ANNEX TO TEOSTO'S MEMBERSHIP AGREEMENT

THE ASSIGNMENT OF THE EXCLUSIVE RIGHT OF USE OF COPYRIGHT FOR A LIMITED TERM TO THE MUSIC AUTHOR'S LIMITED LIABILITY COMPANY

1. IDENTIFICATION DATA

Member ("**Member**");

Name: _____

Date of birth: _____

Address: _____

Telephone and email: _____

Membership agreement ("**Membership Agreement**")

Membership number: _____

Date of signature: _____

Limited liability company ("**Company**")

Name: _____

Address: _____

Business ID (VAT number): _____

Bank account number: _____

2. BACKGROUND AND PURPOSE

The Member and Finnish Composers' Copyright Society Teosto ("**Teosto"**) have entered into a Membership Agreement, on the basis of which Teosto has obtained the rights to the Member's works as specified in the Membership Agreement.

On 1 October 2018, the Finnish Tax Administration has issued an instruction (A120/200/2018) concerning the determination and taxation of the fair market value of rights in circumstances where the Member grants, to a limited liability company owned by the Member and for a limited period of time, the exclusive right of use in respect of copyrights and remuneration under the Copyright Collective Management Act ("**Tax Administration Instruction**").

By this amendment to the Membership Agreement, the Member and Teosto agree about an arrangement (the "**Entire Arrangement**") whereby Teosto pays the royalties accrued from copyright Licences it has granted for the use of works created by the Member to the Member's limited liability company as its business income. The Membership Agreement shall remain unchanged except as set out in this annex and its sub-annexes.

The Entire Arrangement is subject to the Finnish Tax Administration's application instructions applicable at any given time. If the Finnish Tax Administration revises the application instructions while the Entire Arrangement is in force, Teosto, the Member and the Member's limited liability company undertake to update this Annex and its related sub-annexes in cooperation to reflect the new instructions. The aforementioned parties shall also undertake other reasonable measures to enable the objective of the Entire Arrangement to be fulfilled also in the changed circumstances.

The Member shall independently and, where needed, with the assistance of a professional tax advisor, determine the Licence Fee and tax obligations arising to the Member and the Member's limited liability company from the Entire Arrangement. The Member shall be responsible for the Licence Fee and tax obligations under the Entire Arrangement on his/her own behalf and on behalf of the Company he/she represents. Teosto shall not be liable for any costs or other consequences that the Member may incur as a result of any changes to the Finnish Tax Administration's Instruction or any associated decisions by tax authorities or competent courts.

3. STRUCTURE

The Entire Arrangement consists of the following agreements:

3.1. **Sub-Annex A:** The agreement between the Member and Teosto regarding the limited-term revocation of the authorisation granted to Teosto (the "**Revocation of Authorisation**");

3.2. **Sub-Annex B:** The Licence agreement between the Member and the Company (the "**Licence Agreement**"), and its related Exhibit B.1;

3.3. **Sub-Annex C** The Company's authorisation to Teosto to administer the rights granted to the Company under the Licence Agreement (the "**Authorisation**").

This annex and its sub-annexes include defined terms, the first letter of which has been capitalised. The defined terms shall have the same meaning in all documents relating to the Entire Arrangement, except for "Party" and "Parties" which are defined separately in each sub-annex.

4. PUBLISHING AGREEMENTS

The Entire Arrangement concerns only the rights granted by the Member to Teosto concerning the administration of his/her works. The Entire Arrangement therefore has no effect on any existing or future publishing agreements concerning the Member's works.

The Member must notify any publishers (each a **"Publisher"**) of works that are part of the Entire Arrangement prior to entering into or terminating the Entire Arrangement and before any changes to the Entire Arrangement.

If the Member has received any advance payments from any Publishers of the works covered by the Entire Arrangement, and it has been agreed that these advance payments shall be repaid from the royalties paid by Teosto to the Member (*recouping*), the Member must provide Teosto with all necessary information and documentation to enable the correct distribution of royalties and the repayment of the advance payments to the parties entitled to them. The Member hereby grants Teosto the right to provide Publishers with information about the Entire Arrangement, and the works covered by it, in order to enable the correct treatment of any advance payments.

In Espoo, _____
(date)

_____
(location and date)

Finnish Composers' Copyright Society Teosto

_____

_____
Member's signature

_____
(clarification of name)

_____
(clarification of name)

SUB-ANNEX A – AGREEMENT ON THE PARTIAL REVOCATION OF THE AUTHORISATION GRANTED BY THE MEMBER TO TEOSTO

1. PARTIES

1. Finnish Composers' Copyright Society Teosto ("**Teosto**");
2. _____ ("**Member**")
   (Member's name)

Teosto and the Member together referred to as **"Parties**" and each separately "**Party**".

2. REVOCATION OF AUTHORISATION

By this Revocation of Authorisation, the Member partially revokes his/her authorisation given to Teosto, in the purpose of enabling the economic exclusive rights under Article 2 of the Membership Agreement to be transferred back to the Member. This Revocation of Authorisation is made solely for the purpose of implementing the Entire Arrangement, under which the Member transfers his/her economic exclusive rights to a limited liability company all shares of which are owned by the Member and the control of which is vested in the Member alone or jointly with other direct members of Teosto.

If the Member has, prior to the signing of this Revocation of Authorisation, withdrawn any categories of rights, geographical areas or other rights from Teosto's administration under the terms of the Membership Agreement, such withdrawn rights are not covered by the Entire Arrangement.

The exclusive right for Teosto to receive, keep and distribute to the Member private copying compensation, lending compensation and other compensations under copyright law, as transferred to Teosto under Article 2 of the Membership Agreement, is not part of the Entire Arrangement or this Revocation of Authorisation.

Notwithstanding this Revocation of Authorisation, the Membership Agreement shall remain in force for the duration of the Entire Arrangement and this Revocation of Authorisation shall not constitute a partial termination of the Membership Agreement as stipulated under Article 19 a of the Membership Agreement. Any new works created by the Member during the term of the Entire Arrangement, as well as any rights transferred to Teosto due to any extension of the authorisation granted by the Member to Teosto, are part of the Entire Arrangement.

3. DURATION OF THE REVOCATION OF AUTHORISATION

The Revocation of Authorisation shall enter into force when Teosto has signed the agreements of the Entire Arrangement on its behalf and will remain in force for the duration of the Licence Term.

Upon the expiry of the Licence Term, the Entire Arrangement shall terminate and the Membership Agreement, including any changes made thereto during the contractual period, shall revert to concern Teosto and the Member as parties.

4. THE MEMBER'S OBLIGATIONS UNDER THE MEMBERSHIP AGREEMENT DURING THE TERM OF THE ENTIRE ARRANGEMENT

At the start, during, and upon the termination of the Entire Arrangement, the Member must fulfill his/her obligations under the Membership Agreement with Teosto, both on his/her own behalf and on behalf of the Company. This includes, in particular, the obligation to provide Teosto with work notifications and to inform Teosto about changes in circumstances as required under the Membership Agreement.

5. TERMINATION OF MEMBERSHIP AGREEMENT, SELF-ADMINISTRATION, AND THEIR IMPACT ON THE ENTIRE ARRANGEMENT

5.1. TERMINATION BY THE MEMBER AND SELF-ADMINISTRATION

The Member has the right to terminate the Membership Agreement in full in accordance with Article 19 of the Membership Agreement, regardless of the Entire Arrangement. Termination of the Membership Agreement in full shall also terminate the Entire Arrangement and cancel the Licence Agreement and the Revocation of Authorisation.

Regardless of the Entire Arrangement, the Member has the right to terminate the Membership Agreement partially in accordance with its terms and to exercise his/her self-administration rights and other similar rights stated thereunder. Where the Member terminates the Membership Agreement partially, the scope of the rights under the Licence shall be adjusted to conform with the effect of the partial termination of the Membership Agreement or the self-administration notice by the Member as of the effective date of the partial termination notice or the self-administration notice.

5.2. TERMINATION BY TEOSTO

Teosto has the right to terminate the Membership Agreement during the Entire Arrangement in accordance with the terms of the Membership Agreement. Termination of the Membership Agreement in full shall also terminate the Entire Arrangement and cancel the Licence Agreement and Revocation of Authorisation.

In Espoo, _____
(date)

_____
(location and date)

Finnish Composers' Copyright Society Teosto

_____

_____

(clarification of name)

Member's signature

_____

(clarification of name)

SUB-ANNEX B – FIXED-TERM LICENCE AGREEMENT

1. PARTIES

1. _____ ("**Member"**);
   (Member's name)
2. _____ ("**Company**").
   (Name of limited company)

The Member and the Company together referred to as "**Parties**" and each separately a "**Party**".

2. LICENCE

Under this Licence Agreement, the Member grants the economic exclusive rights to his/her works, which rights have been transferred back to the Member from Teosto's administration pursuant to the Revocation of Authorisation, with the exclusive right of use, to the Company for a fixed term ("**Licence**"). The Licensee must be a company all shares of which are owned by the Member and the control of which is vested in the member alone or jointly with other direct members of Teosto.

Notwithstanding the Licence, the Member maintains the sole right to terminate the Membership Agreement, either fully or partially, and to exercise his/her rights concerning the self-administration of works as well as other similar rights under the Membership Agreement.

If the Member terminates the Membership Agreement with Teosto in full in accordance with Section 19 of the Membership Agreement, the Entire Arrangement is terminated and this Licence Agreement is cancelled. Where the Member terminates the Membership Agreement partially, or exercises his/her right to self-administer works (or other similar rights) pursuant to the terms of the Membership Agreement, the scope of the rights under the Licence shall adjust to conform with the effect of the partial termination of the Membership Agreement or the self-administration notice by the Member as of the effective date of the partial termination notice or the self-administration notice.

3. LICENCE TERM

The Licence concerns a limited period of time, which may be from 1 to 5 years ("**Licence Term**"). The Licence Term starts on the date on which Teosto has signed the agreements concerning the Entire Arrangement. In the case of a Member who has not received any copyright royalties from Teosto or any other copyright society or collective management organization administering the rights of music authors prior to the Licence ("**New Author**"), the Licence Term shall be one year in duration.

The Licence is renewable upon written notice by the Member to the Company and Teosto. The notification must be provided at least one month before the end of the then ongoing Licence Term. The first renewed Licence Term for a New Author can be three years in duration at maximum.

If the Licence has not been renewed, the Entire Arrangement will terminate at the end of the Licence Term. The Membership Agreement, including any changes made thereto during the term, will then revert to concern Teosto and the Member as its parties.

The Licence Term is set out in Exhibit B.1 of this Licence Agreement. Exhibit B.1 shall be updated in case of any changes.

4. LICENCE FEE

In accordance with the instructions of the Finnish Tax Administration, the remuneration paid by the Company for the Licence ("**Licence Fee**") must be equivalent with fair market value in order to obtain the tax effects of the Entire Arrangement. The amount of the Licence Fee equivalent with fair market value shall be calculated in accordance with the Tax Administration Instruction in force at any given time. The Licence Fee paid by the Company to the Member for the rights under this Licence Agreement shall be documented in a separate annex.

Upon the renewal of the Licence Term, the Company shall pay a new Licence Fee to the Member in accordance with the Tax Administration Instruction.

The Parties may determine the amount of the Licence Fee using a method other than the fair market value calculation formula provided in the Tax Administration Instruction. In such circumstances, the Parties acknowledge that the tax effects intended by the Entire Arrangement may not be achieved.

The Licence Fee is set out in Exhibit B.1 of this Licence Agreement. Exhibit B.1 shall be updated in the event of any changes.

5. COPYRIGHT ROYALTIES

The Licence provides the Company with the exclusive right, for the duration of the Licence Term, to receive distributions of the royalties collected by Teosto for the use of the works covered by the Entire Arrangement. During the Licence Term, Teosto shall distribute royalties for the use of the works under the Entire Arrangement exclusively to the Company.

6. EARLY TERMINATION OF THE LICENCE TERM DUE TO DEATH

The Licence Agreement shall terminate upon the death of the Member. In such circumstances, the Entire Arrangement shall be terminated and the economic exclusive rights subject to the Licence shall revert from the Company to the Member and further to Teosto's administration in accordance with the Membership Agreement.

7. COMPANY INSOLVENCY

If the Company becomes insolvent during the Licence Term or files for restructuring or liquidation, the Entire Arrangement will terminate and the economic exclusive rights subject to the Licence shall revert from the Company to the Member and further to Teosto's administration in accordance with the Membership Agreement.

If the Company is declared bankrupt during the Licence Term, the Member has the right to redeem to him/herself the rights under the Licence Agreement within 30 days after the bankruptcy declaration. The price paid for the redemption, unless such price is agreed, shall be determined by a neutral expert to be named by Teosto. The price paid for the redemption shall take into account the remaining Licence Term and the expected return on the rights during the Licence Term.

Upon redemption, or if no redemption has taken place, upon the dissolution of the Company as a result of bankruptcy, the Entire Arrangement shall be terminated and the economic exclusive rights subject to the Licence shall revert from the Company to the Member and further to Teosto's administration in accordance with the Membership Agreement.

8. TRANSFER AND AMENDMENT OF THE LICENCE AGREEMENT

Neither Party has the right to transfer the Licence Agreement, or any rights or obligations under it, to a third party.

The Licence Agreement may be amended during its term only in writing, and only on the basis of changes in the administration of the works covered by the Entire Arrangement in accordance with clause 2.

9. CHANGES IN THE OWNERSHIP AND CONTROL OF THE COMPANY

In the event of any change in the Company's ownership or control leading to even a partial transfer of ownership or control from the Member to parties who are not direct members of Teosto, the Licence Agreement and the Entire Arrangement shall terminate, and the economic exclusive rights subject to the Licence shall revert from the Company to the Member and further to Teosto's administration in accordance with the Membership Agreement.

10. OBLIGATION TO REPORT CHANGES

The Member and the Company are both independently obligated to promptly notify Teosto of any such changes in circumstances that would result in the termination of the Entire Arrangement.

Teosto shall not be liable for any errors in royalty distributions resulting from non-compliance with the notification obligations under this Section 10. The Member shall forfeit his/her rights regarding any incorrectly paid distribution due to such non-compliance. Failure to comply with the reporting obligations may also result in the Member being liable to compensate damages to Teosto or third parties.

11. APPLICABLE LAW AND DISPUTE RESOLUTION

This Licence Agreement is subject to Finnish law, excluding its conflict of law rules. Disputes arising out of this Licence Agreement shall be settled primarily by negotiation. If the Parties cannot reach a negotiated solution, the dispute shall be settled by the Helsinki District Court.

_____
(location and date)

_____
Name of Company

_____ _____
Member's signature Signature of the Company's Representative

_____ _____
(clarification of name) (clarification of name)

EXHIBIT B.1. – LICENCE TERM AND LICENCE FEE

1. PARTIES

1. _____ ("**Member**");
(Member's name)
2. _____ ("**Company**").
(Name of limited Company)

2. LICENCE TERM AND LICENCE FEE

Choose one of the following options:

A. A Member entering into his/her first Licence Agreement, and who has previously received royalties as a music author from Teosto or another copyright society or collective management organization.
Licence Term: This Licence is valid for 1☐ 2☐ 3☐ 4☐ 5☐ years *(check the preferred box)*.
Licence Fee: The Company shall pay the Member a Licence Fee for the rights under the Licence Agreement, which for the entire Licence Period is _____ euros. (*enter the fair market value of the Licence Fee calculated in accordance with sections 4.2.1 and 4.2.2 of the Tax Administration Instruction)*

Periodic payment of the Licence Fee shall comply with the Tax Administration Instruction.

B. A Member referred to In option A who enters into a new Licence Agreement immediately after the expiry of the previous Licence Term or later
Licence Term: This Licence is valid for 1☐ 2☐ 3☐ 4☐ 5☐ years *(check the preferred box)*.
Licence Fee: The Company shall pay the Member a Licence Fee for the rights under the Licence Agreement, which for the entire Licence Period is _____ euros. (*enter the fair market value of the Licence Fee calculated in accordance with section 6.3 of the Tax Administration Instruction).*

Periodic payment of the Licence Fee shall comply with the Tax Administration Instruction.

C. A Member who is entering into his/her first Licence Agreement and has not previously received royalties as a music author from Teosto or any other copyright society or collective management organization ("New Author")
Licence Term: This Licence is valid for one year.
Licence Fee: The Company will pay the Member a Licence Fee of _____ for the rights under the Licence Agreement. (*please specify the applicable New Author's Fee indicated on Teosto's website).*

Periodic payment of the Licence Fee shall comply with the Tax Administration Instruction.

D. A New Author referred to in option C who, immediately after the end of the first Licence Term, enters into a new Licence Agreement.

Licence Term: This Licence is valid for 1☐ 2☐ 3☐ *(check the preferred box)*.
Licence Fee: The Company shall pay the Member a Licence Fee for the rights under the Licence Agreement, which for the entire Licence Period is _____ euros. *(enter the fair market value of the Licence Fee calculated in accordance with section 4.2.3 of the Tax Administration Instruction).*

Periodic payment of the Licence Fee shall comply with the Finnish Tax Administration Instruction.

E. A New Author referred to in option D who, immediately after the end of the second Licence Period, enters into a new Licence Agreement.

See option B.

3. START OF THE LICENCE TERM

The Licence Term starts when Teosto, on its behalf, has signed the agreements concerning the Entire Arrangement.

The starting date of the Licence Term is _____ (Teosto will fill in).
(dd.mm.yyyy)

SUB-ANNEX C – AUTHORISATION TO TEOSTO CONCERNING THE RIGHTS GRANTED TO THE COMPANY UNDER THE LICENCE AGREEMENT

1. PARTIES

1. _____ ("**Company**");
   (Name of limited company)

2. Finnish Composers' Copyright Society Teosto ("**Teosto**");

The Company and Teosto together referred to as "**Parties"** and each separately a "**Party**".

2. AUTHORISATION

Subject to the terms and conditions of this Authorisation, the Company exclusively assigns to Teosto all rights granted by the Member to the Company under the Licence Agreement for the duration of the Licence Term.

Unless otherwise agreed in this Authorisation, and subject to provisions of applicable law or decisions of public authorities, Teosto shall administer the exclusive rights under this Authorisation in the same manner and under the same terms of authorisation as it would manage them under the authorisation granted by the Member to Teosto under the Membership Agreement.

This assignment by the Company to Teosto is based on Article 26 of Teosto's statutes.

3. DISTRIBUTION OF ROYALTIES

During the term of the Entire Arrangement, the principle of cash basis is applied in the distribution of copyright royalties. Accordingly, during the term of the Authorisation, Teosto will distribute to the Company the royalties due for the works covered by the Entire Arrangement in accordance with the terms of the Membership Agreement and Teosto's applicable distribution schedules. The royalties are subject to withholding tax and other deductions, where required by applicable tax legislation or the instruction or decision of a public authority.

The Company agrees to Teosto's rules of distribution applicable at any given time and to the distribution shares that these rules of distribution, as well as the decisions by Teosto's general assembly, board of directors or other bodies at Teosto as concerns the distribution of royalties, stipulate as applicable to the works, including also the deductions made for administrative expenses and the promotion of Finnish music.

4. TERM OF THE AUTHORISATION

The Authorisation is in force for the duration of the Licence Term. At the end of the Licence Term, this Authorisation shall automatically terminate, the Entire Arrangement shall terminate,

and the Membership Agreement, including any amendments made thereto during the Licence Term, shall revert into the original agreement between Teosto and the Member as parties.

5. RIGHTS AND OBLIGATIONS OF THE COMPANY

The Company shall not become a party to the Membership Agreement on the basis of the Entire Arrangement, and the Company shall not be entitled to any right to copyright royalties, except as provided in Section 3 of this Sub-Annex C, or any other rights under the Membership Agreement on the basis of this Authorisation.

The Company must immediately notify Teosto if it is filed for restructuring, liquidation or bankruptcy, or if the Company's stock or control is transferred even in part to parties other than Teosto's direct members.

_____ In Espoo, _____

(date and place) (date)

_____

Name of the Company Finnish Composers' Copyright Society Teosto

_____ _____

Signature of the Company's Representative

_____ _____

(clarification of name) (clarification of name)