

A low-angle, upward-looking photograph of a modern glass skyscraper. The image shows a dense grid of glass panels and metal structural elements, creating a complex geometric pattern. The sky is visible in the background, appearing as a pale, hazy blue. The overall tone is professional and architectural.

STIM://

STIM Transparency Report 2017

1. Introduction

TRANSPARENCY REPORT 2017

STIM is a collective rights management organisation with more than 86,000 affiliated music creators and music publishers. We champion strong copyright protections and work to ensure the people we represent get paid when their music is used. STIM is not-for-profit and advocates for the regrowth and diversity of the Swedish music industry.

As per the Swedish Act on the Collective Administration of Copyrights (2016:977), which entered into force on 1 January 2017, collective management organisations must compile and publish a transparency report for the previous financial year. The purpose of the transparency report is to give rightsholders the opportunity to monitor how their collective management organisation is performing and enable comparison between different organisations. In other words, this means providing the opportunity for deeper insight into and understanding of the complex business that a collective management organisation such as STIM operates. This 2017 transparency report is STIM's first such report to be delivered.

This report has been developed in accordance with legal requirements, although to facilitate reading, it also contains information from STIM's 2017 annual report in addition to obligatory information.

This report is divided into several sections. The first section contains an introduction from STIM's CEO and a brief report of our 2017 financial results. It also gives a quick overview of STIM's legal, organisational and management structure. The second section contains more detailed information about revenue, expenditure and deductions, as well as outstanding and disbursed funds to rightsholders. The final section reports on the use of funds earmarked for social, cultural and educational objectives.

STIM, April 2018

Contents

1. Introduction.....	2
1.1 Word from the CEO	4
1.2 Income statement, balance sheet and cash flow statement	5
1.3 Stim's legal structure, board of directors and management	9
1.4 Information on refusals of licence issuing requests	11
1.5 Information on remuneration to the CEO, other senior executives and members of the board	12
2. Financial information	13
2.1 Financial information on rights receipts, financial information on costs of managing rights and other services and information on deductions made from rights receipts	13
2.1.1 Rights categories	13
2.1.2 Rights revenues, costs and deductions	14
2.2 Financial information on outstanding sums to rightsholders	16
2.2.1 How stim money gets from music user to rightsholder	16
2.2.2 Collected, unallocated sums	16
2.2.3 Allocated, unassigned sums	17
2.2.4 Assigned, unpaid sums	18
2.2.5 Frequency of payments	20
2.2.6 Identifying rightsholders	20
2.2.7 Sums that cannot be paid	20
2.3 Information on relationships with other collective rights management organisations	20
2.3.1 Sums received from other collective rights management organisations	20
2.3.2 Deductions from sums received from other collective rights management organisations	22
2.3.3 Sums paid to other collective rights management organisations	23
2.3.4 Deductions from sums paid to other collective rights management organisations	24
3 Special report	25
3.1 Sums deducted for social, cultural and educational services during the financial year	25
3.2 Use of sums deducted for social, cultural and educational services during the financial year	26
3.2.1 Stim	26
3.2.2 Svensk Musik	26
3.2.3 FST	26
3.2.4 SKAP	26
3.2.5 Musikförläggarna	27
3.2.6 Project leaders through the SPN	27
3.2.7 SCE administration costs	27



1.1 WORD FROM THE CEO

STIM's mission is to ensure that the people we represent – music creators and publishers – get paid when their music is used. By championing strong copyright protections and contributing to diversity and regrowth, STIM and rightsholders take collective responsibility for the long-term sustainability of the Swedish music industry.

Transparency and openness are central to STIM's business. In order for us to earn the substantial trust that over 86,000 affiliates have given us, transparency is crucial.

STIM's 2017 transparency report gives our affiliates deeper insight into how we manage the great responsibility we have. It is a responsibility that starts with the fight for strong copyright protections and goes on to cover the entire chain: from signing contracts and licensing the use of music for the best revenues possible, to identification, matching and disbursal so money can be paid to rightsholders as swiftly and accurately as possible.

This report illustrates the complex world that STIM and other rights organisations operate in, especially in light of the huge challenges that have arisen both in the market and society as a whole. In 2017, STIM's revenue grew to two billion Swedish kronor.

The number of works for which STIM disburses money is steadily increasing as the digital market grows. Remuneration was paid for over 1.8 million works in 2017, more than ever before.

We hope this report will contribute to deeper insight into STIM's mission and business, and that it will also serve as a great tool for those of us who work for STIM, in our ambition to continually improve the quality of our services. Transparency and openness is not a destination, but a never-ending journey. This 2017 transparency report is an important step on that journey.

Enjoy the report!

Karsten Dyhrberg Nielsen, CEO of STIM

A handwritten signature in black ink that reads "Karsten D. Nielsen". The signature is written in a cursive, flowing style.

1.2 INCOME STATEMENT, BALANCE SHEET AND CASH FLOW STATEMENT

	GROUP		PARENT COMPANY	
SEK thousand	2017	2016	2017	2016
Operating income				
Performance revenue	1,892,895	1,699,271	1,891,587	1,706,321
Mechanical revenue	98,173	140,499	98,173	140,499
Other revenue	34,363	44,478	17,129	27,402
Total operating income	2,025,431	1,884,248	2,006,889	1,874,222
Operating expenses				
External costs	-92,546	-87,809	-90,599	-85,015
Staff costs	-101,777	-94,324	-96,664	-89,354
Depreciation	-17,857	-17,269	-9,532	-8,900
Total operating expenses	-212,180	-199,402	-196,796	-183,268
Profit/loss from shares in associates	5,602	-10,255	–	–
Settlements	-1,818,539	-1,689,324	-1,824,383	-1,703,382
Operating profit/loss	315	-14,733	-14,290	-12,428
Interest income	4,577	3,880	5,092	4,532
Interest expenses	-24	-17	-16	-13
Profit/loss after financial items	4,868	-10,871	-9,215	-7,910
Appropriations	–	–	9,148	7,923
Profit/loss before tax	4,868	-10,871	-67	13
Tax on earnings for the year	62	-25	67	-13
Profit/loss for the year	4,930	-10,896	0	0

STIM 2017
TRANSPARENCY REPORT

6

BALANCE SHEET

	GROUP		PARENT COMPANY	
Assets (SEK thousand)	31/12/17	31/12/16	31/12/17	31/12/16
Non-current assets				
Intangible assets				
Ongoing new investment in IT systems	6,068	11,938	6,068	11,938
Capitalised expenditure on system development	41,720	25,843	38,286	24,437
Total intangible assets	47,788	37,780	44,355	36,375
Property, plant and equipment				
Buildings and land	365,967	371,916	–	–
Construction, extensions and redevelopment in progress	1,100	0	–	–
Equipment	6,076	8,568	5,868	8,271
Total property, plant and equipment	373,143	380,484	5,868	8,271
Non-current financial assets				
Shares in group companies	–	–	200	200
Shares in associates	-8,053	-13,255	41,319	41,319
Receivables from group companies	–	–	100,387	100,387
Receivables from associates	72,379	90,295	72,379	90,295
Other non-current financial assets	4,617	4,371	4,617	4,371
Total non-current financial assets	68,944	81,412	218,903	236,574
Deferred tax assets	1,262	1,195	1,262	1,195
Total non-current assets	491,137	500,872	270,389	282,414
Current assets				
Current receivables				
Trade receivables	140,225	145,595	133,575	123,418
Receivables from Group companies	–	–	17,743	42,531
Receivables from associates	26,455	21,946	26,455	21,946
Other receivables	18,176	22,569	17,809	22,175
Tax assets	8,091	1,792	7,885	1,584
Total prepaid expenses and accrued income	294,925	261,350	293,811	259,164
Total current receivables	487,871	453,251	497,277	470,818
Short-term investments	620,994	399,007	620,994	399,007
Cash and bank balances	69,067	76,175	55,361	57,057
Total current assets	1,177,932	928,433	1,173,632	926,882
Total assets	1,669,069	1,429,304	1,444,021	1,209,296

BALANCE SHEET CONT.

	GROUP		PARENT COMPANY	
Equity and liabilities	17-12-31	16-12-31	17-12-31	16-12-31
Equity				
Restricted equity				
Invested capital	10	6	10	6
Capitalised expenditure for development work	23,625	10,593	23,625	10,593
Other restricted equity	1,226	1,226	1,226	1,226
Total restricted equity	24,861	11,826	24,861	11,826
Accumulated profit/unrestricted equity				
Accumulated profit/unrestricted equity	165,362	189,268	-23,620	-10,588
Translation difference	-400	22	–	–
Profit/loss for the year	4,930	-10,896	–	–
Total accumulated profit/unrestricted equity	169,892	178,394	-23,620	-10,588
Total equity	194,753	190,220	1,241	1,238
Provisions				
Provisions for pensions	5,737	5,432	5,737	5,432
Total provisions	5,737	5,432	5,737	5,432
Non-current liabilities				
Non-current liabilities	571	571	–	–
Total non-current liabilities	571	571	–	–
Current liabilities				
Trade payables	11,490	24,656	9,780	23,515
Settlement liabilities	1,261,066	1,023,672	1,259,721	1,017,433
Liabilities to group companies	–	–	–	5,063
Tax liabilities	1,886	1,567	43	471
Other liabilities	18,171	21,994	17,274	18,697
Accrued expenses and prepaid income	175,396	161,192	150,225	137,447
Total current liabilities	1,468,008	1,233,081	1,437,042	1,202,627
Total equity and liabilities	1,669,069	1,429,304	1,444,021	1,209,296

STIM 2017
TRANSPARENCY REPORT

8

CASH FLOW STATEMENT

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Operating activities				
Payments from customers	1,985,923	1,900,552	1,980,431	1,901,318
Payments to rightsholders	-1,542,802	-1,658,121	-1,536,601	-1,659,776
Payments to suppliers and employees	-234,497	-203,509	-231,422	-190,206
Cash flow from operating activities before interest and income taxes paid	208,624	38,922	212,408	51,336
Interest received	4,577	3,880	5,092	4,532
Interest paid	-24	-17	-16	-13
Income tax paid	-5	-63	—	-51
Cash flow from operating activities	213,172	42,722	217,483	55,803
Investment activities				
Investments in property, plant and equipment and intangible non-current assets	-16,210	-16,575	-15,109	-16,104
Disposal of property, plant and equipment	1	368	1	368
Investments in non-current financial assets	-7,104	-41,586	-7,104	-41,586
Disposal of non-current financial assets	25,020	8,198	25,020	8,198
Current financial investments	-221,987	-17,233	-221,987	-17,233
Cash flow from investment activities	-220,280	-66,828	-219,180	-66,357
Cash flow for the year	-7,108	-24,106	-1,696	-10,554
Cash and cash equivalents at beginning of year	76,175	100,281	57,057	67,611
Cash and cash equivalents at year-end	69,067	76,175	55,361	57,057

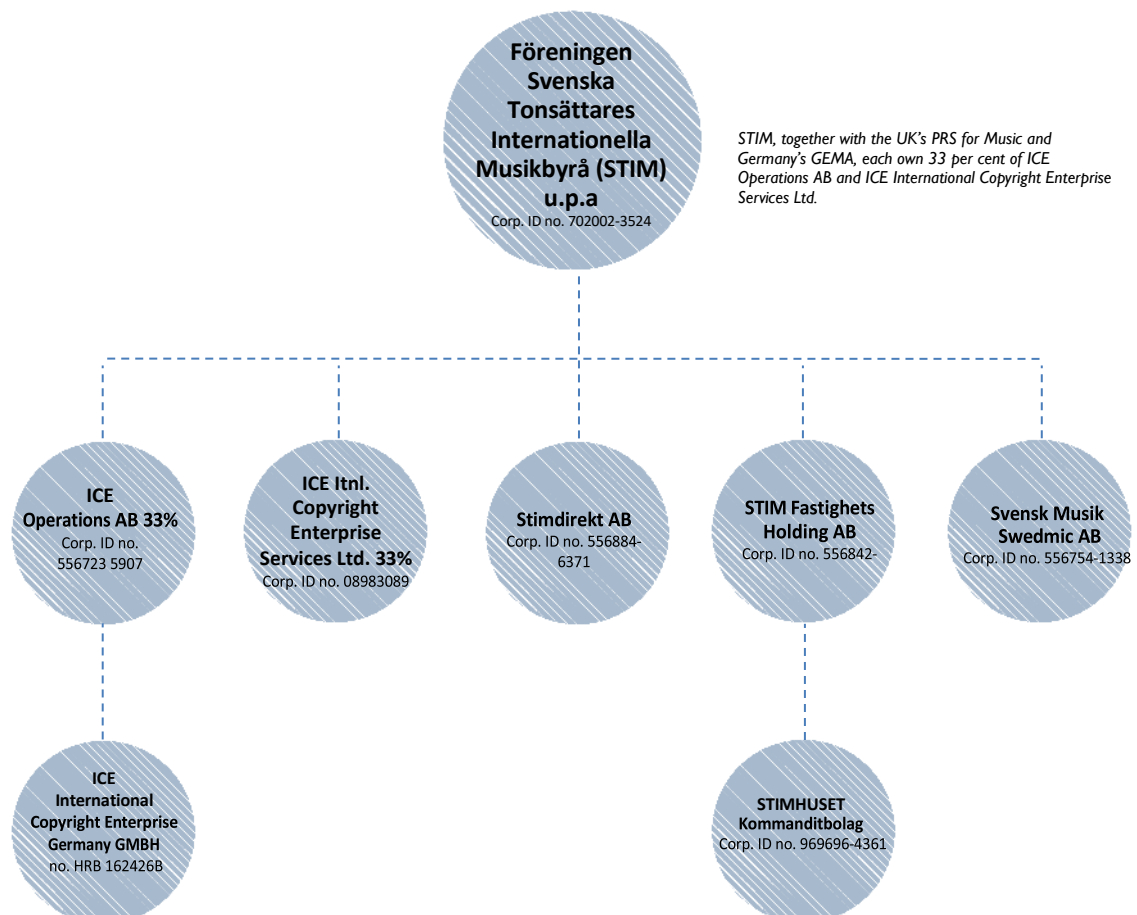
1.3 STIM'S LEGAL STRUCTURE, BOARD OF DIRECTORS AND MANAGEMENT

STIM is a collective rights management organisation for music both with lyrics and without. The business is operated as a not-for-profit financial association. For music creators and music publishers, STIM grants financial rights to music and collects remuneration for use of the music.

This remuneration is then disbursed to rightsholders. Through its international network, STIM also represents rights to a worldwide catalogue of music. In addition, STIM works for diversity and regrowth in the music industry.

The number of STIM affiliates grew in 2017 to 86,688, of which 3,521 were music publishers. This is an increase of 3.2 per cent year-on-year.

GROUP



BOARD OF DIRECTORS

STIM's board of directors is tasked with continuously monitoring how the business is managed and making decisions on matters delegated by the AGM. The board of directors consists of representatives from the rightsholder categories that STIM represents, i.e. members who are active in FST, SKAP or Musikförläggarna, as well as independent members. The chair of the board is independent. In addition, the board of directors includes STIM employee representatives.

CARINA BRORMAN

Management consultant and PR strategist, owner and CEO of CB Consulting AB. Chair of the board since 2017. Chair of Skånes Stadsmission. Member of the board of the Swedish Film Institute, Konsthall Tornedalen and Jobi Footright AB. Independent.



DOUGLAS CARR

Composer and music producer. Board member since 2006. Member of the boards of SKAP (Swedish Society of Songwriters, Composers and Authors) and LaCarr Music. Active in SKAP.



HANS FAHLIN

Head of asset management at AP2, master's in economics from the Stockholm School of Economics. Board member since 2016.



DROR FEILER

Composer and musician. Vice chair of the Association of Swedish Composers (FST), chair of Svensk Musik, member of the KLYS Working Committee. Board member since 2016. Active in FST.



HANNAH GULLANDER

Key account manager and management consultant at Strasys AB.



ERIC HASSELQVIST

Partner in Publishing Company Ten AB. Board member since 2007, with a hiatus in 2013. Chair of Musikförläggarna. Member of the boards of Monza Publishing AB, BD Pop AB, Elementica AB (publ), Bahnhof AB (publ) and Ten Music Group AB. Active in Musikförläggarna.



MARTIN JONSSON TIBBLIN

Composer, chair and business manager of the Association of Swedish Composers (FST), member of the board of ICE Licensing, member of ICE Extended Licensing & Revenue Committee. Board member since 2015.



ALFONS KARABUDA

Composer, CEO and owner of Naomi Musikförlag AB. Board member since 2005. Chair of European Composer & Songwriter Alliance (ECSA), chair of the Swedish Society of Songwriters, Composers and Authors (SKAP), executive vice president of the International Music Council and member of the boards of the Culture Committee of the Swedish National Commission for UNESCO, the Swedish Performing Arts Agency and Polar Music Prize.



ELISABET WIDLUND FORNELIUS

CEO of Musikförläggarna. Chair of Musiksverige and member of the board of Bonus Copyright Access.



ANNIKA FALKENÄNG

Market analyst at STIM, Members & Markets. Board member since 2014. Chair of local union branch. Employee representative.



Deputy members

Annika Dellås, deputy for Hannah Gullander.

Åsa Enström, deputy for Eric Hasselqvist.

Jenny Hettne, deputy for Martin Jonsson Tibblin.

Anette Hökengren, deputy for Elisabet Widlund.

Alexandra Nilsson, deputy for Douglas Carr.

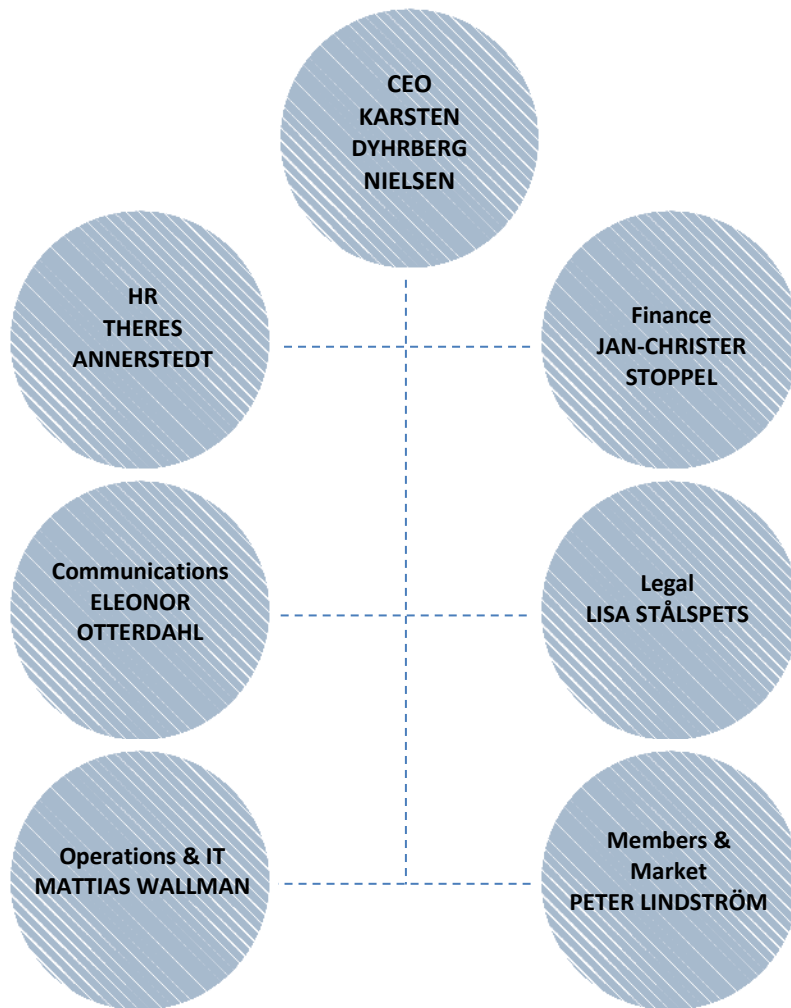
Åsa Otterlund, deputy for Hans Fahlin.

Marie Samuelsson, deputy for Dror Feiler.

Anders Wollbeck, deputy for Alfons Karabuda. Active in SKAP.

Eva Botmar, deputy for Annika Falkenäng. Ylva Nordenström, deputy for Annika Falkenäng.

SENIOR EXECUTIVES



1.4 INFORMATION ON REFUSALS OF LICENCE ISSUING REQUESTS

In 2017, STIM refused several licence issuing requests.

If STIM chooses not to offer a licence, it is usually in one of the following situations:

- There is no copyrightable disposal, i.e. the music use falls outside of the licensable area, such as music for private use.
- The music used is no longer protected by copyright.
- The licence request pertains to something other than use of the music creator's rights. STIM does not represent the performing artist's rights or other rights groups' rights (image, literature, film, etc.)

1.5 INFORMATION ON REMUNERATION TO THE CEO, OTHER SENIOR EXECUTIVES AND MEMBERS OF THE BOARD

The table below gives information on the total remuneration and royalty sums received in 2017 that were paid to members and deputies of STIM's board, CEO and other senior executives in STIM's management team, as well as information on royalties paid to music publishers where a person who is an owner or occupies another leadership position has been a member or deputy of STIM's board, or has been a senior executive of STIM's management team.

At the AGM, STIM reports any circumstances that may lead to a potential conflict of interest for people sitting on the board or in other management positions, in addition to the information above. Information about the remuneration and commitments of people sitting on the board or in other management positions have in other companies is also presented at the AGM.

Remuneration and other benefits members and deputies of STIM's board, CEO and senior executives in STIM's management team received in 2017	
Type of remuneration	Sum, SEK thousand
Directors' fees	1,850
Other committees	532
Salary and benefits paid	9,023
Pension provisions	2,862
Social contributions	4,039
Total remuneration and benefits	18,305
Copyright remuneration directly to copyright holder	25
Copyright remuneration via a company/publisher on behalf of the copyright holder	410
Rights remuneration to music publishers who are wholly or partly owned by a person who is a member or deputy of STIM's board, or who is a senior executive on STIM's management team.	1,508
Rights remuneration to music publishers where a person who is a member or deputy of STIM's board, or who is a senior executive on STIM's management team, is an employee or has a similar affiliation.	287,676
Royalties received from STIM	289,620

Table 1 – Remuneration and other benefits to senior executives, board and CEO

2. Financial information

2.1 FINANCIAL INFORMATION ON RIGHTS RECEIPTS, FINANCIAL INFORMATION ON COSTS OF MANAGING RIGHTS AND OTHER SERVICES AND INFORMATION ON DEDUCTIONS MADE FROM RIGHTS RECEIPTS

In the following section, STIM's rights receipts and deductions for costs and other items for the financial year are reported. Revenues from rights receipts and deductions for costs are reported by rights category, i.e. which category of music use (copyright) they fall under, in order to facilitate increased transparency and enable comparison with other collective rights management organisations. To achieve this breakdown, relationships between internal accounting concepts and rights categories have been created. It may be the case, for example, that rights revenues for an area of music use that STIM licenses include entries from several rights categories. In these cases, a proportional breakdown by relevant rights category of the revenues in the area of music use in question has been made.

STIM does not currently derive the costs of managing rights and other services by rights category. The majority of STIM's management costs consist of staff costs. STIM's staff generally work across a number of rights categories. In light of this, STIM's management costs are treated as indirect costs. However, all costs are directly linked to STIM's activities.

2.1.1 Rights categories

STIM applies the following rights categories:

1. Public performance – live

Public performance rights are split into two categories. "Public performance – live" is one. This category covers acts carried out when a work is made accessible to the public, with or without use of technical aids, in the same location as the public can enjoy the work. This category may include, for example, a live performance of a work at a concert or to an audience outside of a concert hall with the aid of audiovisual equipment.

Public performance of background music

The second category of public performance rights is "public performance of background music". This category covers acts carried out when a work is made accessible to the public, with or without use of technical aids, in the same location as the public can enjoy the work. This category may include, for example, a radio or television performance, or a performance in a public place such as a restaurant, hotel or workplace.

3. Public transmission on television (broadcasting, including simulcasting)

Public transmission rights are split into a number of categories, of which the category "public transmission on television" is one. This category covers acts carried out when a work is made accessible to the public via cable or wirelessly from a different location to the one in which the public can enjoy the work. Public transmission includes transmission that allows individuals to access the work at a time and location of their own choosing. This rights category also includes relevant disposal of any production of copies. Examples of this rights category include music broadcasts on linear television and simultaneous linear and online broadcasting.

4. Public transmission on radio (broadcasting, including simulcasting)

This category covers acts carried out when a work is made accessible to the public via cable or wirelessly from a different place to the one where the public can enjoy the work. This category typically includes radio stations broadcasting a musical work in the form of traditional radio broadcasts, for example on linear radio, or simultaneous linear and online broadcasting.

5. Reproduction on physical sound formats (mechanical licensing)

This category covers the right to produce copies of a work, but only on physical audio sound formats, such as CDs, vinyl records and DVDs.

6. Public transmission online (interactive)

This category applies when music is made accessible via an online service where users are able to choose what to play and when. This includes music streaming services (Spotify, Netflix, etc.), music and film download services (iTunes, Google Play Music, Google Play Movies, etc.) and non-linear catch-up services where TV programmes are made accessible after broadcast (SVT Play, TV4 Play).

7. Public transmission online (non-interactive)

This category covers acts carried out when a work is made accessible to the public via cable or wirelessly from a different location to the one in which the public can enjoy the work and users can access the work at a time and location of their choosing, but they are unable to choose what to play and when. This includes webcasting/streaming services where e.g. the public cannot choose where in the broadcast viewing will start. This category does not cover simulcasting, however.

This rights category applies when e.g. music is made accessible via an online service where the user is unable to choose what to play and when. An example of this is P3 Star, a linear web TV channel that is not conventionally broadcast simultaneously.

2.1.2 Rights revenues, costs and deductions

STIM's total rights revenues* amount to: **SEK 1,996,070,000**

STIM's total rights management costs amount to: **SEK 171,686,000**

STIM's total costs for SCE services amount to: **SEK 45,495,000**

**The above rights revenues correspond to the total of what was declared in the annual report as performance revenue, mechanical revenue and other revenue from private reproduction and library revenue.*

STIM's management costs are split across rights categories on the basis of the deductions made. Total deductions from the rights categories STIM manages are based on STIM's documented and reasonable management costs and do not exceed these.

An important part of STIM's mission is to provide services that promote musical diversity and strengthen copyright protections. To this end, deductions for social, cultural and educational objectives are made. These are known as SCE funds. How these funds are used and verified is explained in chapter 3.

The table below shows the revenues, deductions and sums available for settlement for 2017. Management deductions given below consist of the actual, documented and reasonable costs of STIM's

management, reduced by revenues from non-rights sources received by STIM, net interest income, taxes and group contributions.

Rights revenue and deductions						
Rights category	Rights revenue, SEK thousand	Management deductions, SEK thousand	Management deductions, %	SCE deductions, SEK thousand	SCE deductions, %	Year's settlement cost, SEK thousand
Public performance – live	118,081	-23,468	19.87%	-7,449	6.31%	87,164
Public performance – live, abroad	142,530	-	-	-	-	142,530
Public performance – background	206,838	-42,257	20.43%	-14,149	6.84%	150,432
Public performance – background, abroad	64,671	-	-	-	-	64,671
Public transmission – TV	328,983	-56,588	17.20%	-17,799	5.41%	254,595
Public transmission – TV, abroad	203,506	-	-	-	-	203,506
Public transmission – radio	103,443	-19,641	18.99%	-6,099	5.90%	77,703
Public transmission – radio, abroad	240,767	-	-	-	-	240,767
Reproduction of physical sound formats – mechanical	63,710	-391	0.61%	-	-	63,320
Reproduction of physical sound formats – mechanical, abroad	4,513	-	-	-	-	4,513
Public transmission online – interactive*	462,359	-29,113	6.30%	-	-	433,246
Public transmission online – interactive, abroad	53,652	-	-	-	-	53,652
Public transmission online – non-interactive	2,281	228	10.00%	-	-	2,053
Public transmission online – non-interactive, abroad	735	-	-	-	-	735
Total rights revenues and deductions	1,996,070	-171,686	8.60%	-45,495	2.28%	1,778,888

Table 2 – Rights revenues and deductions.

*Deductions for online revenues licensed through ICE Services Ltd. amount to a total of 10% of the gross sum. For the 2017 revenue year, ICE Services received 7.5% and STIM the remaining 2.5%. As STIM reported the gross sums retained after ICE Service's deductions of 7.5% as revenue in the 2017 accounts, the deduction level

for these revenues could be considered misleading. A more accurate picture of the actual deduction level requires reporting gross revenues in their entirety as well as management deductions of 10%. However, such reporting would not affect the settlement costs for the year.

2.2 FINANCIAL INFORMATION ON OUTSTANDING SUMS TO RIGHTSHOLDERS

2.2.1 How STIM money gets from music user to rightsholder

In the simplest terms, the process consists of the following steps:

1. A rightsholder's work is performed by a music user.
2. Information about the work and copyright revenues is collected. Costs are deducted.
3. Revenues are allocated for settlement, which assigns the revenues to the copyright holders and publishers that own the copyright for the work in question.
4. Assigned revenues are paid out to rightsholders who are affiliated with STIM and to other collective rights management organisations for rightsholders affiliated with them.

There are lead times between each step of the process. The normal lead time from performance to payment is 6 to 12 months, depending on the settlement area. This means that sums paid are often earned the year before payment is made. STIM's settlement liability consists of outstanding revenues to rightsholders after deductions have been made. This liability is split into three portions that correspond to the sums for each step of the process in each case:

1. **Collected, unallocated sums** (tables 3a–b) consist of collected sums (e.g. sums reported as revenue), irrespective of revenue year, which have not yet been allocated for settlement.

2. **Allocated, unassigned sums** (tables 4a–b) consist of sums, irrespective of revenue year, which have been allocated for settlement but that were not possible to assign to a rightsholder (usually due to incomplete documentation about the work).

3. **Assigned, unpaid sums** (tables 5a–b) consist of sums, irrespective of revenue year, which have been assigned to a rightsholder but cannot be paid, due to e.g. a rightsholder lacking membership of a collective rights management organisation. This is detailed further in the following sections.

2.2.2 Collected, unallocated sums

Table 3a shows the sums at the beginning and end of the year, as well as the change for the year in the share of STIM's settlement liability which has not yet been allocated for settlement. The settlement costs for the year are reported in detail in table 2. Allocated settlements this year consist of sums, irrespective of revenue year, that have been allocated for settlement. Uncategorized sums consist of funds where rights category information is missing.

Collected, unallocated sums, SEK thousand				
Rights category	Opening balance 01/01/2017	Settlement costs for the year	Allocated settlements this year	Closing balance 31/12/2017
Public performance – live	114,754	229,694	-212,699	131,750
Public performance – background	104,585	215,103	-205,955	113,733
Public transmission – TV	208,495	458,101	-430,165	236,431
Public transmission – radio	129,283	318,471	-314,683	133,071
Reproduction of physical sound formats – mechanical	23,308	67,833	-69,904	21,237
Public transmission online – interactive	210,505	486,898	-337,110	360,293
Public transmission online – non-interactive	134	2,788	-2,614	309
Uncategorised	10,234		-984	9,250
Total collected, unallocated sums	801,299	1,778,888	-1,574,113	1,006,074

Table 3a – Collected, unallocated sums

Table 3b shows the age structure at year-end 2017 for this portion of the settlement liability.

Collected, unallocated sums, SEK thousand, age structure as of 31/12/2017	
Revenue year	Sum
2017	737,654
2016	81,125
2015	34,257
2014 and older	153,038
Total collected, unallocated sums	1,006,074

Table 3b – Collected, unallocated sums (age structure)
See section 2.2.6 for an explanation of rightsholder identification procedures.

Causes of lead times

Table 3b shows sums that were not possible to allocate for settlement for various reasons. In many cases, this was not due to monies not being paid to STIM, instead consisting of revenues that were reserved, unpaid invoices or part-paid invoices. The large 2017 sums mainly reflect the lead time between the moment revenues are invoiced and a music report being submitted and processed, remuneration being disbursed and then finally paid. Depending on the settlement area, this offset is normally in the range of 6 to 12 months.

There are several reasons for a natural lead time arising before monies can be settled and paid. Several of the main reasons are listed here:

• Disbursal documentation not received

There is often a delay between receipt of payment and the music use being reported. Revenues are often invoiced in advance for uses that do not need to be reported. STIM always strives to settle revenues on the basis of report documentation, whether for analogical disbursal or otherwise, for the period the revenues fall under.

• Ongoing contract negotiations

Over the past two years, there have been several negotiations with larger clients. During the negotiation period, there have been breaks in payments received and subsequently in settlements. Revenue reserves have been set up in these cases.

• Unspecified revenues from sister companies

STIM receives remuneration from other companies for STIM's catalogue when it is performed outside of Sweden. In certain cases, settlement documentation is insufficient for STIM to be able to make a payment. Often, supplementary information needs to be requested, which delays the settlement of revenues.

• Inability to match complete music reports

In the online area, funds are set aside for transactions that cannot be matched. Files containing information about services' use of music contain huge numbers of transactions that cannot be exhaustively matched to each online service and use period.

2.2.3 Allocated, unassigned sums

Table 4a shows the sums at the beginning and end of the year, as well as the change for the year in the share of STIM's settlement liability which has been allocated for settlement but has not yet been possible to assign to a rightsholder. Allocated settlements this year are reported in table 3a. Settlements assigned to rightsholders this year consist of allocated funds that, regardless of revenue year, have been assigned to rightsholders this year.

Allocated, unassigned sums, SEK thousand				
Rights category	Opening balance 01/01/2017	Allocated for settlement	Assigned to rightsholders this year	Closing balance 31/12/2017
Public performance – live	11,982	212,699	-212,226	12,455
Public performance – background	17,655	205,955	-200,950	22,660
Public transmission – television	20,639	430,165	-425,039	25,766
Public transmission – radio	12,626	314,683	-311,288	16,020
Reproduction of physical sound formats – mechanical	690	69,904	-69,801	792
Public transmission online – interactive	38,722	337,110	-338,329	37,503
Public transmission online – non-interactive	224	2,614	-2,440	398
Uncategorised	897	984	3,162	5,042
Total allocated, unassigned sums	103,435	1,574,113	-1,556,911	120,637

Table 4a – Allocated, unassigned sums

Table 4b shows the age structure at year-end 2017 for this portion of the settlement liability.

Allocated, unassigned sums, SEK thousand, age structure as of 31/12/2017	
Revenue year	Sum
2017	21,347
2016	24,665
2015	39,284
2014 and older	35,342
Total allocated, unassigned sums	120,637

Table 4b – Allocated, unassigned sums (age structure)
See section 2.2.6 for an explanation of rightsholder identification procedures.

Incomplete documentation

Remuneration is only paid once the identity of the rightful recipient has been confirmed with verified documentation. This may involve shares in a work that are reserved due to doubts over the identity of the rightsholder, or due to a missing work registration. In certain cases, shares in a work are paid according to an accepted industry principle (the Warsaw principle), which means remuneration is paid to the sister company that has an identifiable share in the work.

Shares in a work which are for any reason marked as conflicting are reserved until the parties involved resolve the conflict among themselves. Once this has happened, STIM is notified of the outcome and the reserved funds are paid out. An updated conflict management procedure is planned for 2019 which involves reserving smaller sums. The purpose of this procedure is to put pressure on parties so conflicts are resolved more quickly.

2.2.4 Assigned, unpaid sums

Table 5a shows sums at the beginning and end of the year, as well as the change for the year in the portion of STIM's settlement liability which has been assigned to rightsholders but has not been paid for various reasons. Sums assigned to rightsholders this year are reported in table 4a. Sums paid this year consist of sums from STIM's assigned funds, regardless of revenue year, that have been paid out to rightsholders or their representatives during the course of the year.

Assigned, unpaid sums, SEK thousand				
Rights category	Opening balance 01/01/2017	Allocated for settlement this year	Sums paid this year	Closing balance 31/12/2017
Public performance – live	6,445	212,226	-211,113	7,558
Public performance – background	14,350	200,950	-198,439	16,861
Public transmission – television	22,598	425,039	-420,639	26,998
Public transmission – radio	10,441	311,288	-309,982	11,747
Reproduction of physical sound formats – mechanical	1,555	69,801	-70,860	496
Public transmission online – interactive	38,438	338,329	-324,904	51,863
Public transmission online – non-interactive	329	2,440	-2,359	409
Uncategorised	18,543	-3,162	1,696	17,077
Total assigned, unpaid sums	112,699	-1,556,911	-1,536,601	133,009

Table 5a – Assigned, unpaid sums

Table 5b shows the age structure at year-end 2017 for this portion of the settlement liability.

Assigned, unpaid sums, SEK thousand, age structure as of 31/12/2017	
Revenue year	Sum
2017	25,138
2016	19,260
2015	30,000
2014 and older	58,611
Total assigned, unpaid sums	133,009

Table 5b – Allocated, unpaid sums (age structure)

See section 2.2.6 for an explanation of rightsholder identification procedures.

Remuneration involving rightsholders who have been fully identified but are not affiliated to a collection company represents a large portion of the closing balance. In the longer term, an increase in these sums can

be observed as the online settlement area has increased. This is in turn due to music consumption increasing in line with digitalisation and services such as Spotify, for example.

The rightsholder is not affiliated to a company for a given share In order for STIM to be able to pay remuneration to the correct recipient, a rightsholder is required to be affiliated to a company. A work may be so new that a rightsholder has not yet had the opportunity to affiliate themselves to STIM or a sister company. In this case, remuneration is reserved to allow payment at a later date once the notification of affiliation has been registered.

Minimum payment sum

STIM applies a minimum payment sum for remuneration to its affiliated rightsholders. The 2017 minimum was SEK 200.

If this minimum is not reached, the monies will remain unpaid until the threshold has been reached and payment can proceed.

Missing/incomplete account details

Up-to-date account details are missing for the recipient of the payment.

Copyright holder is deceased

The copyright holder is deceased/the music publisher no longer exists and there are no other registered recipients.

2.2.5 Frequency of payments

STIM pays copyright remuneration at least four times a year. The largest regular payments are made in March, June, September and December. Each month, smaller payments are made with funds that for various reasons could not be paid at the normal payment intervals.

2.2.6 Identifying rightsholders

For a number of years, STIM has attempted to identify rightsholders in order to pay them remuneration in cases where documentation is missing. With the implementation of the Swedish Act on the Collective Administration of Copyrights of 2017, this procedure has been harmonised with the deadlines and definitions prescribed by the act before funds are ultimately considered undisbursable. STIM uses the following procedures to identify the correct rightsholder:

1. Ways of identifying rightsholders

- Works that have been registered and are eligible for settlement are verified. The rightsholder's identity is investigated if it is unknown. Supplementary information, known as IPI (Interested Parties Information), is made accessible through CISAC.
- Investigations also take place when work registrations are missing. These are performed using CIS-Net, which is a database containing documentation about works from over 100 sister companies. If no adequate documentation can be retrieved, a provisional work is created with the reserved remuneration allocated to it. Prior to STIM's settlements, these undocumented works are matched and updated in accordance with newly received work registrations, regardless of whether the work is eligible for settlement or not.

Communications regarding unidentified rightsholders

- Information about undocumented works, that is to say works where STIM is missing a work registration, but where information about a STIM-affiliated rightsholder has been received through e.g. a music report, is made available on STIM's website.
- Publishers affiliated to STIM receive information about undocumented works digitally.

- STIM's sister companies are also able to access unidentified performance lists twice a year.

- STIM makes information about undocumented works available to the public on its website on a quarterly basis:
<https://www.stim.se/en/unregistered-works>.

2.2.7 Sums that cannot be paid

If there are any funds remaining that cannot be paid after attempts to identify the correct recipient, STIM's rightsholder identification process remains in effect for a period of three years. Once three years have passed since the end of the financial year in which the rights revenues were collected, the funds are designated as undisbursable. STIM's AGM is then entitled to decide how the funds should be used. They will be used in accordance with the general principles adopted at the AGM on 29 May 2017 on the use of undisbursable funds. According to these principles, undisbursable funds can be used for two purposes: 1) for returns or settlements or 2) for payments towards cultural and educational objectives. In 2017, none of these funds were designated as undisbursable, as three years have not yet passed since the identification procedure described above was adopted.

2.3 INFORMATION ON RELATIONSHIPS WITH OTHER COLLECTIVE RIGHTS MANAGEMENT ORGANISATIONS

2.3.1 Sums received from other collective rights management organisations

Unlike table 2, which shows rights revenues from foreign companies, the table below shows all collective rights management organisations from whom sums have been received during the year, with a rough breakdown of rights categories. This table also includes rights revenues from e.g. Copyswede and NCB.

STIM 2017
TRANSPARENCY REPORT

21

Sums received from other collective rights management organisations, SEK thousand

Collective rights management organisations	Live	Back-ground	Television	Radio	Mech-anical	Online interactive	Online non-interactive	Total
ACUM – Israel	112	696	464	94	0	212	0	1,579
ACADU – Uruguay	9	20	29	35	8	0	1	102
AKM – Austria	543	856	595	3,588	0	6	0	5,588
APDAYC – Peru	57	83	26	41	0	55	0	263
APRA – Australia	3,389	116	1,335	5,486	0	3,137	0	13,464
ARTISIUS – Hungary	464	206	450	122	387	0	0	1,629
ASCAP – United States	1,332	923	10,822	62,794	0	14,560	0	90,430
BMI – United States	5,526	0	4,333	3,296	0	0	0	13,156
BUMA – Netherlands	2,199	2,030	1,558	5,930	0	210	0	11,927
CASH – Hong Kong	297	10	97	25	0	147	0	576
SCD – Chile	187	3	260	379	0	0	0	830
FILSCAP – Philippines	199	55	0	0	0	0	0	254
CEMA – Germany	9,265	1,487	9,967	15,635	0	279	0	36,631
JASRAC – Japan	4,803	226	7,593	1,082	0	4,249	0	17,953
MUSICAUT – Bulgaria	26	1	92	72	0	3	0	194
KODA – Denmark	53,567	7,478	93,175	46,919	3,802	20,509	17	225,467
OSA – Czech Republic	185	9	383	426	0	10	0	1,013
PRS – United Kingdom	7,533	5,894	5,583	9,438	0	2,191	0	30,638
SABAM – Belgium	1,869	48	595	4,154	0	11	0	6,676
SACEM – France	4,052	3,157	8,163	3,916	0	10	98	19,397
SACM – Mexico	598	17	210	286	2	0	501	1,613
SADAIC – Argentina	525	1,534	594	237	0	189	0	3,079
SAMRO – South Africa	23	112	93	1,980	0	0	0	2,207
SOKOJ – Serbia	4	0	64	85	0	0	0	153
SPA – Portugal	573	1	137	700	38	6	0	1,456
SESAC – United States	25	6	240	2,341	0	0	0	2,613
SCAE – Spain	851	3,367	1,197	1,089	0	23	0	6,527
SIAE – Italy	5,055	3,902	1,756	1,726	0	71	0	12,510
STEF – Iceland	3,864	1,347	9,726	6,945	0	618	0	22,500
STEMRA – Netherlands	15	33	48	56	13	0	1	166
SUISA – Switzerland	2,541	37	581	4,218	424	4	0	7,805
SAYCO – Colombia	205	0	19	143	0	88	0	454
SOZA – Slovakia	261	0	0	0	0	188	0	449
TEOSTO – Finland	14,652	26,172	44,526	21,724	0	7	0	107,081
TONO – Norway	14,227	3,684	21,206	28,540	816	10,885	60	79,419
UBC – Brazil	2,166	107	866	1,636	0	145	0	4,919
RAO – Russia	675	244	359	756	0	0	0	2,034
ZAIS – Poland	1,444	29	626	948	0	0	26	3,075
SOCAN – Canada	3,289	574	610	5,726	0	0	0	10,199
MACP – Malaysia	366	1	37	71	0	85	0	560
COMPASS – Singapore	893	32	2	239	0	8	0	1,174
LATCA – Lithuania	885	421	2,105	2,363	628	0	0	6,402
HDS – Croatia	401	0	68	97	0	0	0	565
SAZAS(DSS) – Slovenia	27	243	104	173	0	0	0	547
UCMR/ADA – Romania	1,204	4	187	410	0	1	42	1,849
EAU – Estonia	278	613	876	1,036	231	3	19	3,057
MESAM – Turkey	37	81	116	137	31	0	3	405
KOMCA – South Korea	473	1,220	0	824	0	0	0	2,517
MCSC – China	393	0	1	0	0	0	0	394
AKKA/LAA – Latvia	428	943	1,346	1,592	355	5	30	4,698
MCT – Thailand	46	76	7	4	0	1	0	133
IMRO – Ireland	586	195	187	1,007	0	49	0	2,025
SOBODAYCOM – Bolivia	1	2	3	3	1	0	0	10
ZAMP – Macedonia	0	0	0	62	0	0	0	62
UACRR – Ukraine	3	8	11	13	3	0	0	38
NCIP – Belarus	22	49	70	83	18	0	2	244
MUST – Taiwan	223	0	94	112	0	479	0	909
COSCAP – Barbados	0	0	0	35	0	0	0	35
JACAP – Jamaica	61	0	12	8	0	0	0	80
KAZAK – Kazakhstan	2	5	7	9	2	0	0	26
CCA – Georgia	5	10	15	17	4	0	0	51
VCPMC – Vietnam	124	33	6	218	0	4	0	385
Copyswede			31,317	63	3,809	2,330	0	37,519
Of which paid directly to rightsholders								
NCB					57,586	14,828	0	72,415
NMP (sums collected on behalf of the following organisations: KODA, TONO, TEOSTO, STEF, EAU, LATCA, AKKA/LAA)						25,759	0	25,759
Total sums received from other collective rights management organisations	153,067	68,404	264,949	251,143	68,157	101,365	800	907,884

Table 6 – Sums received from other collective rights management organisations

2.3.2 Deductions from sums received from other collective rights management organisations

STIM only makes deductions on revenues where STIM carries out settlement on behalf of the organisation. Table 7 shows deductions for applicable collective rights management organisations, and only for the rights categories and parts thereof that are relevant in terms of deductions. There is an international settlement principle that has been adopted by CISAC which

means that collected monies for television and radio channels should be sent to the company that has a report to settle against. STIM receives remuneration for Swedish channels which are broadcast and licensed outside of Sweden. The principle states that a “half” management deduction must be made where only licensing or settlement takes place. In these cases, licensing is therefore carried out by another company and settled by STIM, in exchange for half of the management deduction.

Management fees and other deductions from sums received from other collective rights management organisations							
Collective rights management organisation	Sum received, SEK thousand	Management deductions, SEK thousand	Management deductions, %	SCE deductions, SEK thousand	SCE deductions, %	Total deductions, SEK thousand	Total deductions, %
Copyswede							
Public transmission – television	31,317	-2,817	9.0%	-686	2.2%	-3,503	11.2%
Public transmission – radio	63	-6	10.3%	-	-	-6	10.3%
Reproduction of physical sound formats – mechanical	3,809	-391	10.3%	-	-	-391	10.3%
Public transmission online – interactive*	2,330	-239	10.3%	-	-	-239	10.3%
Total Copyswede	37,519	-3,454	9.2%	-689	1.8%	-4,410	11.0%
STEF – Iceland							
Public performance – live	3,864	-212	5.5%	-	-	-212	5.5%
Public performance – background	1,347	-135	10.0%	-	-	-135	10.0%
Public transmission – TV	9,726	-973	10.0%	-	-	-973	10.0%
Public transmission – radio	6,945	-694	10.0%	-	-	-694	10.0%
Public transmission online – interactive*	618	-62	10.0%	-	-	-62	10.0%
Total STEF – Iceland	22,500	-2,075	9.2%	-	-	-2,075	9.2%
TEOSTO – Finland							
Public transmission – television	7,583	-779	10.3%	-	-	-779	10.3%
Total TEOSTO – Finland	7,583	-779	10.3%	-	-	-779	10.3%
TONO – Norway							
Public transmission – television	7,636	-784	10.3%	-	-	-784	10.3%
Total TONO – Norway	7,636	-783	10.3%	-	-	-783	10.3%
KODA – Denmark							
Public transmission – television	23,286	-2,391	10.3%	-	-	-2,391	10.3%
Public transmission – radio	787	-81	10.3%	-	-	-81	10.3%
Total KODA – Denmark	24,073	-2,472	10.3%	-	-	-2,472	10.3%
SUISA – Switzerland							
Public transmission – radio	0	0	10.3%	-	-	0	10.3%
Total SUISA – Switzerland	0	0	10.3%	-	-	0	10.3%
GEMA – Germany							
Public transmission – television	5	-1	10.3%	-	-	-1	10.3%
Total GEMA – Germany	5	-1	10.3%	-	-	-1	10.3%
EAU – Estonia							
Public transmission – television	20	-2	10.3%	-	-	-2	10.3%
Total EAU – Estonia	20	-2	10.3%	-	-	-2	10.3%

Table 7 – Management fees and other deductions from sums received from other collective rights management organisations

2.3.3 Sums paid to other collective rights management organisations

Sums paid to other collective rights management organisations, SEK thousand

	Live	Back-ground	Televisio n	Radio	Mech- anical	Online interactive	Online non- interactive	Total
ACUM – Israel	9	59	91	19	0.1	75	2	255
AEPI – Greece	32	28	11	21	0.8	55	2	149
AOADU – Uruguay	5	0	1	1	0.0	1	0	8
AKM – Austria	80	172	248	121	0.1	191	2	814
APDAYC – Peru	1	1	2	1	0.0	2	0	7
APRA – Australia	353	1,690	2,689	823	0.7	1,169	17	6,742
ARTISIUS – Hungary	25	16	21	26	0.9	37	1	128
ASCAP – United States	4,258	13,326	22,370	5,863	4.5	12,534	86	58,443
AUME – Austria	0	0	0	3	6.0	92	1	101
AMCOS – Australia	0	0	6	2	0.0	238	3	249
BUMDA – Mali	1	3	8	16	0.0	6	1	33
AMRA – United States	76	516	109	323	0.1	150	4	1,178
SODRAC – Canada	0	0	0	1	0.0	21	0	22
BMI – United States	3,234	13,786	23,418	5,502	4.8	12,861	110	58,916
MCSN – Nigeria	0	0	0	0	0.0	0	0	0
BUMA – Netherlands	346	950	516	402	1.4	1,771	6	3,992
BURIDA – Côte d'Ivoire	0	0	0	0	0.0	0	0	0
BSDA – Senegal	1	7	7	23	0.0	9	1	48
CASH – Hong Kong	1	4	8	1	0.0	1	0	15
SCD – Chile	3	5	19	2	0.0	9	0	39
CEMA – Germany	829	1,493	2,267	1,690	69.3	2,577	24	8,948
IPRS – India	0	1	2	2	0.0	3	0	8
JASRAC – Japan	19	84	103	28	0.3	70	1	305
MUSICAUT – Bulgaria	0	2	2	19	0.1	3	0	27
KODA – Denmark	1,459	2,868	10,565	1,751	275.0	4,691	46	21,654
MCPS – United Kingdom	0	0	14	45	193.7	1,716	12	1,981
NCB – Denmark	0	0	0	0	0.0	9	0	9
OSA – Czech Republic	8	11	39	90	3.0	17	1	170
PRS – United Kingdom	5,611	13,931	38,869	7,933	4.6	5,252	105	71,705
SABAM – Belgium	61	172	129	113	8.4	63	2	549
SACEM – France	805	2,070	5,285	1,896	159.2	1,582	52	11,847
SACM – Mexico	5	14	18	11	0.0	22	0	69
SADAIC – Argentina	7	23	41	19	0.0	47	1	138
SADEMBRA – Brazil	0	0	1	0	0.0	1	0	2
SAMRO – South Africa	3	30	74	22	0.0	28	1	158
SOKOJ – Serbia	12	32	15	10	0.4	86	0	157
SAYCE – Ecuador	0	0	0	0	0.0	0	0	1
SBACEM – Brazil	0	2	2	1	0.0	3	0	9
SPA – Portugal	4	16	14	34	0.9	21	2	92
SESAC – United States	180	595	1,584	228	0.2	777	5	3,369
SCAE – Spain	94	238	425	246	13.6	377	7	1,400
SIAE – Italy	240	419	617	268	24.8	318	7	1,893
STEF – Iceland	42	82	324	35	0.0	93	1	578
STEMRA – Netherlands	0	0	2	10	23.2	825	3	863
SUISA – Switzerland	65	123	129	164	0.1	315	3	798
SAYCO – Colombia	3	5	8	4	0.0	61	0	81
SOZA – Slovakia	1	1	0	18	0.1	6	0	26
SICAM – Brazil	0	1	1	0	0.0	2	0	3
TEOSTO – Finland	400	477	1,848	1,755	49.5	924	60	5,512
TONO – Norway	1,227	2,738	4,569	1,305	1.3	5,596	77	15,514
UBC – Brazil	20	38	79	114	0.0	44	2	296
RAO – Russia	12	22	46	38	0.1	26	1	144
COTT – Trinidad and Tobago	0	2	0	1	0.0	7	0	11
ZAIS – Poland	49	22	13	112	0.9	98	2	295
SOCAN – Canada	474	1,546	3,713	759	0.9	1,033	19	7,545
MACP – Malaysia	0	0	0	0	0.0	1	0	2
ACAM – Costa Rica	0	0	0	0	0.0	0	0	1
LATCA – Lithuania	2	5	4	16	0.5	3	0	31
HDS-ZAMP – Croatia	13	9	11	52	0.0	28	1	113
SAZAS(DSS) – Slovenia	14	3	5	15	0.1	5	0	43
UCMR – Romania	1	16	4	12	0.4	40	0	73
EAU – Estonia	23	20	17	44	1.3	41	1	148
MESAM – Turkey	5	29	14	8	0.2	64	1	120
KOMCA – South Korea	2	28	42	3	0.1	98	0	172
AKKA/LAA – Latvia	27	8	18	24	0.0	10	1	88
IMRO – Ireland	110	343	302	151	0.1	162	2	1,070
ZAMCOPS – Zambia	0	0	0	0	0.0	0	0	1
UACRR – Ukraine	23	7	16	6	0.0	4	0	57
MUST – Taiwan	0	0	1	0	0.0	0	0	2
SOCINPRO – Brazil	0	1	3	0	0.0	1	0	5
ABRAMUS – Brazil	1	8	89	7	0.0	19	0	125
GESAP – Georgia	0	1	4	1	0.0	1	0	7
Total sums from rights management organisations	20,279	58,096	120,852	32,210	852	56,391	673	289,353

Table 8 – Sums paid to other collective rights management organisations

2.3.4 Deductions from sums paid to other collective rights management organisations

Sums paid during 2017 were mainly collected during 2016 and 2017.
For these years, STIM has made the following average percentage deductions.

Deductions (%) from sums paid to other collective rights management organisations				
Rights category	Revenues collected 2017		Revenues collected 2016	
	Management deductions, %	SCE deductions, %	Management deductions, %	SCE deductions, %
Public performance – live	19.9%	6.3%	17.8%	4.9%
Public performance – background	20.4%	6.8%	18.0%	5.3%
Public transmission – TV	17.2%	5.4%	14.7%	4.1%
Public transmission – radio	19.0%	5.9%	17.3%	4.9%
Reproduction of physical sound formats – mechanical	0.6%	–	0.4%	–
Public transmission online – interactive, abroad	6.3%	–	8.8%	–
Public transmission online – non-interactive	10.0%	–	10.0%	–

Table 9 – Deductions from sums paid to other collective rights management organisations

3 Special report

STIM's mission is to ensure rightsholders get paid when their music is used, but also to guarantee the long-term value of music. By championing strong copyright protections and contributing to diversity and regrowth, STIM and rightsholders take collective responsibility for the long-term viability of the Swedish music industry.

Every year, STIM allocates a share of its rights revenues to a series of social, cultural and educational services. In 2017, the figure was 45.5 million Swedish kronor. These services may be provided by STIM or external service providers, for example the music creators' trade associations FST, SKAP and Musikförläggarna, or STIM's subsidiary Svensk Musik. According to STIM rules, the deduction may amount to a maximum of 10 per cent of STIM's residual rights revenues once management costs have been deducted.

STIM's board takes an annual decision on the budgetary framework for SCE funds within defined limits.

On 29 May 2017, STIM's AGM resolved to establish a new independent committee whose purpose is to disburse funds to services that defend music creators' interests and promote copyright protections. Members of the STIM Committee for Promoting Musical Diversity and Copyright Protections (NäMMU) were suggested by STIM's nomination committee and appointed by the AGM.

2017 was considered a transitional year between the previous and current arrangements. This means that reporting of the use of funds from service providers compiled in this special report covers the use of funds as resolved by STIM's board in 2016 under the previous arrangement.

When compiling this special report, NäMMU has worked from an overall assessment as to whether the use of funds may be considered reasonable, whether the purpose of the funds has been made clear to rightsholders on fair terms, and whether it fulfils the goal of promoting musical diversity and copyright protections.

Members of NäMMU in 2017:

- Eva Schöld, chair and Maria Carlén, deputy
- Kerstin Brunnberg, permanent member and Sara Norell, deputy
- Jonas Forssell, permanent member and Ida Lundén, deputy
- Håkan Glänte, permanent member and Lena Willemark, deputy
- Mats Bernerstedt, permanent member and Hans Desmond, deputy

3.1 SUMS DEDUCTED FOR SOCIAL, CULTURAL AND EDUCATIONAL SERVICES DURING THE FINANCIAL YEAR

Sums deducted for social, cultural and educational services during the financial year

Rights category	Rights revenues, SEK thousand	SCE deductions, SEK thousand	SCE deductions, %
Public performance – live	118,081	-7,449	6.31%
Public performance – live, abroad	142,530	-	
Public performance – background	206,838	-14,149	6.84%
Public performance – background, abroad	64,671	-	
Public transmission – television	328,983	-17,799	5.41%
Public transmission – television, abroad	203,506	-	
Public transmission – radio	103,443	-6,099	5.90%
Public transmission – radio, abroad	240,767	-	
Reproduction of physical sound formats – mechanical	63,710	-	
Reproduction of physical sound formats – mechanical, abroad	4,513	-	
Public transmission online – interactive*	462,359	-	
Public transmission online – interactive, abroad	53,652	-	
Public transmission online – non-interactive	2,281	-	
Public transmission online – non-interactive, abroad	735	-	
Total sums deducted for social, cultural and educational services during the financial year	1,996,070	-45,495	2.28%

Table 10 – Sums deducted for social, cultural and educational services during the financial year (extract from table 2)

3.2 USE OF SUMS DEDUCTED FOR SOCIAL, CULTURAL AND EDUCATIONAL SERVICES DURING THE FINANCIAL YEAR

Service type	Committees, SEK thousand			Service providers, SEK thousand					Total
	NäMMU	SPN	STIM	Svensk Musik	Project leaders through the SPN	Musik-förläggarna	FST	SKAP	
Scholarships, awards and grants			4,750	964	30		2,221	1,461	9,425
Advocacy and knowledge sharing to benefit rightsholders				275		647	1,500	1,880	4,301
Advocacy and knowledge sharing to promote copyright protections				255	90	192	1,120	2,230	3,887
Education and training for the benefit of rightsholders				294	503	284	831		1,911
Promotional marketing to promote rightsholders				242	261	3,786			4,289
Subsidise areas of music neglected by the market, musical heritage and diversity.			6,600	1,853		1,225	1,923		11,600
Consultancy and negotiations				149		62		2,090	2,301
Records and administration				1,713			367		2,079
Production and publication of sheet music			956	1,714					2,670
Committees and SCE administration	585	1,423							2,008
Total SCE funds used	585	1,423	12,306	7,458	884	6,195	7,961	7,661	44,473
Difference between costed and used grants during the year			-725				-281	-281	-1,287
Funds not yet used			2,000			2	4	304	2,309
Total costed SCE funds	585	1,423	13,581	7,458	884	6,197	7,684	7,684	45,495

Table 11 – Use of sums deducted for social, cultural and educational purposes during the financial year

3.2.1 STIM

STIM used SEK 12,305,580 (equivalent to 27.7%) of the total SCE funds spent.

SEK 4,749,591 was spent on scholarships and other grant types. STIM's scholarship activities are administered by its subsidiary Svensk Musik.

SEK 6,600,000 was spent on market-neglect and publisher subsidies to stimulate the creation of works in areas of music neglected by the market, musical heritage and diversity. The subsidies were paid to STIM-affiliated rightsholders.

SEK 955,989 was spent on sheet music publication subsidies covering 116 sheet music publishers considered to be important in their respective genres for works that were otherwise unlikely to be published. The subsidies were issued to STIM-affiliated publishers for

music written by STIM-affiliated copyright holders.

3.2.2 Svensk Musik

STIM's subsidiary Svensk Musik used SEK 7,457,544 (equivalent to 16.8%) of the total SCE funds spent. The funds were spent on services on behalf of STIM and were disbursed as shown in table 11. Funds for scholarship activities pertain to the STIM Scholarship, which is administered for STIM by Svensk Musik.

3.2.3 FST

FST used SEK 7,961,491 (equivalent to 17.9%) of the total SCE funds spent. The funds were disbursed as shown in table 11.

3.2.4 SKAP

SKAP used SEK 7,661,128 (equivalent to 17.2%) of the total SCE funds spent.

3.2.5 Musikförläggarna

Musikförläggarna used SEK 6,195,237 (equivalent to 13.9%) of the total SCE funds spent.

3.2.6 Project leaders through the SPN

NäMMU earmarks a share of SCE funds for promotional activities in the form of projects. In these cases, funds are not paid to service providers, but are paid to project leaders instead. NäMMU makes quarterly decisions as to which projects receive SCE funds.

The projects are prepared by the STIM Promotion Committee (SPN), which independently identifies and initiates projects deemed to promote the goals of the business in the best possible way. The SPN is an expert body of independent experts appointed by NäMMU. To support the SPN, there is an office with one full-time and one part-time employee. Twelve SPN-initiated projects have received SEK 883,571 from SEK (equivalent to 2.0% of all SCE funds spent). The relatively low disbursement of project funds is due to the fact that the SPN was dissolved in Q2 and reestablished in October 2017 as a result of the implementation of the new SCE arrangements, and therefore made no decisions on new projects in the meantime.

Administration costs of their activities therefore remained at normal levels, as the SPN office was already working on ongoing projects (see section of SCE running costs).

3.2.7 SCE administration costs

The structure that STIM uses to make SCE deductions requires administration. Costs relating to the running of SCE are funded using SCE funds and are therefore reported here.

STIM Promotion Committee

SPN administration costs amounted to SEK 1,423,101 in 2017 (equivalent to 3.2% of total SCE funds spent) and cover salary costs for the office and committee fees, office rental as well as travel and entertainment.

NäMMU makes decisions about the funds STIM spends on social, cultural and educational services. NäMMU is a decision-making body of independent experts appointed by STIM's AGM. In 2017, NäMMU had the support of an administrative consultant.

NäMMU administration costs amounted to SEK 585,083 in 2017 (equivalent to 1.3% of total SCE funds spent) and cover committee fees, administrative support fees and entertainment.



HORNSGATAN 103
PO BOX 17092, SE-104 62 STOCKHOLM
TELEPHONE (SWITCHBOARD): +46 (0)8 783 8800
E-MAIL: STIM@STIM.SE