724	+2.87%
Synchronization and theater performances – agency	4,827	6,323	+1,496	+30.99%

* in CZK '000 net of VAT

* including royalties collected for other domestic collective rights managers

OSA's amount of collected royalties surpassed historical records for the third successive year. In 2016, OSA increased its total royalties collected by 10.09% year-on-year, thereby for the first time – including the royalties collected on the basis of authorization for other collective rights managers – exceeding the magic level of one billion crowns. OSA generated a year-on-year increase in the royalties collected by CZK 92,345 thousand. It is particularly positive that royalties collected for license activities for OSA (i.e. without including the royalties collected for other domestic collective rights managers and without other royalties collected) increased by additional six tenths of a percent than the aforementioned total royalties collected, thereby exceeding the level of CZK 900 million by more than 18 million, where these royalties – applicable only to music authors – collected by OSA had exceeded the level of CZK 800 million for the first time only in the previous year. In numbers it means that compared to 2015, OSA collected additional CZK 88,464 thousand for music authors and additional CZK 3,955 thousand for other collective rights managers. It should be mentioned that in 2016, thanks to the repeated decrease in overheads to 14.14%, OSA achieved the most effective result so far since 1994, from when this indicator has been monitored.

The increase of royalties collected for licensing of public music performances, i.e. both live music productions where the royalties collected increased year-on-year by CZK 35,645 thousand, and recorded music (including jukeboxes) where the increase amounted to CZK 28,806 thousand (including royalties collected for other collective rights managers), contributed to most to these excellent results. Year-on-year, royalties collected for radio broadcasting or central media licensing also performed very

well. On the contrary, a slightly worse result was achieved in the area of royalties collected in 2016 for broadcasting transmission which had, nevertheless, experienced the highest jump ever in the previous period.

The repeated year-on-year increase – like in 2015 – in the overall results of broadcasting and online media, mechanics (without audiovision), royalties collected from abroad and finally the agency activity contributed positively to OSA's record amount of royalties collected in 2016. The final structure of royalties collected for licenses was the following in 2016: public performances 40.5% (37.0% in 2015), broadcasting and online media 39.3% (41.6%), mechanics and audiovision 13.4% (14.3%), from abroad 6.2% (6.6%) and agenda of synchronization and theatre performances (agency) 0.6% (0.5%).

** Amounts collected are specified net of VAT*

Structure of royalties collected for licenses	2012	2013	2014	2015	2016	Diff. 2016/2015
Public performances	287,841	277,189	304,524	293,313	358,561	65,248
Broadcasting and online media	331,786	340,886	336,452	375,443	391,115	15,672
Mechanics and audiovision	93,156	94,579	91,697	96,256	100,580	4,324
From abroad	62,917	59,977	56,691	59,982	61,706	1,724
Synchronization and theatre performances	2,748	3,489	3,624	4,827	6,323	1,496
Total for OSA and foreign copyright holders	778,448	776,120	792,988	829,821	918,285	88,464
Royalties collected for other domestic collective rights managers	88,118	75,669	95,673	73,525	77,480	3,955
Total incl. other domestic collective rights managers	866,566	851,789	888,661	903,346	995,765	92,419

** in '000 CZK net of VAT*

7.3. Public performances in 2016

The segment of public performances surpassed its historically best result achieved in 2014. Following the last year's decrease, royalties collected for public music performances amounted in total to CZK 402,804 thousand (including the royalties collected for other collective rights managers) which means a considerable year-on-year increase by 21% surpassing the previous period by CZK 68,598 thousand (including the royalties collected for other collective rights managers).

Royalties collected for live music productions showing a long-term growing trend claims credit for this success. In 2016, we collected an amount higher by 33%, i.e. by CZK 35,645 thousand, for authors represented by OSA compared to the previous period. The increased collection of royalties for public performances was – unlike in 2015 – supported by the 13% increase in the royalties collected for recorded music (including jukeboxes), i.e. a year-on-year increase by CZK 28,806 thousand (including royalties collected on the basis of authorization for other collective rights managers). In the segment of live music productions, the increase concerned particularly the royalties received for the licensing of popular music concerts to be listened or danced to, while the royalties received for licensing of classical music and jazz concerts or for advertising or some other specific uses of live music slightly fell behind the results of 2015.

As concerns recorded music, the best result was achieved in the collection of royalties for reproducing apparatus in accommodation facilities where the increase amounted to 72%, i.e. an increase by CZK 21,950 thousand (including royalties collected for other collective rights managers). The loss of royalties in 2014, when no agreement with important partners in the segment had been reached and an agreement on 2014 providing for retrospective payment was concluded only last year, had a positive effect in this respect. Development of spa cases had a positive effect too because in the light of judicial decisions, contract conditions had been subsequently accepted and settlements had been concluded with a dominant part of the spa sector in relation to the periods at issue since 2007.

Significant growth emerged also in the segment of recorded music performances in restaurants and hotels, shops and other service establishments where the royalties collected increased by 6%, i.e. CZK 7,667 thousand (including royalties collected for other collective rights managers), or in the segment of cinemas whose year-on-year increase in royalties collected by 44%, i.e. CZK 4,147 thousand (including royalties collected for other collective rights managers) was the best result of this segment ever.

** Amounts collected are specified net of VAT*

Public performances	2012	2013	2014	2015	2016	Diff. 2016/2015
Live music	96,917	102,782	104,636	107,738	143,383	35,645
Recorded music	177,978	160,205	185,420	173,773	199,211	25,438
Cinemas	7,890	10,370	11,250	9,392	13,539	4,147
Jukeboxes	5,056	3,832	3,218	2,410	2,428	18
Total for OSA and foreign copyright holders	287,841	277,189	304,524	293,313	358,561	65,248
Royalties collected for other domestic collective rights managers	59,438	47,749	64,987	40,893	44,243	3,350
Total incl. other domestic collective rights holders	347,279	324,938	369,511	334,206	402,804	68,598

* in '000 CZK net of VAT

7.4. Broadcasting, online media and mechanics in 2016

In 2016, the segment of broadcasting, online media and mechanics contributed the total amount of CZK 524,932 thousand to the royalties collected by OSA, which is almost a 53% share in the total royalties collected by OSA for licensing activity. Following the huge 10% increase in the royalties collected in this segment in 2015, royalties collected continued to grow in 2016 (even though the growth was more moderate) by 4%, i.e. CZK 20,601 thousand. The results achieved in the licensing of radio broadcasting and central media licensing had the most positive effect on the growth.

* Amounts collected are specified net of VAT

7.5. Broadcasting and online media

Royalties collected in 2016 in the segment of broadcasting and online media confirmed the long-term growth trend. The total of royalties collected in the amount of CZK 391,115 thousand means a year-on-year increase by 4%, i.e. by CZK 15,672 thousand, bringing about new improvement of the historically highest royalties collected in the previous year.

This result was achieved particularly thanks to the results generated in the segment of radio broadcasting licensing where OSA collected an amount higher by 19%, i.e. CZK 12,983 thousand, than in 2015. Following the stagnation of several years when the royalties collected from radio broadcasters had not exceeding the level of CZK 70 million, royalties collected in this segment directly broke the historical maximum of 2008. An equal contribution to this increase in the royalties collected was made by public as well as private radio stations.

Following the last-year's 35% slump, the overall positive results in the segment of broadcasting and online media were supported by the development of royalties collected in the segment of internet which drew nearer to the level of 2014 (particularly thanks to the royalties collected for streaming with a year-on-year increase by 66%, i.e. CZK 3,538 thousand). A moderate year-on-year increase by CZK 2,937 thousand was experienced also by royalties collected in the segment of television broadcasting licensing thanks to the royalties collected for satellite broadcasting and royalties collected from local, regional, cable and other private TV stations. On the contrary, a decrease by 6%, i.e. CZK 5,519 thousand, was experienced by OSA in the segment of cable and satellite transmission.

* Amounts collected are specified net of VAT

* Broadcasting and online media	2012	2013	2014	2015	2016	Diff. 2016/2015
Radio broadcasters	71,404	69,552	67,882	69,183	82,166	12,983
Television broadcasters	204,958	204,019	203,587	209,824	212,761	2,937
Cable transmission operators	45,816	52,083	48,888	85,751	80,232	-5,519
Internet	8,805	14,893	15,790	10,286	15,554	5,268
Ringtones	803	339	305	399	402	3
Total for OSA and foreign copyright holders	331,786	340,886	336,452	375,443	391,115	15,672

* in CZK '000 net of VAT

7.6. Mechanics and audiovision

The segment of mechanical and audiovisual works (i.e. the segment influenced the most by new trends in the development of the music markets, the trends represented particularly by transition from physical media to new media) continued to grow in 2016 for the second year in row and the total royalties collected in the amount of CZK 133,817 thousand (including royalties collected for other collective rights managers) were – like in the previous period – the best result from 2009. The year-on-year increase by approx. 4%, i.e. CZK 4,929 thousand (including royalties collected for other collective rights managers) was positively influenced by blank media levies collected for blank recording media and equipment for recordings copying for personal needs as well as royalties received within the central media licensing from foreign publishers or via partner foreign companies.

The segment of mechanics (i.e. without audiovision) grew for the third year in row. The continuous slump in royalties collected for the sale of physical music media lasting since 2006 finally stopped, the royalties grew by 19%, i.e. CZK 3,234 thousand, and started to pull away from the historical rock bottom reached in 2015. The amount collected for music media licensing in 2016 reached 16% of the amount of 1998 when the sales of music media culminated. Nevertheless, this development was supported solely by the

segment of central media licensing with its year-on-year increase by 56%, i.e. CZK 6,662 thousand. Levies collected for blank media, recordings and equipment for recordings copying for person needs increased by 4%, i.e. CZK 2,624 thousand (net of the royalties collected for other collective rights managers), to the total amount collected of CZK 74,923 thousand (net of the royalties collected for other collective rights managers in the amount of CZK 33,237 thousand). These royalties compensate music authors for the long-term slump in royalties for the sales of physical media caused inter alia by the fact that anyone can legally and without author's consent make a copy of their favorite album or film for personal needs. In total, the royalties collected for licensing in the area of mechanics were increased by 5%, i.e. CZK 6,463 thousand (including royalties collected for other collective rights managers).

Following the moderate increase of 2015, the segment of audiovision experienced a decrease in royalties collected by CZK 1,534 which means a year-on-year decrease by 6%. E.g. royalties collected for sales of physical audio-visual media or royalties collected for sales of films managed by the State Cinematography Fund showed a decrease.

* Amounts collected are specified net of VAT

Mechanics and audiovision	2012	2013	2014	2015	2016	Diff. 2016/2015
Mechanics and audiovision	32,498	27,457	18,955	17,207	20,441	3,234
Film media	1,725	2,096	883	1,440	874	-566
Other use	5,355	5,771	5,483	5,310	4,342	-968
Blank media levies	53,578	59,255	66,376	72,299	74,923	2,624
Total for OSA and foreign copyright holders	93,156	94,579	91,697	96,256	100,580	4,324
Collected for other domestic collective rights managers	28,680	27,920	30,686	32,632	33,237	605
Total incl. other domestic collective rights managers	121,836	122,499	122,383	128,888	133,817	4,929

* in CZK '000 net of VAT

7.7. Synchronization and theatre performances in 2016

In 2016, the agency activity built on its annual trend of regular increases in the royalties collected. For this agenda, OSA collected an amount higher by CZK 1,496 thousand, i.e. 31%, than in 2015. The segment of theatre performances with its 16% increase to CZK 4,219 thousand was once again the major collection item. As concerns synchronization rights, the amount collected for licenses granted for production of audiovisual works continued to fall and reached the amount of CZK 455 thousand while the amount collected for licenses for production of radio spots considerably increased year-on-year by 182%, i.e. by CZK 1,065 thousand. Unlike in previous years, the ratio between both segments of synchronization rights changed into a quite opposite one.

** Amounts collected are specified net of VAT*

Synchronization and theatre performances	2012	2013	2014	2015	2016	Diff. 2016/2015
Synchronization	1,359	1,280	1,183	1,189	2,104	915
Theatre performances	1,389	2,209	2,441	3,638	4,219	581
Total for OSA and foreign copyright holders	2,748	3,489	3,624	4,827	6,323	1,496

** in CZK '000 net of VAT*

7.8. Royalties collected abroad in 2016

For the second year in row, OSA showed a moderate year-on-year increase in the royalties collected from abroad which were collected for our authors by partner foreign companies. For the use of compositions of copyright holders represented by OSA abroad, foreign collective rights managers sent OSA the total amount of CZK 61,706 thousand in 2016. Compared to 2015, the royalties collected abroad increased by CZK 1,724 thousand, i.e. 3%, and reached the highest amount in the past four years. Like in the previous years, the conversion of royalties collected abroad to Czech crowns was positively influenced by the exchange rate between Czech crown and other currencies in 2016. The growth in royalties from abroad probably also reflects the accelerated distribution of royalties by our key partner companies abroad in the light of the directive regarding collective rights management. OSA experienced the greatest drop of the royalties collected in Poland, Germany and Hungary. On the contrary, royalties collected from France, Belgium and Slovakia experienced the greatest increase.

** Amounts collected are specified net of VAT*

Development of royalties collected abroad	2012	2013	2014	2015	2016	Diff. 2016/2015
Total for OSA	62,917	59,977	56,691	59,982	61,706	1,724

** in CZK '000 net of VAT*

Revenues for domestic repertoire used abroad in 2016	In CZK '000 / net of VAT	Share in %
Germany	23,658	38.34%
Slovakia	7,965	12.91%
Austria	6,479	10.50%
France	4,613	7.48%
Switzerland	2,713	4.40%
USA	1,927	3.12%
Netherlands	1,881	3.05%
Belgium	1,705	2.76%
Hungary	1,402	2.27%
Poland	1,390	2.25%
Other	7,973	12.92%
Total for OSA	61,706	100.00%

*in CZK '000 net of VAT

7.9. Royalties distributed in 2016

The amount of royalties distributed to the domestic copyright holders increased for the fourth year in row. In 2016, OSA distributed a new historically highest amount of CZK 578,996 thousand to the domestic music authors and publishers – CZK 338,017 thousand to authors and CZK 240,979 thousand to publishers. On the basis of reciprocal and unilateral agreements with foreign collective rights managers, the amount of CZK 208,898 thousand was distributed to foreign copyright holders. In the aggregate, not including the royalties collected for other domestic collective rights holders, OSA distributed the amount of CZK 787,894 thousand to the domestic and foreign copyright holders for the rights administered by OSA and by this result, OSA beat the historically highest distributed amount of 2015 by considerable CZK 103,495 thousand. The total amount of royalties distributed in 2016, including royalties for other collective rights managers, was CZK 855,124 thousand, i.e. higher by CZK 106,975 thousand than in the last reference period. By this amount, OSA beat its historical maximum.

Distributed royalties	2012	2013	2014	2015	2016	Difference 2016/2015
Authors	250,505	277,598	286,137	288,957	338,017	49,060
Publishers	205,353	212,248	211,707	212,046	240,979	28,933
Total for domestic represented entities	455,858	489,846	497,844	501,003	578,996	77,993
Abroad	176,416	175,034	184,075	183,396	208,898	25,502
Total for domestic and foreign copyright holders	632,274	664,880	681,919	684,399	787,894	103,495
Distributed for other collective rights managers	88,118	75,694	95,673	63,750	67,230	3,480
Total incl. other domestic collective rights managers	720,392	740,574	777,592	748,149	855,124	106,975

*in CZK '000 net of VAT

7. 10. Represented entities and OSA members in 2016

As of 31 December 2016, OSA represented 9,159 copyright holders – 5,831 living authors, 3,211 inheritors and 117 publishers. We accepted 336 new authors and 3 new publishers for representation during the year. The structure of members was the following: 408 composers, 92 lyricists, 25 publishers and 53 inheritors. Sixteen members passed away during the year. Nineteen new members were accepted (effective from 1 January 2017).

7. 11. OSA international activities in 2016

Individual employees attended regular international committees and seminars held by CISAC, BIEM and GESAC organizations. In addition, OSA employees are members of permanent GESAC and CISAC working groups.

7. 12. Costs of OSA activity in 2016

In 2016, the total costs of OSA activity amounted to CZK 142,407 thousand, which means a year-on-year growth by almost 6%, i.e. CZK 7,708 thousand, after the two-year decline. Nevertheless, the cost increase inevitably corresponded to the simultaneous jump in the royalties collected for licensing activity which, on the contrary, increased year-on-year by more than 10%, i.e. CZK 92,419 thousand. Hence the growth in royalties collected was faster than the growth in costs. The fact that real savings were actually higher than in 2015 is proven inter alia by the figure of royalties collected for the licensing activity per CZK 1 of the costs spent. While in 2015, the amount of CZK 6.71 for licenses granted was collected per each crown of the costs spent, the figure rose to CZK 6.99 in 2016. The calculated average overheads of 14.14% were – after another year – the lowest from 1994 since when this indicator has been monitored. If we subtract the costs spent within Partnerství project, OSA reached the average overheads of 13.71% in 2016. As of 31 December 2016, OSA employed 153 persons (main employments and agreements to perform work).

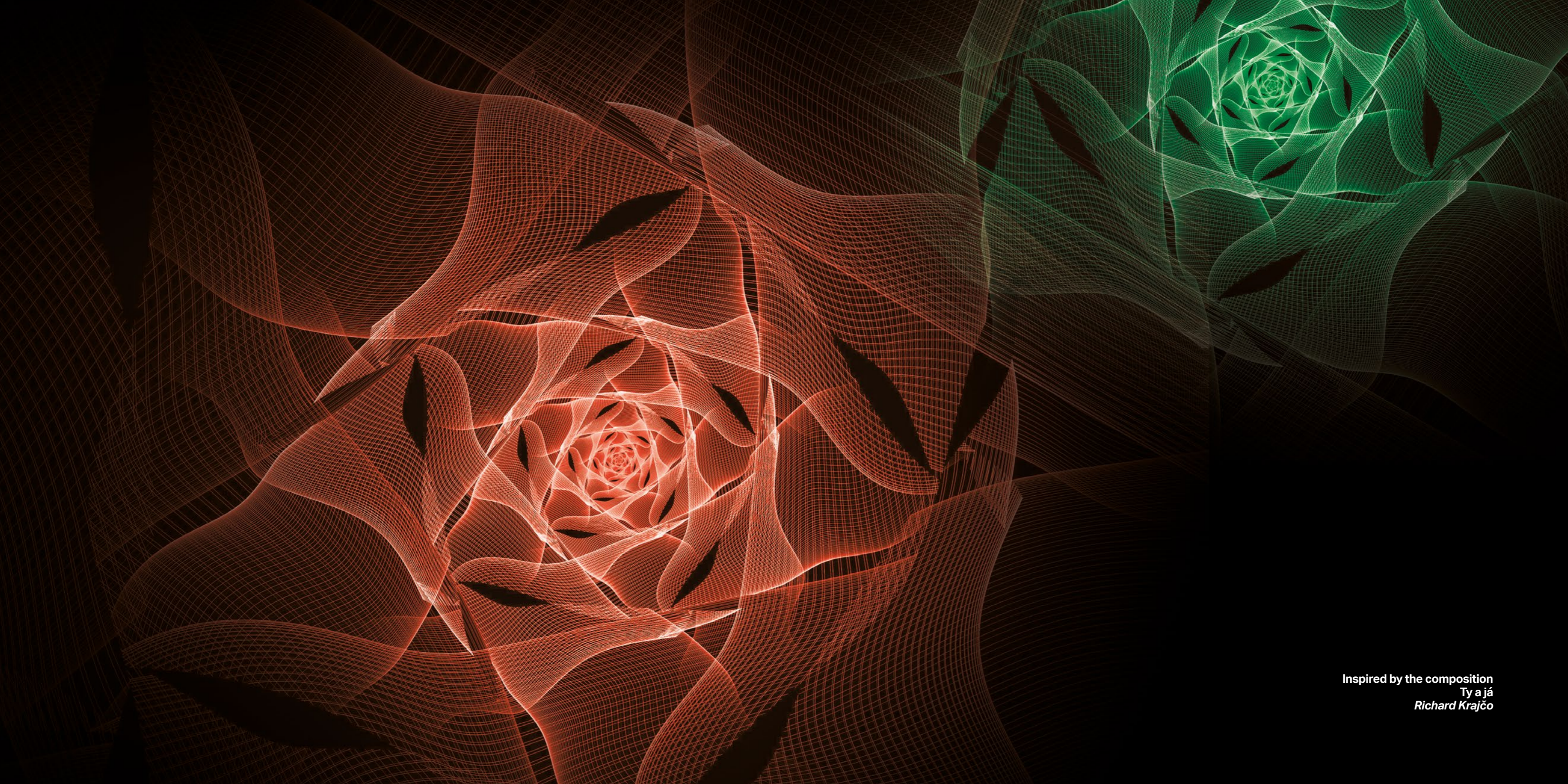
OSA costs	2012	2013	2014	2015	2016	Diff. 2016/2015
Total costs	153,407	146,376	139,888	134,699	142,407	7,708

**in CZK '000 net of VAT*

Structure of OSA costs in 2016

Services	26,667
Depreciation and provisions	8,968
Other operational costs	4,049
Taxes and fees	1,689
Material consumption	1,585
Energy consumption	1,180
BIEM, CISAC contributions	1,134
Total costs net of personnel costs	45,272
Personnel costs incl. benefits and perquisites	74,651
Statutory social security contributions	22,484

**in CZK '000 net of VAT*



Inspired by the composition
Ty a já
Richard Krajčo

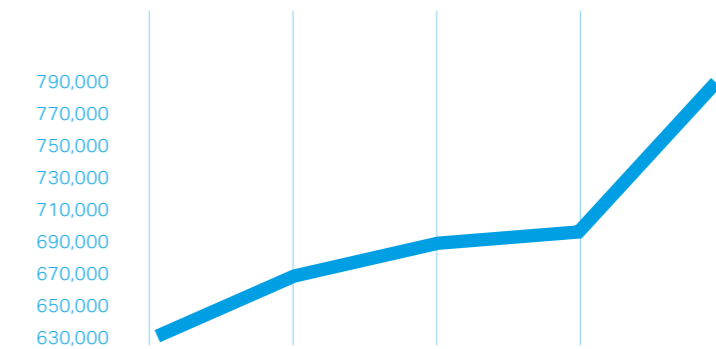
08

Distribution and payment of royalties

8. 1. Royalties distribution

8.1.1. Distributed royalties for music rights

Development of royalties distributed	2012	2013	2014	2015	2016	Difference 2016/2015
Total distributed	632,274	664,880	681,919	684,399	787,894	103,495

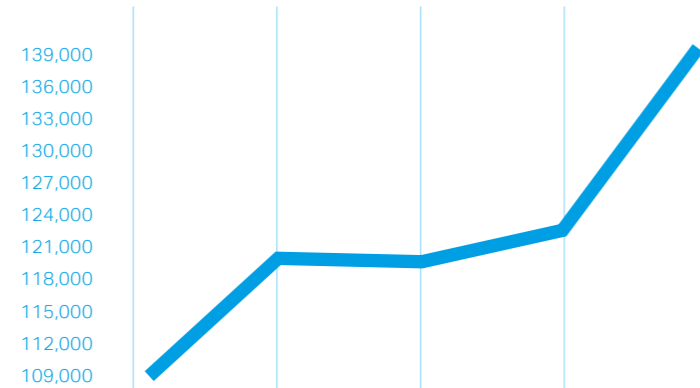


* exclusive of royalties for other domestic collective rights managers

* in CZK '000 net of VAT

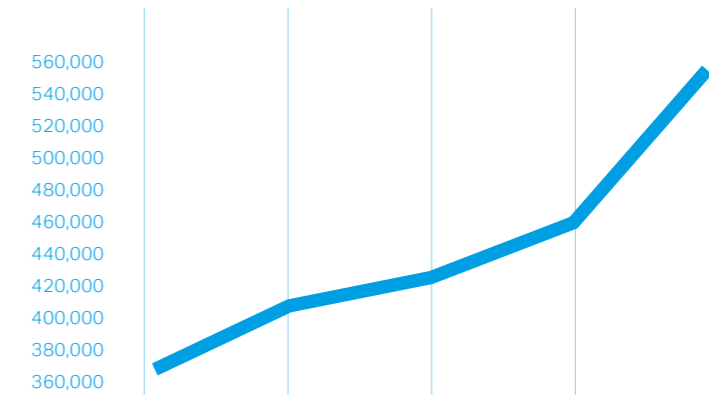
Number of authors and publishers whom royalties were distributed

Development of authors and publishers whom royalties were distributed	2012	2013	2014	2015	2016	Difference 2016/2015
Domestic	5,323	5,726	5,945	6,199	6,415	216
Foreign	104,603	114,747	113,317	116,113	131,923	15,810
Total	109,926	120,473	119,262	122,312	138,338	16,026



Number of musical pieces for which royalties were distributed

Development of musical pieces for which royalties were distributed	2012	2013	2014	2015	2016	Difference 2016/2015
Total	367,671	400,867	416,375	441,355	546,022	104,667

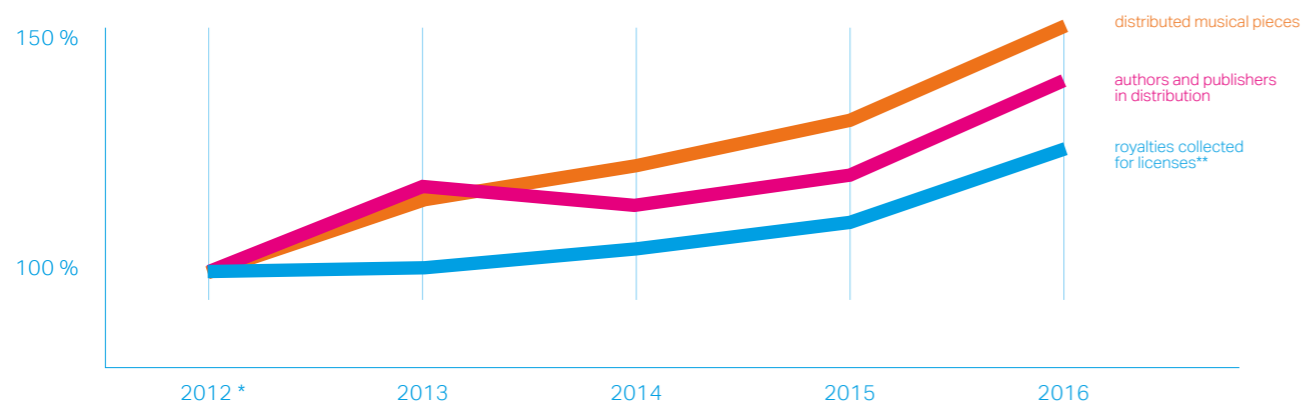


8. 1. 2. Average annual royalty

The number of authors and musical pieces represented by OSA has been growing faster than the collection of royalties. More authors and publishers share the same amount of collected royalties.

Comparison of five-year development 2012—2016

Number of authors and publishers in distribution	+ 28,412	+ 26%
Number of distributed musical pieces	+ 178,351	+ 49%
Royalties collected for licenses**	+ 139,837 (in CZK '000)	+ 18%



* referential year = 100%

** royalties collected for licenses without other domestic collective rights managers and other collected royalties / in CZK '000 net of VAT

8. 2. Payment of royalties

We pay royalties to domestic and foreign copyright holders regularly on four pay dates — March, June, September and December and we have been able to significantly shorten the period between use of a musical piece and settlement thereof. Since 2010 when the quarterly settlement was introduced, our company has been setting the trend in the speed of royalty settlement. We are one of the fastest in international comparison in this regard.

When can you expect to receive payment for use of a musical piece?

Royalties are paid four times a year.

	March	June	September	December
Where was the musical piece used?	When was the musical piece used?			
Public performances**	Q4	Q1	Q2	Q3
Television	September-October	September-November	March-May	June-August
Radio	Q4	Q1	Q2	Q3
Internet	Q4	Q1	Q2	Q3
Carriers	Q4	Q1	Q2	Q3

* The table contains information valid for most of the uses included in the mentioned segments, however, certain other uses may require different settlement.

** The pay date for public performances may not correspond to the stated calendar quarter of use of the musical piece. It rather means the deadline for payment for the use in the relevant quarter.

8.3. Royalties distributed abroad in 2016

Largest foreign recipients of royalties collected in the Czech Republic	In CZK '000*	Share in %
USA	67,072	29.92%
Great Britain	41,148	18.36%
Germany	35,274	15.74%
France	21,506	9.59%
Slovakia	15,777	7.04%
Italy	11,272	5.03%
Austria	5,108	2.28%
Australia	4,651	2.07%
Canada	4,554	2.03%
Sweden	3,174	1.42%
Others**	14,628	6.52%
Total	224,164	100.00%

* before deductions for social and cultural purposes

** Others – Albania, Argentina, Barbados, Belgium, Benin, Bosnia and Herzegovina, Brazil, Bulgaria, Burkina Faso, China, Chile, Colombia, Congo, Croatia, Cuba, Denmark, Egypt, Estonia, Finland, French Polynesia, Ghana, Georgia, Greece, Guinea, Hong Kong, Hungary, India, Indonesia, Ireland, Iceland, Israel, Jamaica, Japan, Kazakhstan, Kenya, Latvia, Lithuania, Madagascar, Macedonia, Malaysia, Mali, Mexico, Netherlands, Norway, Peru, Philippines, Poland, Portugal, Romania, Russia, Senegal, Serbia, Singapore, Slovenia, South Africa, South Korea, Spain, Switzerland, Taiwan, Tanzania, Trinidad and Tobago, Turkey, Ukraine, Uruguay, Venezuela, Vietnam, Zimbabwe, incl. other territories administered by foreign partner collective rights managers located in the said territories.

Complete overview of foreign partner collective rights managers which received royalties from us in 2016 for copyright holders represented by them:

Society	State	Society	State	Society	State	Society	State
ABRAMUS	Brazil	CASH	Hongkong	MUSICAUTOR	Bulgaria	SOCINPRO	Brazil
ACAM	Costa Rica	COMPASS	Singapore	MUST	Taiwan	SODRAC	Canada
ACUM	Israel	COSCAP	Barbados	NCB	Scandinavia	SOKOJ	Serbia
AEPI	Greece	COSGA	Ghana	OMDA	Madagascar	SOZA	Slovakia
AGADU	Uruguay	COSON	Nigeria	PRS	Madagascar	SPA	Portugal
AKKA/LAA	Latvia	COSOTA	Tanzania	RAO	Russia	SPACEM	Fr. Polynesia
AKM	Austria	EAU	Estonia	SABAM	Belgium	STEF	Iceland
AMCOS	Australia	GEMA	Germany	SACEM	France	STEMRA	Netherlands
AMRA	USA	HARRY FOX	USA	SACERAU	Egypt	STIM	Sweden
APRA	Australia	HDS-ZAMP	Croatia	SACM	Mexico	SUISA	Switzerland
ARTISJUS	Hungary	IMRO	Ireland	SACVEN	Venezuela	TEOSTO	Finland
ASCAP	USA	IPRS	India	SADAIC	Argentina	TONO	Norway
AUME	Austria	JACAP	Jamaica	SAMRO	South Africa	UBC	Brazil
BBDA	Burkina Faso	JASRAC	Japan	SAYCO	Colombia	UCMR/ADA	Romania
BCDA	Congo	KCI	Indonesia	SAZAS	Slovenia	UPRS	Uganda
BGDA	Guinea	KODA	Denmark	SBACEM	Brazil	VCPMC	Vietnam
BMI	USA	KOMCA	Korea	SCD	Chile	ZAIS	Poland
BSDA	Senegal	LATGA	Lithuania	SESAC	USA	ZAMCOPS	Zambia
BUBEDRA	Benin	MCPS	Great Britain	SGAE	Spain	ZAMP	Makedonia
BUMA	Netherlands	MCSC	China	SIAE	Italy	ZIMRA	Zimbabwe
BUMDA	Mali	MCSK	Kenya	SOCAN	Canada		

OSA activities outside the collective management system

9.1. OSA agency

In addition to the main activity of a collective rights manager, OSA also performs a secondary agency activity based on the relevant trade license. It primarily involves granting of licenses to use musical pieces in the production of advertising spots and audiovisual works (the so called synchronization rights) and to use musical pieces used in theatre performances. Such licenses are granted based on individual authorization from individual copyright holders. The obtained status of an agency favors new European trends which enable arrangement of conditions for authors based on individual market approach.

9.2. MusicJet

MusicJet is a Czech service designed primarily for music streaming, but also works as a digital music store. It is a joint project of major domestic publishers (Universal Music, Supraphon), OSA (holding 5% of shares) and the majority owner of BaldBrothers. MusicJet is the largest Czech digital archive of music with both domestic and foreign catalogues of the most important publishers in the Czech Republic, as well as smaller independent domestic and foreign labels.

It is a music application, library, browser, player and music e-shop designated for a wide user base. The user has access to millions of songs, hot news, but also e.g. the Beatles. For a monthly fee, MusicJet lets you listen to an unlimited number of tracks directly in your web browser on your PC, tablet and mobile phone without necessity to download to your hard drive. The user may select random interprets and albums, or he may create personal playlists. With a mobile app, songs can be listened to in both online and offline mode. In addition to streaming, it is also possible to buy and download tracks in various formats. The MusicJet music service was launched in September 2011 as the first offer of its kind on the Czech market.

> www.musicjet.cz

10

Legal risks

Legal risks to which the area of copyrights is exposed in a wider context lie in several controversial moments. Unclear interpretation of the copyright act in the absolutely critical areas significantly contributes to the non-licensing of certain types of use or to the reduction of collected royalties and increased costs due to resolution of conflicts through agents or courts. Vague legal background for the use of works protected by copyright on the internet also poses a big problem. Unfortunately, the amendment to the copyright act will probably not change the described situation as despite the collective rights managers' warnings, the draft amendment contains provisions with unclear interpretation and those that might cause considerable problems in the performance of collective rights management. Other factors contributing to the high degree of legal uncertainty in the sphere of our interest include special initiatives whose task is to suppress the rights of authors. In this respect, not only the relevant users of works but also some representatives of the legislative power who submit initiatives restricting authors' rights are active.

Main tasks of OSA legal department in 2016

Participation of OSA lawyers in the preparation of an amendment to the copyright act transposing the collective rights management directive 2014/26/EU, raising objections to proposals and preparation for the amendment implementation in OSA's practice were the important tasks of OSA lawyers in 2016.

Last year, OSA lawyers participated in some disputes of major significance regarding the interpretation of the copyright act (e.g. spa facilities, legitimate royalty rates, substantiation of OSA repertoire in live performances, claims related to the use of works in broadcasting and broadcasting transmission were dealt with). They also contributed to the preparation of supporting documents for the filing of a response to the Office for the Protection of Competition in the case of increased rates for recorded music.

Decision of the Constitutional Court

By its decision file No. III. ÚS 3791/15, the Constitutional Court dismissed the constitutional complaint of one of the defendants (i.e. the operator of a petrol station who equipped the station with reproducing apparatus) as clearly unfounded. On the basis of the first-instance-court decision and documents and other materials taken as evidence in the proceedings, the Constitution Court states that factual conclusions of the court of first instance cannot be considered inconsistent with the facts resulting from evidence and the court of first instance cannot be considered to have extremely interfered with the complainant's rights. Hence OSA successfully bore the burdens of pleading and proving in the proceedings before the court of first instance and, at the same time, did not make a claim against an entity (type of operation) with respect to which this option was excluded. (Evidence included particularly inspection records and video recordings made during inspections carried out at the petrol station.)

11

OSA trademarks

In accordance with Act No. 441/2003 Coll., on Trademarks, Ochranný svaz autorský pro práva k dílům hudebním, z.s. (Association for the Protection of the Rights of Music Authors and Publishers), is the owner of the below specified trademarks which are registered in the register of trademarks kept by the Industrial Property Office www.upv.cz

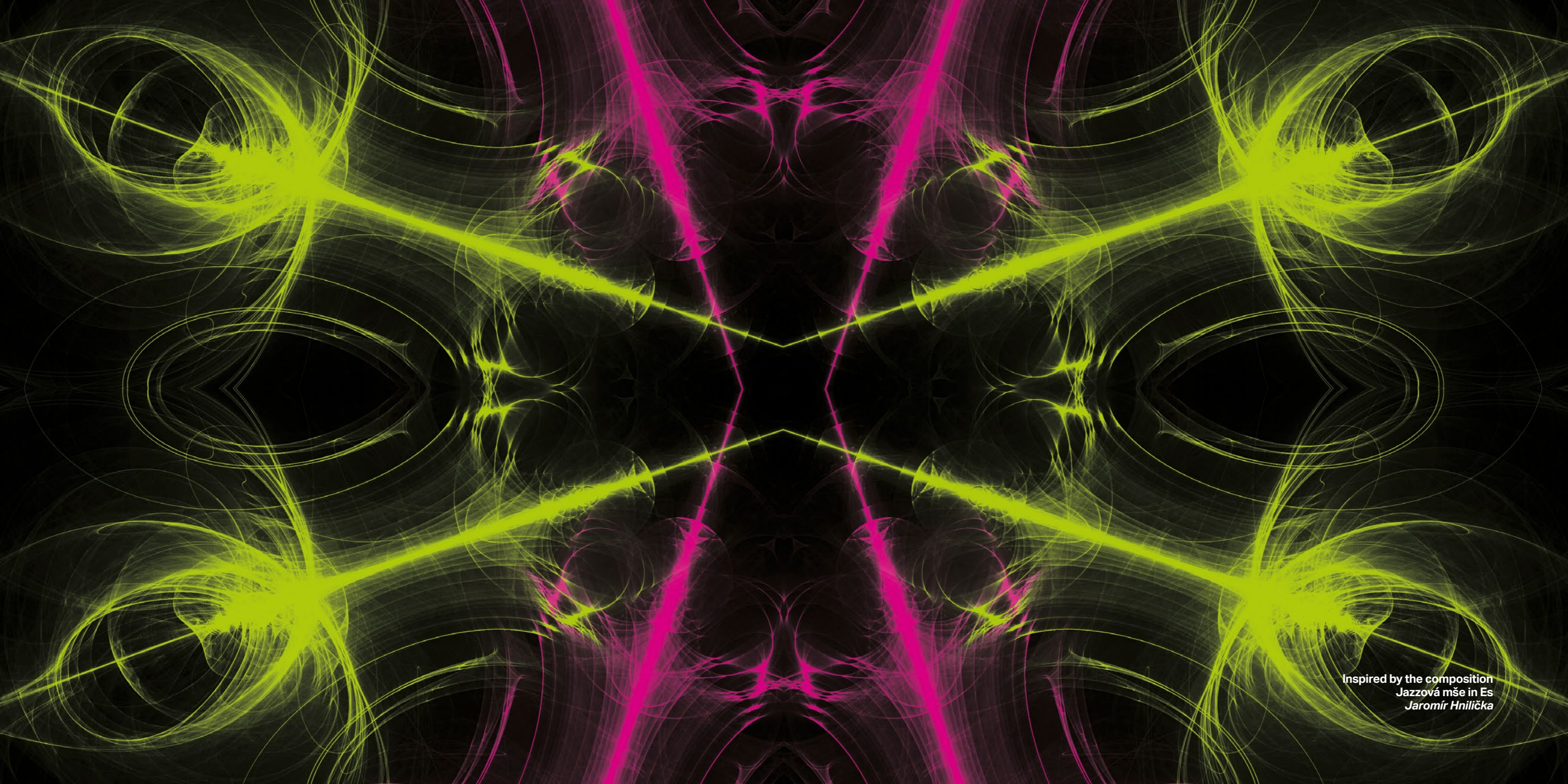
Only those using musical pieces from the OSA repertoire on the basis of a concluded license contract with OSA in connection with lawful production, dissemination, lease and lending of audio and audiovisual recordings are authorized to use the OSA trademark (registration No. 351649 and 309051). Other cases require OSA's consent which may be obtained at komunikace@osa.cz

Name	Registration number	Registration date	Trademark
OSA	251959	24. 2. 2003	
OSA	296128	13. 2. 2008	
OSA	309051	2. 12. 2009	
OSA	351649	2. 3. 2016	
INFOSA	309052	2. 12. 2009	
AUTOR IN	315502	1. 12. 2010	
MYSLÍME NA HUDBU / WE THINK OF MUSIC	351093	27. 1. 2016	
VÝROČNÍ CENY OSA / OSA ANNUAL AWARDS	351094	27. 1. 2016	
PARTNER OSA / OSA PARTNER	351095	27. 1. 2016	

Overview of OSA managed real estate

In order to ensure its activity, OSA managed the following real estate as of 31 December 2016:

Address	Relation to real estate	Purpose of use
Čs. armády čp. 20, Praha 6	the building is owned	registered office, customer centre, contact point
Nádražní ul. čp. 397, Havlíčkův Brod, kanceláře č. 44–48	the offices are leased	customer centre
Šilingrovo nám. čp. 257, Brno, místnost 303	the room is leased	contact point



Inspired by the composition
Jazzová mše in Es
Jaromír Hnilička

OSA and the world

As of 31 December 2016 OSA concluded 122 reciprocal or unilateral agreements with 80 foreign copyright organizations worldwide. These companies, through agreements with other collective rights managers, cover most of the world. Thanks to these contractual obligations the copyrights of domestic authors are protected worldwide and copyrights of more than one million foreign authors are protected in the Czech Republic. We offer easy legal access to a vast number of worldwide music repertoire to public users and simultaneously the domestic represented copyright holders have possibilities, through our organization, to receive royalty fees for music performed in most of the world without any demanding administration and time load which would be inevitable in the case of individual management. Our foreign partners monitor and pay for uses of which the authors do not learn.

As of 31 December 2016 OSA concluded

122 reciprocal or unilateral agreements

with 80 foreign copyright societies worldwide

Territory	Name of copyright society
Albania	ALBAUTOR
Argentina	SADAIC
Australia; other administered territories:, Ashmore, Australian Antarctic Territory, Cartier, Cook, Coco Islands, Easter Islands, Islands, Fiji, Heard Island, Kiribati, Macquarie, McDonald Islands, Nauru, New Zealand, Niue, Norfolk, Papua New Guinea, Ross Island, Solomon Islands, Tokelau, Tuvalu, Western Samoa	AMCOS, APRA
Azerbaijan	AAS
Belgium	SABAM
Bosnia and Herzegovina	AMUS, SQN
Brazil	ABRAMUS, SBACEM, SOCINPRO, UBC
Bulgaria	MUSICAUTOR
China	MCSC
Denmark; other administered territories: Estonia*, Faroe, Finland*, Iceland*, Greenland, Latvia*, Lithuania*, Norway*, Sweden*	KODA (except for territories marked *), NCB
Estonia; other administered territories: Denmark*, Finland*, Iceland*, Latvia*, Lithuania*, Norway*, Sweden*	EAU (except for territories marked *), NCB
Philippines	FILSCAP
Finland; other administered territories: Denmark*, Estonia*, Iceland*, Latvia*, Lithuania*, Norway*, Sweden*	TEOSTO (except for territories marked *), NCB
France; other administered territories: Arabia, Bahrain, Benin, Burkina Faso, Chad, Caledonia, Cameroon, Central African Republic, Congo, Djibouti, Egypt, French Guiana, French Southern and Antarctic Lands, French Polynesia, Gabon, Gambia, Guinea, Guadeloupe, Iraq, Iran, Ivory Coast, Kuwait, Lebanon, Luxembourg, Madagascar, Mali, Morocco, Martinique,	SACEM, SDRM

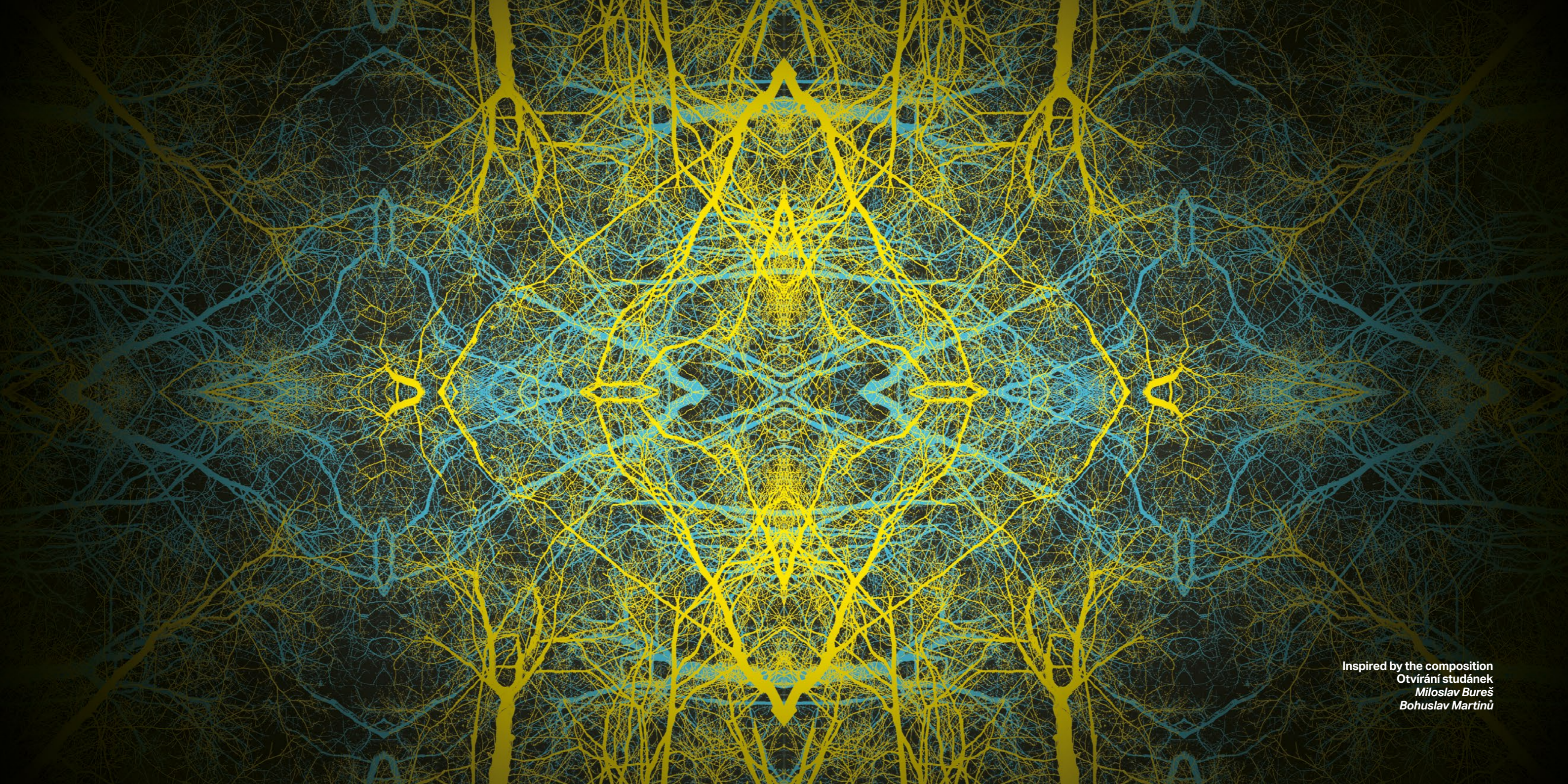
Mauritania, Niger, New Mayotte, Oman, Reunion, Saudi United Arab Emirates, Saint-Barthélemy, Saint Martin, Saint Peter and Miquelon, Senegal, Togo, Wallis and Futuna, Qatar	
Georgia	GCA
Guinea-Bissau	SGA
Hong kong	CASH
Chile	SCD
Croatia	HDS/ZAMP
Ireland	IMRO
Island; other administered territories: Denmark*, Estonia*, Finland*, Lithuania*, Latvia*, Norway*, Sweden*	STEF (except for territories marked *), NCB
Italy; other administered territories: San Marino, Vatican, Libya, Somalia, Ethiopia	SIAE
Israel	ACUM
Japan	JASRAC
South Africa; other administered territories: Botswana, Lesotho, Swaziland	SAMRO
South Korea	KOMCA
Canada	SOCAN, SODRAC
Kazakhstan	KAZAK
Columbia	SAYCO
Costa Rica	ACAM
Cuba	ACDAM
Latvia; other administered territories: Denmark*, Estonia*, Finland*, Iceland*, Lithuania*, Norway*, Sweden*	AKKA/LAA (except for territories marked *), NCB
Lithuania; other administered territories: Denmark*, Estonia*, Finland*, Iceland*, Latvia*, Norway*, Sweden*	LATGA (except for territories marked *), NCB
Hungary	ARTISJUS

Macedonia
Malaysia
Mexico
Moldavia
Germany
Netherlands; other administered territories: Netherlands Antilles, Aruba, Indonesia, Surinam
Norsko; other administered territories: Denmark*, Estonia*, Finland*, Iceland*, Latvia*, Lithuania*, Sweden*
Peru
Poland
Portugal; other administered territories: Azores, Madeira
Austria
Romania
Russia
Greece
Slovakia
Slovenia
Serbia
Spain; other administered territories: Costa Rica, Columbia, Bolivia, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Salvador, Venezuela
Sweden; other administered territories: Denmark*, Estonia*, Finland*, Iceland*, Latvia*, Lithuania*, Norway*
Switzerland; other administered territories: Lichtenstein
Taiwan
Trinidad and Tobago
Turkey

ZAMP
MACP
SACM
ASDAC
GEMA
BUMA, STEMRA
TONO (except for territories marked *), NCB
APDAYC
ZAIKS
SPA
AKM, AUME
UCMR/ADA
RAO, RUR
AEPI
SOZA
SAZAS
SOKOJ
SGAE
STIM (except for territories marked *), NCB
SUISA
MUST
COTT
MESAM, MSG

Ukraine
Uruguay
USA
Great Britain; other administered territories: Anguilla, Antigua and Barbuda, Ascension, Bahamas, Barbados, Belize, Bermuda, British Antarctic Territory, British Indian Ocean Territory, British VirginIslands, Brunei, Cayman Islands, Channel Islands, Diego Garcia, Dominica, Falkland Islands, Ghana, Gibraltar, Grenada, India, Isle of Man, Jamaica, Kenya, Cyprus, Malawi, Malta, Montserrat, Nigeria, Pitcairn Islands, Seychelles, South Georgia, South Sandwich Islands, St. Helena, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Tanzania, Tanzanie, Trinidad and Tobago, Tristan da Cunha, Turks a Caicos, Uganda, Zambia, Zimbabwe
Venezuela
Vietnam

UACRR
AGADU
AMRA, ASCAP, BMI, HARRY FOX, SESAC
MCPS, PRS
SACVEN
VCPMC



Inspired by the composition
Otvírání studánek
Miloslav Bureš
Bohuslav Martinů

14

Cultural activities and social responsibility

We are an association whose main interest and mission is the area of culture and related activities. Based on this principle we consider our proactive participation in the development of culture and cultivation of cultural awareness a fundamental premise of our activity. We cannot be indifferent to the condition of culture in the Czech Republic as well as in the rest of the world because we consider ourselves a comprehensive part and simultaneously creators and participants of this culture and we are a creative factor which is also responsible for the condition of culture. By our activity we particularly express support to the language we understand very well — music.

14. 1. Support for culture

14. 1. 1. OSA Partnership project

An area where it is the easiest to take positive actions with the greatest material impact towards our vision of cultural and responsible society is the support for the Czech music scene. The ambitious Partnership project was created for this purpose in 2010. This project is designed to support authors represented by OSA and to develop culture not only in the Czech Republic. Since then more than 1,000 music projects have been supported within five programs focused on various areas of music activity.

Organizers send us requests which are evaluated once a quarter by the Partnership committee. We then conclude agreements with projects which are successful.

Some of the most important events supported events in 2016 included e.g. Bohemia Jazz Fest, Prague Proms, Avon march, Music Olomouc, Motol Motolice, Kašpárkohraní, Colours of Ostrava, Ekompilace Tour or Appolo Music Awards and Žebřík Music Awards. Many albums with current Czech music production were released (e.g. Oceán, Skety, Priessnitz, Jananas, Thom Artway, Jana Lota, Joe Karafiát etc.) or music magazines (Naše muzika, Hudební rozhledy, Rock and All).

When the committee decides which project shall be supported, it is irrelevant whether the applicant is an OSA member. Therefore, anyone who uses works of authors represented by OSA and who is interested in supporting the good name of OSA in media as well as with wide public can ask for the partnership.

In 2016 OSA Partnership was concluded with

199 music projects

> www.osa.cz/hlavni-menu-eng/partnership/partnership-of-osa

"OSA ŽIVĚ"	support for live concerts and festivals
"VYROBENO S OSA"	support for releasing musical pieces and other materials with music themes
"PREMIÉRY OSA"	support in bringing out new works etc.
"OSA POMÁHÁ"	support for philanthropic and charity events
"OSA TALENT"	support provided particularly in the organization of creative competitions and music courses focused predominantly on young music authors, concerts and festivals presenting young music authors, study stays for music authors connected with creation of music copyright works

14. 1. 2. 11th OSA Annual Awards

For the eleventh time, OSA handed over awards to the most successful music composers, lyricists and publishers in the total of 15 categories. The ceremony of OSA Annual Awards was held in Hybernia Theatre on 2 June 2016. The award winners included Richard Krajčo, Zdenek Merta, Martin Kumžák, Tomáš Krulich, Milan Špalek, Varhan Orchestrovič Bauer, Jaromír Hnilička, Miroslava Miškechová, Jan Rösner, Vladimír Kočandrl, Libor Pešek, Eduard Krečmar, ProVox Music Publishing, Warner/Chappell Music and Glanc, s.r.o. The ceremony was presented by Michal Prokop who sang a duet with Markéta Foukalová in the course of the evening. Other musical guests included Bára Poláková, Dasha, Ondřej Brousek, Jan Smigátor, Felix Slováček jr. and Epoque Quartet

OSA Annual Awards are unique in the Czech Republic as they are awarded based on the statistics provided by radio and television broadcasters, operators of online music services, media producers and sellers or concert organizers. "We are glad that in the eleven years of their existence, the awards have found their place among other music awards on our music scene," explains Roman Strejček, chairman of OSA Board of Directors. The results are not based on decision of a professional jury but reflect the music played every day by radios and TV stations, sold on media or concerts with greatest attendance.

"OSA Annual Awards are an opportunity to pay tribute to the successful Czech authors whose production enriches our lives. They are a unique occasion where authors and colleagues across all genres can meet," says Roman Strejček. The highest awards include OSA Golden Award for contribution to the Czech music, which went to Eduard Krečmar this year, and OSA Golden Fund for the most played pieces or authors in the long term, which went to the piece called Tři oříšky (Three nuts) by composer Karel Svoboda and lyricist Vladimír Kočandrl, included in the catalogue of ProVox Music Publishing. Jiří Grossman was inducted in OSA Golden Fund as an author.

Richard Krajčo with his two awards – for the most successful popular music lyricist and composer – was the most successful author. In total, Krajčo has won 13 awards. Juraj Filas was the most successful classical music composer in 2015. Song Pohoda by Kabát band was the most frequently played song, its authors being Milan Špalek and Tomáš Krulich. Kabát had also played the most successful concert of the year – Open Air Tour organized by Glanc, s.r.o. agency. The award for the most successful piece in the category of classical music went to Saint Wenceslas oratorio by Martin Kumžák, the award for the piece across genres went to Jaromír Hnilička for his Jazz Mass. Varhan Orchestrovič Bauer and Zdenek Merta

were the most successful authors abroad in classical and popular music, respectively. The award for promotion and spreading of Czech music was received by Libor Pešek.

OSA Annual Awards do not omit the young generations under 30 in classical as well as popular music. Miroslava Miškechová, who had become famous thanks to her duet with Xindl X, became the most successful young author of popular music, and the award for the most successful author of classical music went to Jan Rösner. In addition to the glass cassette prize, both received a check for CZK 50,000 from OSA.

Warner/Chappell Music s.r.o. CZ was the most successful publisher last year.

This year's awards were held under the sponsorship of the Ministry of Culture of the Czech Republic. The main media partner was music television Óčko which broadcasted a recording of the OSA Annual Awards ceremony at Óčko Gold station from 8 pm on 26 June 2016. Other media partners included radio Classic Praha, Express FM, magazine Autor In and project MyslimeNaHudbu.cz.

Results of the 11th OSA Annual Awards

Popular Piece of the Year	Pohoda, authors: Milan Špalek, Tomáš Krulich
Classical Piece of the Year	Oratorio Svatý Václav, author: Martin Kumžák
Most Successful Popular Music composer	Richard Krajčo
Most Successful Lyricist	Richard Krajčo
Most Successful Classical Music Composer	Juraj Filas
Most Successful Publisher	Warner/Chappell Music s. r. o. CZ
Most Successful Young Author of Popular Music	Miroslava Miškechová
Most Successful Young Author of Classical Music	Jan Rösner
Most Successful author Abroad of Popular Music	Zdenek Merta
Most Successful author Abroad of Classical Music	Varhan Orchestrovič Bauer
Most Successful Composition among Genres	Jazzová mše, author: Jaromír Hnilička
OSA Golden Award	Eduard Krečmar
OSA Golden Fund	Piece: Tři oříšky, authors: Karel Svoboda, Vladimír Kočandrlé, publisher: ProVox Music Publishing, s. r. o. Author: Jiří Grossmann
Award for Promotion and Spreading of Czech Music	Libor Pešek
Concert of the Year	Open Air Tour Kabát – Glanc, s. r. o.

14.2. Support for charity projects

In addition to one of the programs of the Partnership project ("OSA HELPS") that is focused directly on support for charity events, our association is also interested in charity assistance and help to those in need. We express it by language which is the closest to us – through music. For example, OSA has been cooperating with The Tap Tap Orchestra for eight years. During this time we have helped the band to release three albums and we have contributed to realization of many performances. It is a band from Jedlička Institute. Popularity of the band, which also performed at one of the OSA Awards ceremonies, has grown so much over a few years that it has rightfully become an internationally recognized and successful project. This is one of the reasons we are honored to be able to help people who have been unlucky with their health but despite this setback they are full of energy and humor.

For six years we have been cooperating with the Diaconia of the Evangelical Church of Czech Brethren. The Diaconia operates more than a hundred facilities across the Czech Republic and its activity is focused on serving people with mental and physical disability and other people who have found themselves in difficult life situations. In the same mode we cooperate with the Charity of the Czech Republic.

Another example of long-term charity cooperation is our support for the Motol Motolice concert, which we have been happily providing for eight years. It is a charity concert which is held in Břevnov monastery each year and the proceeds from this concert are used for assisting children from the oncology ward in Motol hospital.

Charity or similar social significance of a cultural event is taken into consideration in many cases by provision of licenses for symbolic or significantly more advantageous prices. This includes performances with live as well as recorded music. Such agreements have been concluded e.g. with the Association of Pensioners, Association of Employees of Houses for Children and Youth, Pionýr association, Elementary Art Schools Association, Czech Choirs Union, Polish Cultural and Educational Union in the Czech Republic, Folklore Union of Prague and Central Bohemian Region, Haná Folklore Society, Society for Folk Traditions of the South Moravian Region or Horní Beřkovic Psychiatric Hospital. In the same way, we express our support e.g. for the event Bambiriáda organized by the Czech Council of Children and Youth, or the event Běhy naděje organized by Levity society. The sense of belonging to a community solidarity professional solidarity motivate us to seek opportunities to support our own authors who are in need of assistance in the way of a financial contribution from the solidarity fund.

14.3. Educating authors

We consider the support for education to be one of the most effective and powerful instruments in supporting the development of the music world in terms of long-term effects. For this reason we have focused one of programs of the mentioned Partnership project ("OSA TALENT") on the area of education, intended as an expression of support for young authors through competitions, courses or study stays. In 2016 we supported e.g. musical workshops for young musicians with the French producer Jean Pierre Mathieu. They are intended for Czech musicians who have the potential to break through abroad. One of the main goals is a considerable improvement of the musical production so that it does not fall behind the foreign competition and an improvement of stage presentation. In addition, the Czech Jazz Workshop project organized by the Czech Jazz Society was supported. It is a week-long workshop which is attended each year by lecturers from all around the world and which is designated for all groups of musicians who want to study the art of music from the best in the field. A financial prize was also given to the winner of the 2016 Best Jazz Piece by a Young Author category which was awarded within Bohemia Jazz Fest partnered by OSA. Our support for Development of Music Production at Primary Schools Project under the patronage of the Institute of Modern Music is also worth mentioning. Theory is explained to children in an attractive form and the education is accompanied with active creative demonstrations. After a year of training, children are able to compose a basic piece of music in their genre. We draw attention to young talents also through the category of the Most Successful Young Author of Popular Music which is awarded at OSA Annual Awards.

14.4. New trends

We also see our role in areas which are less visible from the media perspective, however, they are especially significant for future development on the music market. We watchfully observe the development of trends in music distribution and legal environment not only in the Czech Republic but also abroad where the main development changes are usually foreshadowed and determined. We react to changes in trends by finding new business models. We try to support Czech music e.g. through its presentation in multinational services such as Google Play, Deezer, iTunes but also within the MusicJet service. Agreement on YouTube service was concluded by OSA as early as in 2009 and therefore OSA was one of the first five collective rights managers in Europe which allowed a trouble free launch of the service in the Czech Republic while guaranteeing legalization of content and collection of royalty fees for represented copyrights holders.

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OSA employees

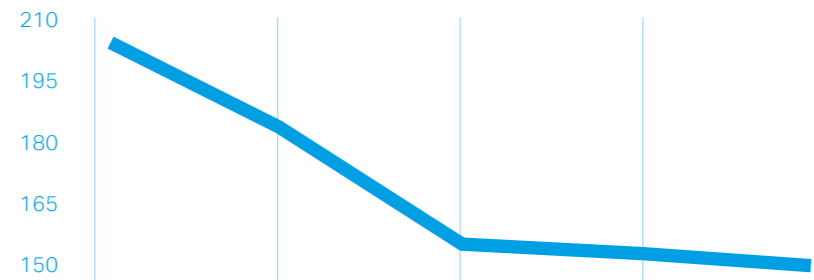
The intention of OSA is to create a long-term solid professional, interest and personal bond between the employer and employees on one hand and between the employees on the other hand. To each employee, we offer possibilities of further development of his/her personal and professional life while maintaining equal approach. To the most talented people we are able to offer new career possibilities within the company. Our employees chime in with the integrated corporate culture thanks to the professionalism and healthy relationship based on open bilateral communication, trust and informal mutual approach but even more so because love and respect to music usually affect more than the professional framework of their lives. On these foundations we together create an inspiring team, consisting of various but coherently interconnected agents – professionalism, experience, talent, passionate youth, enthusiasm, creativity or flexibility. An individual who is happy from the professional as well as personal point of view, who finds a higher purpose in his activity and who works in a friendly, varied and mutually complementing, enriching and motivating collective is the best guarantee of a perfectly done job for our clients.

After the period of 2010—2014 when the number of employees had been considerably reduced from 218 to 157 in accordance with the ongoing changes in the corporate structure and organization, the number of employees stabilized in the following years below a level of 2014. The total number of employees as of 31 December 2016 was 153 (incl. those who worked based on agreements to perform work).

15. 1. Structure of employees by age and sex

Age limit	Men	Women	Total
up to 30 years	5	14	19
31–40 years	11	27	38
41–50 years	12	38	50
51–60 years	8	29	37
61 and more years	7	2	9
Total	43	110	153

Development in the number of employees	2012	2013	2014	2015	2016
Number of employees	204	182	157	155	153



15. 2. Social policy

Work-life balance

Being a modern employer we allow our employees to schedule their personal and professional life through flexible working hours so that any unpleasant collisions in these areas are avoided. In addition, depending on the nature of business to be conducted, OSA offers an extensive amount of alternative workloads which are responsive to the needs of its employees. For example, one can work from home ("home office") or part-time. Employment of existing employees who are on a maternal leave is supported through agreements on works performed outside employment relationship

Handicapped

We try to employ our handicapped fellow citizens if operational conditions allow it. As of 31 December 2016 we employed 8 persons with modified work capability, out of these 8 people 2 persons had a severe disability.

In 2016, OSA represented in total **9,159** domestic copyright holders.

9,159

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**Independent
auditor's report**

The background is a dark, almost black, field filled with a complex network of thin, glowing lines and small dots. The lines are primarily in shades of cyan and light blue, with some transitioning into a warm orange or gold. These lines are mostly horizontal and slightly curved, creating a sense of motion and depth. Small, bright dots of the same colors are scattered throughout the space, some appearing as if they are part of the lines, while others are isolated. The overall effect is that of a digital or network visualization, possibly representing data flow or a complex system.

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