

OSA ARTICLES OF ASSOCIATION

PREAMBLE

OSA follows up the activities of a registered limited-liability association Ochranné sdružení spisovatelů, skladatelů a nakladatelů hudebních děl, zapsané společenstvo s ručením omezeným, which was established by Karel Barvitiš, Rudolf Piskáček, Arnošt Hermann, Josef Šváb, František Šmíd, Eduard Joudal, Emil Štolc, Otakar Hanuš, and Karel Hašler in 1919. The association went gradually through a number of changes as regards its legal forms. It is one of the founding members of the International Confederation of Societies of Authors and Composers CISAC (in 1926) and Bureau International des sociétés gérant les droits des enregistrements et de reproduction mécanique BIEM (in 1929).

NAME, REGISTERED OFFICE AND ROLE OF THE ASSOCIATION / Article 1

1. 1. The name of the association is OSA – Ochranný svaz autorský pro práva k dílům hudebním, z. s. Where appropriate, the acronym OSA will be used (hereinafter referred to as “OSA”).

1. 2. OSA is an association under the provisions of Section 214 et seq. of the Act No. 89/2012 Coll., Civil Code, and, as such, it is a legal entity eligible for legal actions.

1. 3. OSA is an autonomous organization of the authors of musical works, the authors of literary works used in connection with musical works, musical publishers, the heirs of copyrights and other copyright holders established with the aim of meeting their joint interest, i. e. the protection of copyrights, the support of creation and the performance of the musical works of the authors whose rights are managed by OSA based on an agreement and the support to the authors who ended up in difficult social or living circumstances.

1. 4. The registered office of OSA is located at: Prague 6, Československé armády 20/786.

1. 5. The internal organization of the association, the rights and obligations of the members as well as elected bodies of the association are governed by these Articles, which are deposited in their full wording at the registered office of the association.

ACTIVITIES OF THE ASSOCIATION / Article 2

2. 1. The main activities of OSA, as a non-profit organization, involve the collective management of economic copyrights to musical works with or without lyrics and other copyrights under the Copyright Act, the 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 under the Copyright Act in force or on the basis of an authorization granted to OSA by another collective manager.

OSA (“collective manager” under the Copyright Act) manages the economic copyrights of each copyright holder by law or based on an agreement.

OSA is obliged to assume, under usual conditions, the management of economic copyrights of each copyright holder if he request so. The conditions for the conclusion and termination of an agreement as well as the basic contents of such agreement and the obligations between OSA and the copyright holder are governed by the Articles.

2. 2. In order to support its main activities, OSA performs the following auxiliary activities according to its trade licenses:

2. 2. 1 the brokerage in trade and services,

2. 2. 2 advisory and consulting activities, compilation of expert studies and opinions,

2. 2. 3 production, trade and services not listed in Annexes 1–3 of the Trade Act.

2. 3. Profit from auxiliary activities can be used only for the activities and administration of the association.

2. 4. OSA performs its mission and protects the interests of its members, in particular as follows:

2. 4. 1 it presents proposals for solutions and measures in the area of protection and administration of copyrights to the Ministry of Culture and other bodies and institutions,

2. 4. 2 it cooperates with scientific and expert institutions, universities and other cultural institutions and workers in the area of culture aiming at developing culture in the Czech Republic,

2. 4. 3 it provides continuous care and attention to the development of musical creation in the Czech Republic and supports the area of musical arts,

2. 4. 4 it establishes foundations or endowment funds.

MEMBERSHIP

/ Article 3

3. 1. Any economic copyright holder whose rights are managed by OSA on the basis of an agreement and who meets the following conditions can become a member of OSA:

3. 1. 1 a composer if his contracting relationship with OSA is not shorter than 5 years and if he achieved at least the below royalties:

a) not less than CZK 80,000 per each of the last four consequent years or

b) CZK 1,000,000 in aggregate during the period of last five years.

The required minimum royalties for the authors of classical music and their heirs are reduced by one half.

3. 1. 2 a lyricist if his contracting relationship with OSA is not shorter than 5 years and if he achieved minimum royalties always at least in the amount under Art. 3 per each of the past consequent years. 1. 1 a) or in the period of last five years in aggregate in the amount under Art. 3. 1. 1 b).

3. 1. 3 a music publisher if his contracting relationship with OSA is not shorter than 5 years if he achieved minimum royalties always at least the double the amount under Art. 3 per each of the past four consequent years. 1. 1 a) or in the period of last five years in aggregate in the double the amount under Art. 3. 1. 1 b). The required minimum royalties for music publishers in the area of classical music are reduced by one half.

3. 1. 4 an heir of copyrights provided that

a) a deceased copyright holder (an author or an heir) was a member of OSA as on the day of his death

– the testator's royalty amounted always to at least two thirds of the limit laid down for his group for last three consequent years prior to his death

– an heir requests for membership in writing not later than in the year following the termination of the inheritance proceedings. If he fails to do so, he can become a member provided that the condition of minimum royalties under Art. 3. 1. 4 b) is met.

b) a deceased copyright holder (an author or an heir) was not a member of OSA as on the day of his death

– the author's or, as the case may be, all the heirs' royalties in aggregate for the period of last five years reached at least double the amount under Art. 3. 1. 1 b); the required minimum royalties for the heirs of copyrights from composers in the area of classical music are reduced by one half.

3. 1. 5 If there are more heirs, a member of OSA can become the one of them who was selected by all the other heirs and authorized in writing for this purpose. The rights and obligations resulting from the membership then inure only to that member-heir.

3. 1. 6 The heirs are entitled to revoke their authorization in writing by 31 March with the effect as of 31 December and to authorize another of the heirs with the effect as of 1 January of the following year. The newly authorized heir shall meet the conditions of membership under Art. 3. 4.

3. 2. If the copyright holder whose economic copyrights are managed by OSA on the basis on an agreement has already been a member of OSA once, it is sufficient, in order to renew his membership if he achieves the below limits anytime later on

3. 2. 1 in case of a composer, the minimum royalties in last two consequent years, always at least in the amount under Art. 3. 1. 1 a) annually or in the period of last five years in aggregate in the eight-times the amount under Art. 3. 1. 1 a),

3. 2. 2 in case of a lyricist, the minimum royalties in last two consequent years, always at least in the amount under Art. 3. 1. 1 a) annually or in the period of last five years in aggregate in the eighth times the amount under Art. 3. 1. 1 a),

3. 2. 3 in case of a music publisher, the minimum royalties in last two consequent years, always at least in the double the amount under Art. 3. 1. 1 a) annually or in the sixteenth times the amount under Art. 3. 1. 1 a) in the period of last five years in aggregate,

3. 2. 4 in case of an heir, the minimum royalties in last two consequent years, always at least in the double the amount under Art. 3. 1. 1 a) annually or in the sixteenth times the amount under Art. 3. 1. 1 a) in the period of last five years in aggregate.

3. 2. 5 The required minimum royalties for copyright holders in the area of classical music are reduced by one half.

3. 2. 6 Earlier years of membership in OSA are included in full extent.

3. 3. A member of OSA cannot be an employee of OSA at the same time. More detail will be laid down in the Code of Conduct of a member of OSA.

3. 4. Membership in OSA can be gained based on an application in writing by the copyright holder. An application shall contain the applicant's declaration that he will proceed in compliance with these Articles, Rules of Distribution and mentioning the profession group (a composer, a lyricist, a music publisher) of which member he wants to become and in which he will enjoy the membership rights in case that there are more possibilities as regards the groups. If a copyright holder obtains royalties from the use of musical works and from the use of lyrics and he meets the conditions of Art. 3. 1. or 3. 2. only if the royalties from both these uses are added up, it is decisive for the inclusion to a profession group whether the applicant's royalties from the use of musical works or from the use of lyrics are higher. Based on the applicant's request, the General Assembly can, if proposed by the Supervisory Board, include an applicant, on an exceptional basis, also in a profession group in which he reached lower royalties. The General Assembly decides on the admission of an applicant for a member of OSA at the proposal of the Supervisory Board or the members of OSA if it is signed by not less than 10 members.

3. 5. The General Assembly can, if proposed by the Supervisory Board, admit as members, on an exceptional basis, also the composers, lyricists, music publishers or their heirs whose membership is a contribution for OSA despite of the fact that they do not meet the conditions of Art. 3. 1.; a requirement for such exception admission as a member is the fact that OSA has managed their rights based on an agreement since at least 5 years.

3. 6. The duration of the rights management by another collective manager or membership in another collective manager of copyrights having the same subject matter of activities prior to the admission to OSA can be taken into account, on an exceptional basis, if approved by the General Assembly.

3. 7. An applicant becomes a member on the 1 January of the year following the day when the General Assembly decided affirmatively about his application. If a member meets the conditions for membership also in another profession group than in the group in which he enjoys his membership rights, he is entitled to change the affiliation to his profession group with effect as of 1 January of the year following the year in which he filed an application for a change.

3. 8. The membership is tied to the payment of membership contributions.

3. 9. A member of OSA has the following rights:

3. 9. 1 to participate in the General Assembly,

3. 9. 2 to vote for the bodies of OSA,

3. 9. 3 to be elected for the bodies of OSA, except for members – heirs of copyrights,

3. 9. 4 to participate actively in the activities of OSA by his suggestions, proposals and complaints,

3. 9. 5 to enjoy the advantages of a member of OSA following from the economic activities of the association if they are approved by the competent bodies of OSA, and the following obligations:

3. 9. 6 to respect the Articles and conditions of an agreement concluded with OSA,

3. 9. 7 to protect and to preserve the reputation of OSA,

3. 9. 8 to pay membership fees always not later than by 30 April for the calendar year in question.

3. 10. Types of the membership termination:

3. 10. 1 the membership is terminated on the basis of a declaration by the member in writing as on the day specified therein or as on the day of its delivery to OSA,

3. 10. 2 the membership ceases to exist as of the end of the third calendar year for the members whose royalties from OSA have been lower than two thirds of the limit of their group for the period of last three consequent years of membership (Art. 3. 1. 1 to 3. 1. 4),

3. 10. 3 the provisions of Art. 3. 10. 2 are not applicable to the members who were admitted, on an exceptional basis, by the decision of the General Assembly under Art. 3. 5. , in case of the members whose membership has been at least 10 years long nor in case of the members who reached the age of 60 years during their membership or prior to their admission.

3. 10. 4 The membership can be terminated by the General Assembly by an expulsion in case there is a serious reason.

Intentional or negligent gross breaches of the Articles, Distribution Rules, the justified interests of OSA or the Copyright Act are deemed to be serious reasons.

A legal entity can be expelled from OSA if its statutory body, a member, an associate, a shareholder or a controlling entity breaches the Articles, Distribution Rules, an agreement concluded with OSA, the justified interests of OSA or the Copyright Act in a gross manner.

A reason for expulsion can be also the abuse of the powers of a member of a body of OSA to the detriment of the other members of OSA.

The expelled member loses his membership rights as of the day when the decision on the expulsion of the member from OSA is delivered. The provisions of Art. 3. 2. are not applicable to the expelled member. However, it is without prejudice to the agreement concluded with OSA.

3. 10. 5 in addition, the membership terminates also by:

- the death of the member,
- the expiration of the duration of the economic copyrights laid down by the Czech Copyright Act,
- the termination of the agreement concluded with OSA,
- the cancellation of the authorization of an heir-member under Art. 3. 1. 6,
- failure to pay a membership fee even within an additional reasonable period of time determined by OSA in a call for a payment although the member was notified about this consequence in the call.

3. 11. OSA keeps the electronic form of the list of members that is available for inspection at the registered office of OSA.

3. 12. Whether the condition of Art. 3. 1. 1 a) is met is governed by the Articles in effect as on 31 December of the year of concern.

3. 13. A person whose royalties from the use of musical works included in the area of classical music exceed the royalties that he has achieved by the use of the other works is deemed to be a composer or a publisher in the area of classical music. The condition is regarded as fulfilled for the entire duration of membership in OSA up to its termination or expiration if this condition was satisfied as at the moment when the composer or the publisher is admitted as a member of OSA.

3. 14. The royalties, from the point of view of financial limits for membership or the renewal of membership, mean the total volume of paid royalties in the year in question after the deduction of costs reasonably incurred, excluding any advance payments for royalties, excluding any contributions from the supporting fund and the Solidarity Fund (which are incorporated within the Cultural, Social and Educational Fund) and excluding VAT. In order to meet the financial limits for membership in the profession groups of composers and lyricists, the royalties achieved from the use of musical works and from the use of lyrics shall be added up.

FUNDAMENTAL PRINCIPLES OF THE RELATIONSHIP BETWEEN OSA AND THE COPYRIGHT HOLDER

/ Article 4

4. 1. A copyright holder can, at his own discretion, authorize OSA to manage his economic copyrights to musical works and to lyrics

4. 1. 1 for a territory at his own option

4. 1. 2 for the below-listed categories of rights:

- a)** live non-theatrical performance of a work and transmitted live performance (Section 19 of the Copyright Act);
- b)** radio broadcasting of a work (Section 21 of the Copyright Act) and the reproduction of a work (Section 13 of the Copyright Act) for the purpose of its radio broadcasting;
- c)** television broadcasting of a work (Section 21 of the Copyright Act), including the right to include a work in an audiovisual work by a television broadcaster (or in a co-production with another television broadcaster, as the case may be) if such audiovisual work is aimed at the use by such broadcaster, and the reproduction of a work (Section 13 of the Copyright Act) for the purpose of its television broadcasting;
- d)** transmission of radio and TV broadcasts of a work (Section 22 of the Copyright Act);
- e)** performance of recorded musical works and its transmission (Section 20 of the Copyright Act);
- f)** performance of radio and TV broadcasts of a work (Section 23 of the Copyright Act);
- g)** disclosure of a work to the public in such a manner that anybody can access it at a place and at a time at his own option, including but not limited to via a computer or a similar network – so-called performance on-line rights; the reproduction of a work (Section 13 of the Copyright Act) performed by performing artists in the electronic form – so-called mechanic on-line rights;
- h)** the reproduction of a work performed by performing artists, except for the use under items b), c) and g) (Section 13 of the Copyright Act) and the distribution of the work's reproductions (Section 14 of the Copyright Act);

- i) renting (Section 15 of the Copyright Act) and leasing (Section 16 of the Copyright Act) of a reproduction of a work; right to reasonable royalties for renting a reproduction of a work (Section 97d, par. 1 item b) of the Copyright Act);
- j) right to royalties for making a reproduction of work for personal use (Section 97d, par. 1 item a) clause 3 of the Copyright Act);
- k) theatrical performance of a work, synchronization and other uses as individually agreed, as the case may be.

4. 2. The copyright holder is obliged to settle the costs related to his registration and to providing other services. These costs in lump sums are approved by the Supervisory Board of OSA. The price list of the costs to be settled is disclosed on the website of OSA.

4. 3. The conditions for the exercise of the management of rights entrusted to OSA are governed by an agreement on the representation of economic copyrights or will be agreed in an agreement for the management of economic copyrights (hereinafter referred to as the "agreement") concluded in a documentary form between OSA and the copyright holder. A copyright holder in the agreement stipulates the rights, under Art. 4. 1., of which exercise he entrusts to OSA and for which territories.

4. 4. A copyright holder can provide authorization to exercise rights to non-commercial use of the rights chosen by him even if he entrusted the exercise of such rights to OSA. He is obliged to inform OSA in writing about such authorization within 15 days prior to the planned use.

4. 5. The non-commercial use under Art. 4. 4. means the use of musical works not for the purpose of direct or indirect economic or commercial benefit that is not connected with the promotion of any products, services or other outputs and values and when the user's entire income from the use of musical works is used for humanitarian and charity purposes.

4. 6. The copyright holder is entitled to withdraw the authorization for the exercise of collective management in full or in part, at his own discretion, for all or some of the categories of rights specified in Art. 4. 1., including the choice of the territory, by a notice of termination in writing with a six-month period of notice. This withdrawal will come into effect at the end of the calendar year in which the notice was submitted and delivered to OSA.

4. 7. It is without prejudice to his rights laid down by the Copyright Act by the moment when all the copyright holder's claims from the exercise of the collective management after the termination of authorization under Art. 4. 6.

4. 8. The termination of authorization under Art. 4. 6. is not subject to entrusting the execution of the terminated categories of rights to another collective manager.

4. 9. The copyright holders can communicate with electronic means with OSA.

BODIES OF OSA

/ Article 5

5. 1. The bodies of OSA are as follows:

- General Assembly
- Supervisory Board

5. 2. A clean criminal record and, in case of people born before 30 November 1971, also negative lustration certificate are required in order to perform the position of a member of the Supervisory Board, their representatives in case of legal entities, and a member of the Board of Trustees.

5. 3. A member of the Supervisory Board of OSA or a member of the Board of Trustees of OSA (hereinafter referred to as a “member of the OSA management”) is obliged to inform OSA, without undue delay, about the risk of the conflict of interests between his personal interest and the interests of OSA.

5. 4. A notification under Art. 5. 3. shall be negotiated by the Supervisory Board of OSA during its next meeting after its announcement and it provides specific procedures so that it is possible to avoid a conflict of interest in a case notified or so that the conflict of interests does not affect unfavorably the collective interests of the copyright holders for whom OSA performs the collective management.

5. 5. The existing and possible conflicts of interests will be disclosed during the General Assembly of the members of OSA.

GENERAL ASSEMBLY

/ Article 6

6. 1. The General Assembly is the highest body of OSA.

6. 2. The ordinary General Assembly is convened at least once a year, in the first half of the calendar year after the economic results for the previous year have been closed. The date of the meeting of the General Assembly will be notified at least three months in advance.

6. 3. Written invitations to the meeting of the General Assembly shall be sent by registered mail to the addresses of the members of OSA not later than four weeks prior to the day of the meeting. The invitations for the ordinary meeting of the General Assembly shall contain the annual report of the Board of Trustees for the previous year, the agenda of the General Assembly and proposals about which the General Assembly will decide.

6. 4. Each member is obliged to notify to OSA an address to which it is possible to send him correspondence. Any correspondence sent to the notified address in time is considered to be delivered.

6. 5. An extraordinary General Assembly can be convened at the request of the Board of Trustees, the Supervisory Board or 20 % of the members of OSA.

6. 6. The General Assembly is convened by the Board of Trustees following a proposal of the Supervisory Board. The meeting is presided by the Chairman of the Supervisory Board or another authorized member of the Supervisory Board or the Board of Trustees (hereinafter referred to as the “Chairperson”).

6. 7. The members of OSA can participate in the General Assembly, other persons invited by the Board of Trustees of the Supervisory Board and a representative of the Ministry of Culture. Always one person can participate on behalf of members – legal entities. A member is entitled to grant a power of attorney to another person to participate in the meetings of the General Assembly and to vote there on his behalf. An attorney is obliged to present a power of attorney, including the principal’s officially authenticated signature. Each power

of attorney is valid for one General Assembly. An attorney is authorized to represent only one member in the General Assembly.

6. 8. The members can exercise their membership rights related to the participation in the General Assembly by electronic means as well. Any amendments to the proposals on which the General Assembly will vote and that have been sent along with the invitation cannot be submitted due to the introduction of electronic voting. Any procedural and organizational issues cannot be voted by electronic means in the course of the meetings of the General Assembly nor the second round of elections under Art. 6. 18. can take place using such manner. The conditions are governed by the Rules of Procedure of the General Assembly. If a member who voted or elected electronically participates in the General Assembly, he is not entitled to vote or elect there anymore.

6. 9. The General Assembly has a quorum if 10 % of members are present and, at the same time, 10 % of members from each profession group (3. 1. 1 to 3. 1. 3). If so many members do not arrive within 30 minutes as of the time for which the General Assembly was convened so that it has a quorum, the chairperson opens the General Assembly that will have a quorum regardless the number of members present provided that each profession group is represented. However, the members have to be notified about this fact in the invitation.

6. 10. The agenda of the General Assembly is prepared by the Board of Trustees and approves the Supervisory Board based on proposals and requirements of the members of the Supervisory Board, the members of the Board of Trustees and the members of OSA. A proposal signed by not less than 10 members of OSA will be included in the agenda of the General Assembly automatically. The signatures of the members elected for the Supervisory Board of OSA are not included in the limit of 10 members of OSA.

6. 11. The proposed items on the agenda of the General Assembly shall be delivered to the Board of Trustees at least 8 weeks prior to the meeting of the General Assembly. If any parts of the Articles, Distribution Rules or another document of OSA are deleted, extended or amended by the proposal, the wording of the valid document or a part thereof to which the proposal concerns highlighting the proposed amendments and additions shall be attached to the proposal.

6. 12. It is not possible to approve resolutions and decisions on the items that are not included in the agenda.

6. 13. The General Assembly has particularly the following tasks:

6. 13. 1 to approve the annual reports of the Board of Trustees for the previous year and the annual accounting statements,

6. 13. 2 to negotiate the report of the Supervisory Board,

6. 13. 3 to elect and dismiss the Supervisory Board or the individual members of the Supervisory Board, to elect and dismiss the members of committees established by the General Assembly as required, the Supervisory Board is appointed by its election,

6. 13. 4 to decide about the issues of membership,

6. 13. 5 to approve the Articles and amendments thereto,

6. 13. 6 to approve the amount of the membership contributions,

6. 13. 7 to approve the Distribution Rules and amendments thereto,

6. 13. 8 to approve the Statutes of the Cultural, Social and Educational Fund of OSA and any amendments thereto,

6. 13. 9 to decide on the investment strategy as far the income from the exercise of rights as well as any income from the investment of income from the exercise of rights is concerned,

6. 13. 10 to decide on the strategy concerning the withheld income from the exercise of rights and from the income from the investments of income from the exercise of rights,

6. 13. 11 to decide on the use of the income from the exercise of rights that could not be paid within a statutory period for the reason that the copyright holders could not be determined or found,

6. 13. 12 to decide on the disposal of the profit from its auxiliary economic activities,

6. 13. 13 to negotiate and to decide any issue being a part of the competences of any bodies of OSA if considered to be required or suitable,

6. 13. 14 to approve the Rules of Procedure of the General Assembly,

6. 13. 15 to approve the Rules of Procedure of the Supervisory Board,

6. 13. 16 to approve the legal actions of the Board of Trustees that require, in compliance with the Articles, the prior approval of the General Assembly,

6. 13. 17 to appoint and to dismiss an auditor,

6. 13. 18 to decide on the dissolution of OSA in compliance with Art. 12.

6. 14. Each member disposes of one vote in the General Assembly; each member being obliged to exercise his voting right personally, or through its attorney during a meeting of the General Assembly too. Legal entities vote through their statutory bodies, proxies, attorneys or employees authorized by the statutory body. If the statutory body consists of more natural persons, its chairman votes on behalf of the legal entity or its member authorized thereto. An heir votes in the profession group of which member the testator was.

6. 15. If any member belonging to a profession group of composers or lyricists is entitled to vote on behalf or in representation of a legal entity in compliance with Art. 6.14 at the same time, he is entitled to vote in only one of these groups. If an attorney is entitled to vote in more profession groups, this provision applies correspondingly.

6. 16. Each member has only one vote.

6. 17. The General Assembly acts on the basis of the Rules of Procedure approved by the General Assembly.

6. 18. Each of the profession groups votes its representatives for the Supervisory Board of OSA separately in the form of secret ballot. Candidates from among publishers – legal entities nominate natural persons as their representatives for the Supervisory Board. They can nominate only one person. Candidates become the members of the Supervisory Board and substitutes depending on the number of votes obtained. In case of the equality of votes obtained for the position of a member of the Supervisory Board and/or a substitute, the second round of elections from among the candidates who obtained the equal number of votes follows.

6. 19. The approval of the Articles, the Distribution Rules, including their amendments, the submission of a request for the revocation of the authorization to exercise collective management in its full extent and decision on the dissolution of OSA are performed separately in individual profession groups, each of them disposing only by one vote, while any amendments to these documents enter into force only in case that all three profession groups vote affirmatively. Each profession group shall approve its decision by three-fifth majority. A decision on the dissolution of OSA and on the submission of a request to revoke the authorization to exercise collective management in its full extent shall be approved by each of the profession group by three-fifth majority of all the members of the profession group in question.

6. 20. The plenary session of the General Assembly decides on the dismissal of the whole of the Supervisory Board. The dismissal shall be approved by a two-third majority. In case that the Supervisory Board has been dismissed, an extraordinary General Assembly will take place not later than within two months and it will elect a new Supervisory Board. An extraordinary General Assembly will be convened by the Board of Trustees in such case. The termination of the term of the dismissed Supervisory Board is governed by Art. 7. 3. 1.

6. 21. The profession group by which he was elected decides on the dismissal of a member of the Supervisory Board with three-fourth majority in the form of secret ballot.

6. 22. Minutes shall be taken from the meeting of the General Assembly not later than 90 days as of its termination and they are available to the members at the registered office of OSA and in the INFOSA information system. The resolutions of the General Assembly are filed in a public register if they form the basis for the entry of facts in the register as laid down by legal regulations.

SUPERVISORY BOARD

/ Article 7

7. 1. The Supervisory Board is a management and controlling body of OSA during the period between the meetings of the General Assembly.

7. 2. The Supervisory Board consists of 13 members who have been the members of OSA since not less than 3 years, including 6 composers, 3 lyricists and 4 publishers.

7. 2. 1 Each publisher – a legal entity can be represented in the Supervisory Board by only one person elected by the General Assembly.

7. 2. 2 Always 2 substitutes shall be elected for each profession group whose order is determined depending on the number of votes obtained.

7. 2. 3 The substitutes are entitled to participate in the meetings of the Supervisory Board with a full voting right in case that the regular members of their profession group or representatives from among the publishers - legal entities, if any, cannot participate in the meetings of the Supervisory Board.

7. 3. The members of the Supervisory Board are elected by the General Assembly for three years, repeated election is admissible.

7. 3. 1 The term of the Supervisory Board starts as of the end of the General Assembly in which it was elected and terminates by the General Assembly in which a new Supervisory Board was elected.

7.3.2 Membership in the Supervisory Board shall terminate where membership of a member of the Supervisory Board in OSA terminates, or where a representative elected to act on behalf of a publisher – legal entity terminates his or her employment with the publisher, or where his or her authorization terminates. Membership in the Supervisory Board further terminates where a member of the Supervisory Board fails to attend meetings of the Supervisory Board for a period exceeding 5 months.

7.3.3 Should any member resign or be revoked, or should his or her membership in the Supervisory Board terminate under Art. 7.3.2, the Supervisory Board shall co-opt a substitute member from the relevant professional group in the order as specified in Art. 7.2.2. Term of the co-opted member of the Supervisory Board shall terminate as at the end of the term of the Supervisory Board.

7. 4. The Supervisory Board elects its Chairman and two Vice-Chairmen from their midst. The Chairman is elected from the profession group of composers, both Vice-Chairmen from the other profession groups, i. e. one from the profession group of lyricists and one from the profession group of publishers.

7. 5. The Supervisory Board is entitled to establish and dismiss committees as required by OSA, to appoint their members, to determine their job descriptions and to approve their Rules of Procedure.

7. 6. The Supervisory Board is entitled to decide on all issues unless they are reserved by law or the Articles for another body or unless the General Assembly reserves them for itself. By a resolution, it is entitled to reserve to itself a decision on an issue that is supposed to be reserved to the Board of Trustees under the Articles.

7. 7. The Supervisory Board is entitled to decide on an issue that is reserved to the General Assembly by the Articles if there is immediate risk of damage and if it is not an exclusive power entrusted to the General Assembly by law. Such decision is valid not longer than by the next General Assembly that will decide on the issue with final effect.

7. 8. The tasks of the Supervisory Board in compliance with its Rules of Procedure are, in particular, as follows:

7. 8. 1 to elect and dismiss the Chairman and the members of the Board of Trustees,

7. 8. 2 to supervise the activities of the Board of Trustees and committees,

7. 8. 3 to negotiate and approve the fundamental issues of the procedure of OSA used in the protection of the entrusted copyrights unless they are reserved to the General Assembly,

7. 8. 4 to negotiate and approve the principles of contracting relationships for the individual types of the use of the works unless they are reserved to the General Assembly by the Articles,

7. 8. 5 to negotiate the proposed tariffs of royalties,

7. 8. 6 to negotiate quarterly reports on economic results,

7. 8. 7 to set economic objectives of OSA for a current year and to determine remuneration to the members of the Board of Trustees depending on meeting these objectives,

7. 8. 8 to decide on a specific percentage amount of the overhead withheld for the individual types of use,

7. 8. 9 to decide on a specific percentage amount of the deductions for the reserve fund for the individual types of use,

7. 8. 10 to decide on the use of funds from the reserve fund, except for justified complaints, as proposed by the Board of Trustees,

7. 8. 11 to approve the legal actions of the Board of Trustees that require, in compliance with the Articles, the prior approval of the Supervisory Board,

7. 8. 12 to approve a model contract for the management of economic copyrights and any amendments thereto,

7. 8. 13 to conclude agreements with the members of the Board of Trustees on behalf of OSA,

7. 8. 14 to decide on procedures for the distribution of investment risks,

7. 8. 15 to decide on the membership in international organizations of which subject matter of activities is to protect copyrights or on its termination.

7. 9. Simple majority of the votes of the members present is decisive in voting by the Supervisory Board. The vote of the Chairman has the weight of two votes in case of the equality of votes. If the members of the Supervisory Board from among the composers present in the meeting of the Supervisory Board hold the same opinion unanimously, they cannot be voted down by the other present members of the Supervisory Board.

7. 10. The members of the Supervisory Board have to participate in the meetings of the Supervisory Board in person, except for publishers – legal entities on behalf of which elected representatives participate and vote.

7. 11. The Supervisory Board has a quorum if the overall majority of all its members is present. However, each profession group shall be represented by at least one member.

7. 12. The Supervisory Board is governed by the Rules of Procedure in its activities.

7. 13. The Supervisory Board is subordinated to the General Assembly as regards its activities. The individual members of the Supervisory Board are responsible for the performance of the functions in compliance with generally binding legal regulations.

7. 14. The members of the Supervisory Board are obliged, in the performance of their functions, to act with due care and to maintain confidentiality about confidential information and facts of which disclosures to third parties could cause damage to OSA or to the individual copyright holders. In case any breach of this provision is proved, the Supervisory Board shall decide to suspend the performance of a function of such member of the Supervisory Board by the next meeting of the General Assembly which will take the final decision.

7. 15. Emolument in compliance with Section 6 par. 10 of the Income Tax Act No. 586/92 Coll. and the compensation of proved cash expenses appertain to the members of the Supervisory Board and committees or the representatives of the publishers – legal entities, if applicable, for the performance of their functions. The amount of the emolument shall be determined by the General Assembly as proposed by the Supervisory Board.

- 8. 1.** The Board of Trustees is a statutory and executive body of OSA.
- 8. 2.** The Board of Trustees is elected and dismissed by the Supervisory Board. The members of the Board of Trustees perform their functions based on an agreement governed by the Civil Code. The term of the members of the Board of Trustees is laid down for indefinite period of time.
- 8. 3.** The Board of Trustees consists of the Chairman of the Board of Directors and two members.
- 8. 4.** A member of the Board of Trustees can be only a natural person who meets the general conditions for the operation of a trade under Act No. 455/1991 Coll., "Trade Act", who has no obstacles given for the performance of a trade laid down by that act regardless the subject matter of activities.
- 8. 5.** Always the Chairman of the Board of Trustees and another member of the Board of Trustees act together on behalf of OSA.
- 8. 6.** The Board of Trustees presides OSA of which organizational structure, powers and responsibilities are governed by the Rules of Procedure.
- 8. 7.** The Board of Trustees is entitled to decide on the issues of OSA that are not entrusted, by generally binding legal regulations, the Articles or a resolution of the General Assembly or the Supervisory Board, among the powers of the General Assembly or the Supervisory Board.
- 8. 8.** The tasks of the Board of Trustees are, in particular, as follows:
- 8. 8. 1** to manage the employees of OSA and to check their activities,
 - 8. 8. 2** to participate in the meetings of the Supervisory Board unless the Supervisory Board decides otherwise,
 - 8. 8. 3** to participate in the General Assemblies and to implement their resolutions,
 - 8. 8. 4** to submit a quarterly economic report of OSA to the Supervisory Board, a financial plan for the next year not later than by the end of December and an annual report including annual financial statements for the preceding year by the end of March,
 - 8. 8. 5** to approve the tariffs of royalties after their discussion with the Supervisory Board,
 - 8. 8. 6** to inform the Supervisory Board without delay about
 - 8. 8. 6.1** organizational changes,
 - 8. 8. 6.2** the conclusion and termination of agreements with inland and foreign collective managers and significant users.
- 8. 9.** The prior approval of the Supervisory Board is required for the validity of the following actions and decisions as regards:

8. 9. 1 the conclusion of an agreement if the price exceeds either the amount of CZK 500,000 (excl. VAT) for a one-off delivery of goods, services and works or the amount of CZK 100,000 (excl. VAT) per month for a delivery provided for a period of more than 6 months,

8. 9. 2 the provision of an advance payment for royalties if the advance payment exceeds one fourth of the royalties of the copyright holder for past two years and always when the advance payment is supposed to exceed the amount of CZK 100,000,

8. 9. 3 the membership of OSA in other associations, companies, organizations or other legal entities,

8. 9. 4 the submission of complaints in significant disputes unless they are disputes in which OSA requests, in respect of users, that the obligations from agreements for the use of works protected by copyright are met and unjust enrichment is surrendered.

8. 10. The prior approval of the General Assembly is required for the validity of the following actions and decisions as regards:

8. 10. 1 the acquisition, disposal and any other encumbrance of real estate,

8. 10. 2 the acceptance and provision of loans or credits,

8. 10. 3 the assumption of warranties and guarantees or other liabilities,

8. 10. 4 the issuing of promissory notes and providing an aval for them.

8. 11. The Board of Trustees is responsible for its activities and decisions to the General Assembly and the Supervisory Board. The individual members of the Board of Trustees are responsible in compliance with generally binding legal regulations.

8. 12. The members of the Board of Trustees who cause damage by breaching their legal obligations in the performance of their functions are responsible for such damage in compliance with the Civil Code jointly and severally unless any of the members of the Board of Trustees proves that he pointed out during the negotiations of the Board of Trustees that the intended action is inappropriate and it is mentioned in the minutes from the applicable negotiation of the Board of Trustees that he voted against the action due to which the damage was caused. The member of the Board of Trustees is not responsible for damage in compliance with the previous clause who has not caused it anyway by his action or omission or co-decision, in particular, if he did not know at all about the action by which the damage was caused. The members of the Board of Trustees are not responsible for the damage that they caused by following an instruction or a decision of the General Assembly or the Supervisory Board if at least one member of the Board of Trustees notified the General Assembly or the Supervisory Board of the inappropriateness of the instruction or the decision in writing and the General Assembly or the Supervisory Board insisted on its instruction or decision.

RESOLUTION OF DISPUTES AND COMPLAINTS

/ Article 9

9. 1. In case of any dispute between copyright holders, both parties to the dispute can ask the Supervisory Board to establish an arbitration committee that would resolve their dispute amicably.

9. 2. Written complaints of the copyright holders, including collective managers who authorized OSA to exercise collective management, shall be resolved by the competent organizational unit of OSA. The complainant can lodge an appeal against the method of resolution within 30 days as of the delivery of the decision to the Board of Trustees that will decide on the appeal. The complainant is entitled to submit objections against the decision of the Board of Trustees within 30 days; the Supervisory Board will decide about them.

9. 3. The decisions about objections against the distribution of royalties (complaints) are governed by the Distribution Rules.

ECONOMIC ACTIVITIES OF OSA AND THEIR INSPECTION / Article 10

10. 1. OSA exercises collective management on a non-profitable basis.

10. 2. Funds to perform collective management are obtained by OSA from the compensations of operating costs reasonably incurred withheld from collected royalties for the use of works protected by copyrights and from the income from unjust enrichment.

10. 3. Membership costs are covered exclusively by membership fees in compliance with Art. 3. 8.

10. 4. The profit of OSA from its auxiliary economic activities shall be used, after the annual financial statements are approved, to support the creation and performance of music works.

10. 5. OSA creates the Cultural, Social and Educational Fund. The resources of the fund and the manner of its use are laid down in its Statutes.

10. 6. The annual financial statements and the economic results shall be inspected by an independent auditor approved by the General Assembly. The conclusions of the audit will be published, in compliance with general binding legal regulations, on the website of OSA, along with the economic results for the previous year.

RESPONSIBILITY FOR LIABILITIES / Article 11

11. 1. OSA is responsible for its liabilities to the extent of all its movable and immovable assets, including all its receivables and claims.

11. 2. The members or other copyright holders are not responsible for the liabilities of OSA in respect of third entities.

DISSOLUTION OF OSA / Article 12

12. 1. The decision on the dissolution of OSA shall be taken separately in individual profession groups, each of them disposing of one vote only, while the dissolution is approved only in case that the vote of all three profession groups is affirmative. Each profession group shall approve the dissolution of OSA with three-fifth majority of all the members of the profession group in question. The General Assembly shall decide with simple majority on the method of liquidation and on the use of the assets that remain after liquidation. As a part of

the liquidation, OSA is obliged to ensure the settlement of royalties of the inland and foreign copyright holders for a current calendar year or for its appropriate part.

12. 2. At the same time, the General Assembly shall elect a liquidator by simple majority.

FINAL PROVISIONS**/ Article 13**

13. 1. The Articles of OSA and any amendments thereto, if any, shall be approved by the General Assembly.

13. 2. In case that any provision of the Articles shows to be invalid, ineffective or disputable or any provision is missing, with regard to the legal regulations in force, this fact is without prejudice to the other provisions of the Articles.

13. 3. The Articles enter into force by their approval by the General Assembly on **28 May 2018** and into effect on the day that follows.