

## 2020 Annual Report

### A. The 2020 financial year at a glance

In the 2020 financial year, proceeds from the management of copyright totalled 109,716k EUR. Thus, the 2020 financial year is the third best in the history of Bild-Kunst in terms of revenues generated, after the 2009 financial year (125,761,416k EUR) and the 2017 financial year (129,159,154k EUR). Total costs increased by 448k EUR to a total of 5,352k EUR. Distributions of 67,257k EUR were made from distribution provisions, which corresponds to 10,108k EUR more compared to the previous year. In contrast, 103,965k EUR in total were allocated to distribution provisions. Despite the worldwide pandemic, the 2020 financial was therefore a successful year for Bild-Kunst. This was due to the fact that much of the revenue was based on usages that had taken place in previous years.

#### 1. Total income

During the 2020 financial year, Bild-Kunst achieved a total income of 109,716k EUR, which corresponds to 48,513k EUR more than the previous year. The additional yield is mainly due to the fact that in 2020, for the first time, it was possible to generate proceeds for private copying via USB sticks/memory cards, MP4 and TV recording devices. Proceeds for these devices/storage media amount to a total of 31,398k EUR. In addition, back payments for past years of usage were made for further devices. Thus, the income increased to a total of 68,079k EUR, i.e. in the image field by a total of 14,414k EUR, and in the film field by a total of 30,138k EUR. In addition, 5,960k EUR were added to proceeds from the release of liabilities in the image field. As during the previous year, the increase in revenue is thus exclusively attributable to one-off effects.

In other administration areas, the income evolved inconsistently, but within explainable ranges of fluctuation. Nevertheless, with a total income of

**Note:** All figures have been rounded to thousands (k) of Euro in accordance with standard commercial practice. This may result in slight differences in presentation.

109,716k EUR, the 2020 financial year can be described as an exceptional financial year.

#### 2. Payouts

A total of 67,257k EUR was paid out in the financial year, compared to 57,346k EUR in the previous year. Thus, the distribution values were on a good level in 2020. Of the 67,257k EUR, 8,760k EUR were distributed for the primary rights art, 23,851k EUR to the right holders art/image and 31,122k EUR to the right holders film. In addition, 1,654k EUR were distributed to Stiftung Sozialwerk and 1,870k EUR to Stiftung Kulturwerk. The allocations for Kulturwerk include 402k EUR for publication funding.

#### 3. Key events

The 2020 financial year was dominated by trying to manage the global Covid-19 pandemic. The Assembly of the professional groups was postponed from April to the start of September and the General Assembly accordingly from end of July to the start of December 2020. Bild-Kunst organised both Assemblies as an attended event where, as usual, members had the opportunity to cast an electronic vote for the General Assembly in advance. Assemblies as online meetings were not organised, because at the time of planning in March 2020, it was considered likely that the pandemic would have subsided by the second half of 2020. This forecast proved true for the Professional Group Assembly at the start of September. The General Assembly at the beginning of December was then held under specific safety measures to prevent health risks.

The workforce at the office of Bild-Kunst in Bonn was transitioned early to a hybrid working model with half of the staff working from home in alternating shifts. In the course of the year, the possibility to work from home was extended to three quarters of the workforce. A full transition to remote work from home was not possible due to insufficient server capacities. This problem could only be solved in 2021.

Covid-19 infections were prevented thanks to the hybrid working model and strict hygiene regulations at

the office. Due to the transition to remote virtual working, it was possible to continue the software project started in 2019 to modernise the entire IT infrastructure at Bild-Kunst without any major issues.

As of March 2020 there were no more business trips. All work sessions, shareholders' meetings and other conferences have been held virtually since then. Even after the end of the pandemic, this working model is to be largely retained, as it is more efficient on resources and allows for more efficient working.

At the political level, the 2020 financial year was dominated by the implementation of the 2019 Directive for the digital domestic market into German law. Here, Bild-Kunst campaigned for improvements to the various draft legislation to support the interests of its members.

Internally, the association held more than 20 video conferences in 2020 in preparation for a major reform of the distribution plan. The focus was on a complete renewal of the collective distribution for static frames.

#### **4. Administrative costs**

Administrative costs for the 2020 financial year totalled 5,352k EUR, which corresponds to an increase of 448k EUR compared to the previous year. The costs mainly consist of 3,574k EUR for personnel expenses, which increased by 121k EUR, other operating expenses of 2,214k EUR, which increased by 100k EUR for rights of appeals, postage and additional IT expenses, depreciation amounting to 114k EUR and 11k EUR for taxes. The costs are reduced by other operating income of 561k EUR, which arises from refunds for administrative services rendered.

The average ration for administrative costs for the 2020 financial year is 4.88 percent, which is significantly lower than in the previous year (8.01 percent) due to the extra revenue.

In addition to administrative expenses, negative interest rates arise due to the very unfavourable developments on the finance market. These are - 399k EUR for the 2020 financial year and have thus increased by 5k EUR compared to the previous year. Investment guidelines of Bild-Kunst only allow for gilt-edged investments. Therefore, it is currently not predictable that the situation will change in a positive sense.

The cost structure is stable compared to the previous year. In addition, advance payments of 2,080k EUR were made for new IT systems and operating and office equipment. Once the new software has been put into operation, these costs will be charged to subsequent financial years, spread over the operating life of the software. Thus, administrative costs will likely be higher for subsequent financial years.

#### **5. Members and committees**

The number of members has again increased in the 2020 financial year, i.e. the number of members increased by 1,998 to reach a total number of 65,172. The rate of increase is 3.16 percent.

Thus, the number of members of each professional group also increases, i.e. the professional group I by 477 to a total of 14,833 members, the professional group II by 1,167 to a total of 37,750 members and the professional group III by 354 to a total of 12,589 members.

Normally, the General Assembly regularly takes place at the end of July each year. The committee meetings needed to be postponed in the 2020 financial year due to the pandemic. The General Assembly was held in Bonn on 5 December 2020. Electronic voting was again offered in the run-up to the meeting, and the General Assembly was also broadcast live on the Internet for registered members. Despite the pandemic, the online broadcasting offerings were only used to a limited extent.

The assemblies of the Administrative Council were held on 24 January 2020 in Berlin, virtually on 24 July 2020 and on 4 December in Bonn. The Professional Group Assemblies were held on 3 September 2020 in Bonn.

#### **6. Office**

In 2020, the office of Bild-Kunst employed an average of 31 full-time and 22 part-time staff members. Thus, the total number of staff members increased by one person.

The lease of the office runs until 31 December 2024, and could be terminated on an annual basis.

In addition, Bild-Kunst has a joint share in an office in Berlin with VG Wort.

## B. Revenue results in 2020 in detail

The income shown in section 1 exclusively relates to the image field (professional groups I and II), while the income shown in section 3 exclusively relates to the film field (professional group III). The income outlined in section 2 refers to both fields and thus benefits all members of Bild-Kunst.

### 1. Fine arts and image income

The income presented in this section comprises resale rights (1.1), reproduction and online rights (1.2) as well as broadcasting rights (1.3), i.e. primary rights (exclusive rights) that Bild-Kunst administers in the field of fine arts. Furthermore, statutory royalty claims are generated with reprography levies (1.4) and reading club royalties (1.5) applying exclusively to frozen images, and therefore only benefit right holders of the professional groups I and II.

#### 1.1 Resale rights

If a work of fine art is resold by an art dealer or auctioneer, the artist acquires a legal claim to a participation in the proceeds. In Germany, this resale right (§ 26 UrhG) is administered by Bild-Kunst. Blanket contracts exist with professional organisations BVDG, BDK, KD and VDA, thus simplifying administration procedures.

#### Mandate

Mandate professional groups I and II: § 1 no. 1.4

#### Collection sources

By its own resale right administration Bild-Kunst generated income in Germany. For foreign resales it received fees for its members from its sister societies.

#### Basis of distribution

Section 23 of the distribution plan, fine arts and image resale rights distribution line is being applied. Since the name of the beneficiary in every type of transaction giving entitlement to payment is known, a direct distribution takes place. Hence, usually no non-distributable income arises.

#### 2020 income

- Total income

The income for the resale right for 2020 totals 5,268k EUR and is thus 32k EUR lower than in the previous year. This decrease is mainly due to the lower number of sales in Germany.

- Income from Germany

3,315K EUR was generated from the individually invoiced subsequent rights, which is 575k EUR less than in the previous year. The decline reflects the market development.

- Foreign income

In contrast, foreign revenues increased by 543k EUR compared to the previous year and amount to a total of 1,953k EUR.

#### Netting (interest, deductions, allocations)

In the distribution plan of 05 December 2020, administrative cost deductions are set to 17 percent for intrayear direct and 7 percent for indirect intrayear proceeds. The regular average cost rate for the fiscal year is 4.41 percent for direct and indirect proceeds.

Administrative costs of 246k EUR are to be deducted, as well as a pro rata amount of 20k EUR for negative interest. Of the distributions made in 2020, 273k EUR were allocated to Stiftung Sozialwerk and 229k EUR to Stiftung Kulturwerk. An amount of 5,002k EUR was allocated to the distribution provisions.

#### 1.2 Reproduction & online rights

For its members of the professional group I (arts) Bild-Kunst grants reproduction, distribution, online and performance rights to users, mainly publishers.

#### Mandate

Mandate professional groups I and II: § 1 no. 1.1, 1.8, 1.18, and no. 2.

#### Collection sources

Bild-Kunst has published tariffs for reproduction and online rights. On this basis, Bild-Kunst licenses uses in Germany itself. In addition, there are three general agreements, with Börsenverein des Deutschen Buchhandels, Deutscher Museumsbund and Deutscher Bibliotheksverband. In some cases, other

general agreements from other fields also cover online rights.

Any uses abroad are administered by the sister societies of Bild-Kunst.

#### Basis of distribution

When granting licenses, the name of the right holder is known. Hence, usually no non-distributable amounts arise. Proceeds are being distributed to right holders in accordance with § 24 of the distribution plan on the distribution line primary rights for fine arts and image. Where rights are granted on a flat-rate basis and no information on the works used or the affected right holders is available, the proceeds are allocated to the distribution lines of copying royalties.

#### 2020 income

A total of 4,864k EUR was received in 2020, i.e. 708k EUR more than in the previous year. Domestic proceeds decreased by 228k EUR, whereas the proceeds Bild-Kunst receives from abroad increased by 936k EUR. There were also slight changes due to the value adjustments for outstanding receivables.

For media control supplements 87k EUR were obtained, i.e. 30k EUR less than the previous year.

#### Netting (interest, deductions, allocations)

In the distribution plan of 5 December 2020, administrative cost deductions for intrayear revenues were set at 18 percent for direct proceeds and to 15 percent for indirect proceeds.

The total revenues of 4,864k EUR are offset by administrative costs of 1,181k EUR. The allocation from the distributions to Stiftung Sozialwerk amounts to 129k EUR and to Stiftung Kulturwerk to 21k EUR.

In addition, pro rata negative interest in the amount of 8k EUR is to be offset. An amount of 3,674k EUR was allocated to distribution provisions.

### **1.3 Broadcasting rights**

Bild-Kunst grants the public television broadcasters the broadcasting rights to broadcast images of visual arts on a flat-rate basis. This relates to its members of the professional group I (arts). Usages by private broadcasters are licensed according to tariff.

#### Mandate

Mandate professional groups I and II: § 1 no. 1.23

#### Collection sources

Bild-Kunst has concluded a new general agreement with ARD, valid from 2020, and an individual flat-rate contract with ZDF is in place, effective from 2019. The contract with Deutsche Welle has not been terminated and continues to exist.

#### Basis of distribution

§ 27 of the distribution plan applies, which governs the distribution line flat-rate broadcasting rights (fine arts). Usages on television are determined by Bild-Kunst independently from representing rights. For non-members, an individual, maximum of three-year research for the beneficiaries is carried out in conjunction with the offer of retroactive payment. Non-distributable income increases the distribution sum for the year in question after a period of five years.

#### 2020 income

Thanks to the newly concluded flat-rate agreement with ARD, Bild-Kunst was able to achieve higher revenues by 60k EUR compared to the previous year, with a total of 748k EUR, in terms of broadcasting rights (fine arts).

#### Netting (interest, deductions, allocations)

In the distribution plan of 5 December 2020, administrative cost deductions for intrayear revenues were set at 18 percent for direct proceeds, with no indirect proceeds arising here. Negative interest amounts to 6k EUR, proportionate administrative costs to 109k EUR. No allocations to Stiftung Sozialwerk and Stiftung Kulturwerk were made (in the annual report).

### **1.4 Reprography levies**

This section summarises all charges which represent a legal compensation for the permission-free copying of text and images (only).

The development of proceeds is shown in the following sections a) to c). Since the proceeds from the different fields are processed and distributed jointly according to the distribution schemes defined in the

distribution plan (special section, chapter 2: Distribution Schemes), the cost accounting results in total values for the fields of art and image.

The total income for the **field fine art** in the 2020 financial year amounts to 2,401 EUR.

#### Netting (interest, deductions, allocations)

In the distribution plan of 5 December 2020, administrative cost deductions for intrayear revenues were set at 10 percent for direct and indirect proceeds (fine arts). In the case of proceeds from private copy royalties from abroad, the intrayear cost rate is 8 percent. The regular cost rate for the 2020 financial year for the field fine art is 4.95 percent on average for copy royalties for analogue and digital sources.

The pro rata administrative costs for reprography levies are 126k EUR in total and the chargeable interest is -11k EUR.

From the distributions during the financial year 2020 for the field fine art, 233k EUR were allocated to Stiftung Sozialwerk and 199k EUR to Stiftung Kulturwerk. In addition, Stiftung Kulturwerk received 83k EUR for publication funding.

The total income for the **field image** in the 2020 financial year amounts to 10,901k EUR.

#### Netting (interest, deductions, allocations)

In the distribution plan of 5 December 2020, administrative cost deductions for intrayear revenues were fixed at 10 percent for direct and indirect proceeds (image). In the case of proceeds from private copy royalties from abroad, the intrayear cost rate is 8 percent. The regular cost rate for the 2020 financial year for the field image is 4.27 percent on average for copy royalties for analogue and digital sources.

The pro rata administrative costs for reprography levies are 465k EUR in total and the chargeable interest is -47k EUR.

Of the distributions made in the 2020 financial year, 418k EUR were allocated to Stiftung Sozialwerk and 416k EUR to Stiftung Kulturwerk. In addition, Stiftung Kulturwerk received 319k EUR for publication funding.

In the 2020 financial year, it was also possible to repay liabilities, with a total value of 9,223k EUR allocated to the fields of art and image for past usage years in

accordance with the 2017 distribution plans. The pro rata administrative costs for this are 276k EUR and the interest -40k EUR. The regular cost rate for these proceeds is 3 percent.

#### **a) Hardware and storage media levy**

Since the amendment of the law on 1 January 2008, the reprography levy has been a subset of the general private copying levy under § 54 et seq. of UrhG. It applies in particular to normal printers and multifunction devices.

#### Mandate

Mandate professional groups I and II: § 1 no. 1.6

#### Collection sources

Bild-Kunst maintains a collection agreement with VG Wort. The CMOs VG Wort and VG Bild-Kunst have concluded a collection agreement with BITKOM. The collection managed by VG Wort is divided between VG Wort and Bild-Kunst on the basis of empirical studies on individual device classes. The empirical studies planned for 2020 could not be carried out due to the pandemic.

In addition, Bild-Kunst receives funds for reprography levies from abroad.

#### Basis of distribution

Proceeds shall be distributed to the right holders via the distribution lines § 28 private copy royalties for analogue sources fine art, § 29 private copy royalties for digital sources fine art, § 32 private copy royalties for analogue sources images, and § 33 private copy royalties for digital sources image in accordance with the distribution plan.

In accordance with the relevant distribution schemes, distributions are based on claims of beneficiaries and, for fine arts, also by supplements on payouts for primary rights. A share is paid as a lump sum transferred to the sister societies for copies of foreign publications in Germany and from foreign websites. Because of the note-based system there is no non-distributable income

### 2020 income

The reprography device levy is handled by VG Wort, in particular for photocopiers, fax, scanners and printers printers.

The total income amounts to 7,136k EUR, which leads to a decrease of -2,619k EUR compared to the previous year. This decrease is due to the fact that a provision for export refunds of this amount had to be formed for the first time at VG Wort for accounting reasons.

The proceeds consist of income of 5,297k EUR for multifunctional devices, 9k EUR for faxes, 295k EUR for scanners, 1,015k EUR for printers, plus an additional 520k EUR for PCs under the applicable law until 2007.

### **b) Operator levy**

As a compensation for the permission-free copying of text and images, and in addition to the device and storage media levy pursuant to § 54c UrhG, beneficiaries will also receive remuneration from institutions that provide such devices.

### Mandate

Mandate professional groups I and II: § 1 no. 1.6, 1.8, 1.10, 1.15, 1.16, and 1.17

### Collection sources

VG Wort also collects the operator levy from commercial institutions, such as copy shops, but also universities and libraries.

ZFS (Zentralstelle Fotokopieren an Schulen) collects those levies from schools.

### Basis of distribution

The provisions of section B.1.4 a) apply.

### 2020 income

#### • Total income

For operator levies, a total of 619k EUR was received in 2019, which corresponds to 389k EUR less than in the previous year.

#### • Major operators through VG Wort

The revenue that Bild-Kunst received through the major operator levy in 2020 included 115k EUR from universities, 113k EUR from copy shops, 119k EUR from retailers and 67k EUR from other educational institutions. Due to a new contract signed in 2020, no revenue circulated through the VHS adult education centres. All fields are slightly down compared to the previous year.

#### • Copies on demand

The income for copies on demand have been declining for years and amount to 78k EUR in the 2020 financial year, which corresponds to 3k EUR less than in the previous year. The account is also settled by VG Wort.

#### • School copying

ZFS, operated by VG Wort, administers the school copying revenue. In 2020 Bild-Kunst received 1,249k EUR, i.e. 412k EUR less compared to the previous year.

#### • Foreign income

Foreign sister societies have transferred a total of 126k EUR, compared to 335k EUR in the previous year. These proceeds are generated under operator levy, though parts of it stem from foreign hardware levies, the reason being that sister societies do not differentiate between the two. However, this does not affect the distribution of Bild-Kunst.

### **c) Press reviews**

Within the scope of analogue or digital press review royalties, the reproduction and distribution of images is possible without permission. However, the beneficiaries must be paid a compensation for this in accordance with § 49 section 1 UrhG.

### Mandate

Mandate professional groups I and II: § 1 no. 1.7

### Collection sources

The collection for conventional press review royalties is handled by VG Wort. The claim to remuneration for electronic press review royalties is asserted by Bild-Kunst itself.

### Basis of distribution

Proceeds are distributed to beneficiaries according to the distribution lines § 30 Press review royalties (fine arts), and § 34 Press review royalties (image).

In the field of fine art, the distribution is made via the private copy royalties presentations of art. In the image field, the distribution is based on claims by beneficiaries. There is no non-distributable income.

### 2020 income

- Total income

In the 2020 financial year, a total of 352k EUR was generated, which corresponds to 16k EUR more compared to the previous year. The use of analogue press review royalties has been declining for years. Since proceeds from digital press review royalties has been increasing in recent years, it has again increased by 20k EUR in the 2020 financial year.

- Print products via VG Wort

A total of 17k EUR was generated for print products, compared to 21k EUR in the previous year.

- Digital products by individual agreement

There are agreements in place with Presse-Monitor Deutschland GmbH and Landau Media. The proceeds in 2020 amount to a total of 335k EUR, compared to 315k EUR in the previous year.

### **1.5 Reading clubs**

The rental right is regulated in § 17 section 3 UrhG. As a right of prohibition, in the field of images, it is available either to the creator of the work or to an exploiter, e.g. a publisher, if the creator has transferred it to the latter.

### Mandate

Mandate professional groups I and II: § 1 no. 1.5 alternative 1

### Collection sources

In this area, the collection for VG Wort is handled by Bild-Kunst. There is a general contract in place with Verband Deutscher Lesezirkel e.V. which collects contributions from payment debtors and transfers them to Bild-Kunst.

### Basis of distribution

The distribution follows the same lines as the press review royalties.

### 2020 income

The proceeds for the 2020 financial year amount to 62k EUR and are thus at an average level with a slight decrease of -2k EUR.

## **2. Income from image and film royalties**

This section describes income mainly from statutory remuneration claims which relate to image and film and thus benefit members of all professional groups of Bild-Kunst. This refers to public lending rights (2.1), income from §§ 60a, 60c, 60h UrhG – Intranet use for educational purposes (2.2), cable retransmission (2.3), and the private copying levy (2.4).

### **2.1 Library royalties**

According to § 17 section 2 UrhG, it is allowed to lend workpieces after these have been put on the market. If the lending is carried out by an institution accessible to the public, beneficiaries shall be entitled to a claim to remuneration pursuant to § 27 section 2 UrhG. This and the claim to remuneration for electronic reading stations in libraries (§§ 60e section 4, 60h UrhG) are summarised here under “Public lending rights”.

### Mandate

Mandate professional groups I and II: § 1 no. 1.5 alternative 2 and 1.8

Mandate professional group III: § 1 no. 1.3 and 1.13

### Collection sources

The collection is administered by ZBT (Zentralstelle Bibliothekstantieme).

Bild-Kunst has transferred the collection for electronic reading stations to VG Wort.

### Basis of distribution

Proceeds from public lending rights are allocated as follows: 12.5% to the distribution line § 25 Public lending right (fine arts), 48.25% to the distribution line

§ 26 Public lending right (image) and 39.25% to the distribution line § 38 Private copying royalties (film).

### 2020 income

- Income from Germany

In the 2020 financial year, the total revenue decreased slightly by 40k EUR to 923k EUR. The domestic revenue is made up of income from the image field of 561k EUR, i.e. 24k EUR less compared to the previous year, and of income from the film sector of 362k EUR, which decreased by 16k EUR.

- Foreign income

A total of 117k EUR were received from abroad, which is fully attributable to the audiovisual field. Bild-Kunst has no influence on the timing and amount of these payments.

### Netting (interest, deductions, allocations)

Administrative costs totalling 42k EUR for all fields and negative interest of 12k EUR are to be added. There were no allocations to foundations. On balance, 985k EUR were allocated to distribution provisions.

## **2.2 Intranet use for educational purposes**

§§ 60a, 60c UrhG permit the use of protected works to a limited extent, including on digital learning/teaching platforms in the educational sector (e-learning). § 60a provides for a claim to remuneration as compensation for beneficiaries.

### Mandate

Mandate professional groups I and II: § 1 no. 1.8 and 1.16

Mandate professional group III: § 1 o) (from 2015) or § 1 no. 1.13 and 1.15 (from 2018)

### Collection sources

ZBT under the leadership of VG Wort administers the claim to remuneration for digital learning platforms in schools. For learning platforms at universities, Bild-Kunst has concluded an agreement with the federal states, also on behalf of other participating collecting societies.

### Basis of distribution

Due to the multiple limits of the contracts with the federal states, there has not yet been any separate distribution plan. Since the 2017 distribution plan, the proceeds have been allocated to the distribution lines § 29 and § 33, private copy royalties for digital sources fine art and image, and for the audiovisual field to the distribution line § 38 private copying royalties (film).

### 2020 income

- Total income

In the 2020 financial year, a total of 2,249k EUR was generated, which corresponds to 1,018k EUR more compared to the previous year. This increase is due to new contracts, and the proceeds also include amounts of previous years. All revenues relate exclusively to the higher education sector.

- Universities

Bild-Kunst is responsible for the processing, also for all other participating collecting societies, except for VG Wort, for which only the field of screenplay is taken into account. In the 2020 financial year, Bild-Kunst received proceeds of 2,249k EUR in total.

- Schools

The execution is administered by ZBT. As in the previous year, Bild-Kunst did not receive any payments in the 2020 financial year because ZBT shareholders had not yet passed a distribution scheme for the collection generated under a new contract.

### Netting (interest, deductions, allocations)

2,128k EUR were allocated to the distribution reserves, after deduction of 99k EUR for administrative costs and allocation of interest of -23k EUR. There were no allocations to foundations.

## **2.3 Cable retransmission**

Bild-Kunst exercises the cable retransmission right for its members of professional groups I and II pursuant to § 20b section 1 UrhG, and for its members of the professional group III the corresponding claim to remuneration pursuant to § 20b section 2 UrhG. Retransmission is the simultaneous, unaltered and complete retransmission of a television programme.



### Mandate

Mandate professional groups I and II: § 1 no. 1.2

Mandate professional group III: § 1 no. 1.6 and 1.14

### Collection sources

Cable retransmission to national private households:

- via GEMA as the cable retransmission collecting body;
- via ARGE Kabel (cable working group).

National cable retransmission to institutions (hotels, hospitals etc.):

- via ZWF ("Central Organization for the reproduction of television broadcasts").

Cable retransmission abroad:

- via the sister societies.

### Basis of distribution

Proceeds are distributed to beneficiaries according to the distribution lines § 31 Cable retransmission (fine arts), and § 35 Cable retransmission (image).

### 2020 income

#### • Total income

Bild-Kunst generated a total of 7,868k EUR for cable retransmission in 2020, 577k EUR for fine arts and image, and 7,291k EUR for film. Total income has decreased by 818k EUR compared to the previous year.

#### • National total income

A total of 4,921k EUR were received from Germany, which is 298k EUR less compared to the previous year's figure of 5,219k EUR. For 2020, the share for frozen images amounts to 445k EUR and decreased slightly by 28k EUR compared to the previous year. The share for film in 2020 amounts to 4,476k EUR and is thus 270k EUR less than in the previous year.

• Income from retransmission to private households  
Bild-Kunst received a total of 3,858k EUR from GEMA and ARGE Kabel, which corresponds to 105k EUR less compared to the previous year. Of this amount, 361k EUR relate to static frames and 3,495k EUR for film.

• Revenue from retransmission to institutions (ZWF)  
Bild-Kunst received 1,065k EUR from ZWF in 2020, compared to 1,259k EUR in the previous year. The image share is 84k EUR and the film share is 982k EUR.

#### • Foreign income

A total of 2,947k EUR were allocated to us from abroad, i.e. 301k EUR less compared to the previous year. Proceeds in the image field increased by 66k EUR to 133k EUR. Bild-Kunst received most of the 2020 proceeds from the Netherlands.

For film, foreign revenues decreased by 584k EUR to a total of 2,814k EUR. However, the income reaches Bild-Kunst on an irregular basis. Bild-Kunst also receives the highest payments for film from neighbouring countries, e.g. Switzerland (1,042k EUR), Austria (647k EUR) and France (265k EUR). Differences in the incoming payments are due to differences in the invoiced periods of usage.

## **2.4 Private copying levy**

Before the amendment of the law on 1 January 2008, the law historically distinguished between a "reprography levy" to compensate for the copying of images and text and a levy to compensate for the copying of music and film. Today, all claims fall under § 54 UrhG. There are still pure reprographic devices (see section B.1.4 a) above), but no devices that can only copy music and films. All devices and storage media that are no reprographic devices can be used to copy text, images, music and films.

### Mandate

Mandate professional groups I and II: § 1 no. 1.6

Mandate professional group III: § 1 no. 1.5

### Collection sources

The claims for copying text, images, music and films using devices and storage media, are administered by ZPÜ (Central Organisation for Private Copying Rights).

In the past, ZPÜ has only been able to realize income from the collection of payments for the PC product. For the new general contract concluded in 2015 for mobile communications and tablet products, proceeds were generated for the first time for the

years of usage from 2008 (mobile communications) and from 2010 (tablet) in the 2017 financial year. In the 2019 financial year, additional income was also collected for burners, blank disks and hard disks for the years of usage from 2008. In the 2020 financial year, revenues were generated for the first time for USB sticks and memory cards for the fields art, image and film, and additionally for MP4 players and TV recording devices for the film field. For all devices, the years of usage from 2008 onwards were remunerated and resulted in corresponding one-off effects.

In addition to the income from Germany via ZPÜ, Bild-Kunst also receives funds via its sister societies for foreign private copying levies.

#### Basis of distribution

Proceeds for the private copying levy in the field of fine art and image are divided into the following distribution lines: § 28 and § 29 (private copy royalties for analogue sources fine art and image) and the distribution sectors § 32 and § 33 (private copy royalties for analogue sources images and fine arts). In the audiovisual field, proceeds for the private copying levy are distributed to beneficiaries according to distribution line § 38 private copying royalties (film). There is no non-distributable income, as the use of works is settled on a claim basis.

Beneficiaries of foreign sister societies in the fine art and image field have the same possibilities to claim as members of Bild-Kunst, with regard to the copy sources administered by Bild-Kunst. On the other hand, the sister societies receive empirically determined flat-rate shares for copy sources which Bild-Kunst does not administer itself.

In the film field, foreign beneficiaries register their works directly, usually via foreign sister societies.

Bild-Kunst has received separate income for advertising films since 2015. This income is forwarded to the TWF for distribution, with which a representation agreement is in place. The distribution line § 39 Advertising films applies. Since 2020, the revenues attributable to advertising film authors have been paid directly to TWF by ZPÜ, and Bild-Kunst receives those shares from TWF that are attributable to right holders of Bild-Kunst.

#### 2020 income

##### • Total income

In the 2017 financial year, Bild-Kunst had received substantial payments from ZPÜ, totalling 87,847k EUR. In the 2018 financial year, this amount fell to 18,935k EUR as only small special payments were made. During the 2019 financial year, a total of 23,527k EUR was received via and, most recently, 68,509k EUR in the 2020 financial year due to the outlined one-off effects. The revenue for USB sticks and memory cards, MP4 players and TV recording devices amount to a total of 32,843k EUR.

Higher income than in the previous year was also generated from other devices and storage media, with the exception of burners, blank disks and hard disks.

##### • Income from Germany

Domestic proceeds consist of the aforementioned income via ZPÜ. The proceeds for the fine art and image field amount to a total of 24,802k EUR and consist of proceeds for PCs (7,381k EUR), mobile communications (7,656k EUR), tablets (1,826k EUR), burners, blank disks and hard disks (3,573k EUR) as well as USB sticks and memory cards (4,366k EUR).

Revenue in the film field totalled 43,276k EUR, including 5,442k EUR for PCs, 3,517k EUR for mobile communications, 1,657k EUR for tablets, 4,182k EUR for burners, blank disks and hard disks, 1,445k EUR for USB sticks and memory cards, 1,016k EUR for MP4 players and 26,016k EUR for TV recording devices. Additional shares of 409k EUR were generated from advertising film authors.

##### • Foreign income

For the private copying levy Bild-Kunst only receives foreign income for film. In 2020, this amounted to 2,727k EUR, compared to 1,880k EUR in the previous year. We receive payments from abroad irregularly and for different years of usage. There are significant payments from Switzerland (1,534k EUR) and Austria (705k EUR). Total proceeds are divided into payments for authors of 2,644k EUR (1,820k EUR in the previous year), and for producers of 84k EUR (59k EUR in the previous year).

#### Netting (interest, deductions, allocations)

Administrative costs of 983k EUR and negative interest of 108k EUR are attributable to the fine art

and image field. There were no allocations to foundations. Thus, 23,711k EUR could be allocated to distribution provisions.

The negative interest for the film field as a whole amounts to 54k EUR, the administrative costs total 1,607k EUR. Again, no amounts were allocated to foundations. The distribution provisions thus increase by 42,046k EUR.

### **3. Income from film royalties**

This section explains income that exclusively refers to the film industry and thus the members of professional group III, i.e. video rental remuneration (3.1), income from foreign (primary) broadcasting rights (3.2) and from § 137I section 5 UrhG (3.3).

#### **3.1 Video rental**

§ 27 section 1 UrhG provides for a claim to remuneration for the rental of audio-visual media.

##### Mandate

Mandate professional group III: § 1 no. 1.3

##### Collection sources

Collection was transferred to the ZVV (Zentrale Videovermietung), which is managed by GEMA.

##### Basis of distribution

The proceeds are divided on a percentage basis, with 99 percent being allocated to the distribution line § 38 private copying royalties (film). One percent shall be divided into 30 percent to the distribution line § 31 cable retransmission (fine arts) and 70 percent to the distribution line § 35 cable retransmission (image).

##### 2020 income

In the 2020 financial year, Bild-Kunst generated total proceeds of 28k EUR, which corresponds to an increase of 10k EUR compared to the previous year.

##### Netting (interest, deductions, allocations)

The administrative costs amount to 1k EUR, with no negative interest charges. There are no deductions for foundations. An amount of 27k EUR was allocated to the distribution provisions.

#### **3.2 Foreign (primary) broadcasting rights**

The film authors of the professional group III regularly transfer their primary rights to the film producers, so that Bild-Kunst regularly only exercises statutory claims to remuneration. Abroad - especially in Italy - important primary rights are administered by collecting societies. When film works of the members of Bild-Kunst are used, the corresponding royalties are passed on to the beneficiaries via Bild-Kunst.

##### Mandate

Mandate professional group III: § 1 no. 1.14

##### Collection sources

Bild-Kunst receives income from abroad from its sister societies, mainly from its Italian sister society SIAE.

##### Basis of distribution

Since the name of the film author is known for every use of film works, a direct distribution takes place. Hence, usually no non-distributable income arises. In some cases, Bild-Kunst has to do follow-up research on beneficiaries. Here, the distribution line § 36 film (individual) applies.

##### 2020 income

In the financial year, Bild-Kunst received a total of 977k EUR via foreign sister societies, i.e. 178k EUR more compared to the previous year. The fluctuations result from different accounting cycles and the combination of different periods of use by the sister societies.

Bild-Kunst received 927k EUR from Italy (SIAE) (741k EUR in the previous year), 43k EUR from France (SCAM) in 2020 (50k EUR in 2019). The remaining amount in 2020 is made up of smaller amounts received from Spain and Portugal.

##### Netting (interest, deductions, allocations)

Negative interest of 6k EUR and administrative costs of 36k EUR are attributable. 935k EUR in total are allocated to distribution provisions. There are no deductions for Stiftung Sozialwerk and Stiftung Kulturwerk.

### **3.3 § 137 I section 5 UrhG**

For film works produced between 1966 and 2008, the film authors could not transfer primary rights for unknown types of usage to the producers. In 2008, the law ordered a statutory subsequent acquisition and in return granted the beneficiaries a claim to remuneration administered by Bild-Kunst.

#### Mandate

Mandate professional group III: § 1 no. 1.1

#### Collection sources

Jointly with VG Wort, Bild-Kunst has concluded a contract with ZDF and WDR for the use of partial works in current productions. In 2016, Bild-Kunst and VG Wort have also concluded a contract with ZDF for the usage of old productions on video-on-demand platforms in return for payment. In 2020, Bild-Kunst concluded a contract with the Federal Archive (Bundesarchiv) for the online usage of weekly newsreel contributions.

#### Basis of distribution

Broadcasters charge for individual usages, so that settlement is on a net individual basis. The Federal Archive pays a lump-sum for a fixed number of authors involved in weekly newsreel contributions. Hence, usually no non-distributable income arises. The distribution line § 36 film (individual) applies.

#### 2020 income

Since 2014, Bild-Kunst has been receiving income, although at an extremely low level. While in 2019 this amounted to 18k EUR, in the 2020 financial year this totalled 61k EUR. Income for usages from ZDF and WDR were paid via VG Wort.

#### Netting (interest, deductions, allocations)

The deductions for administrative costs and negative interest totalled 2k EUR, and 58k EUR were allocated to distribution provisions.

### **4. Other non-copyright-related income**

Bild-Kunst manages the business of the Zentralstelle für die Wiedergabe von Fernsehsendungen (ZWF) (Central Organization for the reproduction of

television broadcasts) and receives remuneration for its management in connection with the collection and distribution of income to the participating collecting societies. In 2020 Bild-Kunst received 174k EUR, compared to 205k EUR in the previous year.

The same applies to the administration of income under §§ 60a, 60c, 60h UrhG with regard to digital learning platforms at universities. The management remuneration is linked to the income. In 2019, the income generated amounted to 13k EUR, whereas in the 2020 financial year, the income generated was 19k EUR. The reason here is a newly concluded contract that partially defers payments for 2018 and 2019 until 2020.

Bild-Kunst receives cost reimbursements from Stiftung Sozialwerk and Stiftung Kulturwerk due to shared office space and the joint use of equipment, but also for internal invoicing of mutual services.

Bild-Kunst received 75k EUR from Stiftung Sozialwerk (77k EUR in 2019), and 118k EUR from Stiftung Kulturwerk (97k EUR in the previous year).

Due to the extremely unfavourable finance market situation and the obligation to keep income gilt-edged and available, it is no longer possible to achieve a positive interest rate. The interest result in 2020, including interest on pension provisions, amounts to -399k EUR. Unfortunately, it can be assumed that the situation on the financial market will not change in the future.

Bild-Kunst does not generate any other income in the broader sense that is not related to non-copyright-related income.

## **C. Deductions and administrative costs**

Administrative costs in the financial year amount to a total of 5,352k EUR, which corresponds to 448k EUR more than in the previous year. However, the average administrative expense ratio fell from 8.01 percent in 2020 to now 4.88 percent, mainly due to the higher proceeds in the 2020 financial year.

## 1. Cost breakdown

Statutory expenses amount to 257k EUR and have decreased by 84k EUR compared to 2019. The main reasons for this are the reduced costs for the announcement/publication of statutes of association and the holding of General Assemblies.

There was a significant increase of 63k EUR in costs for rights of appeals to a total of 125k EUR, due to the preparation of legal opinions.

The costs for IT and third-party services increased by 198k EUR to a total of 955k EUR. This was mainly due to an increase of 64k EUR in costs for IT consulting and an increase of 140k EUR in costs for postage and dispatch. As a result of the project already launched to replace the entire IT system, advance payments of 2,080k EUR have been made for software, which will have a negative impact on administrative costs in the form of higher depreciation and amortization in the coming years.

Personnel costs for the 2020 financial year totalled 3,574k EUR (121k EUR higher than in the previous year) due to a one-off Corona bonus paid to the workforce.

The total costs, including taxes, amount to 5,352k EUR in the 2020 financial year, and thus increased by 448k EUR compared to the previous year. The analysis of total costs also includes the decrease in other operating income by 159k EUR, outlined in section B.4.

## 2. Use of non-copyright-related income

Non-copyright-related income beyond those described in sections B.4 and C.1 are not generated.

Income for the performance of administrative services in respect of collection and distribution for/to participating collecting societies will be offset against the costs incurred.

## D. Stiftung Kulturwerk

The foundation council is identical to the honorary Executive Board of VG Bild-Kunst and consisted of Frauke Ancker, Werner Schaub and Jobst Christian

Oetzmann in 2020. The speaker of the Executive Board was Werner Schaub.

The foundation capital at the beginning of 2020 amounts to 9,301k EUR, no donations were made in the financial year. The foundation capital therefore remains unchanged at the end of the financial year.

In 2020, Stiftung Kulturwerk was able to award a total of 1,177k EUR in grants, i.e. 179k EUR less compared to the previous year. In this context, the Corona pandemic made it more difficult to hold meetings of the Advisory Committees, and some meetings were held as virtual meetings.

467k EUR of the total amount of 1,177k EUR is accounted for 25 funding projects of the professional group I, while an additional 67k EUR were awarded for 10 publication funding projects. In the case of the professional group II, 333k EUR were awarded for 103 funding projects and an additional 82k EUR for 10 publication funding projects. For the professional group III, 27 projects were funded with a total of 228k EUR.

At 172k EUR, operating expenses increased slightly by 4k EUR.

These are made up of 31k EUR for statutory expenses, 5k EUR for third-party services and 136k EUR for office operations.

The expenses are divided between the professional group I with 55k EUR, professional group II with 101k EUR and professional group III with 17k EUR.

The allocation received from Bild-Kunst to the reserves under the articles of the statute, i.e. the grants, increased by 459k EUR to 1,878k EUR in 2020 (compared to 1,419k EUR in 2019). The allocations are a result of distributions for the 2020 financial year. The following effective percentages apply, determined by the General Assembly.

## E. Stiftung Sozialwerk

Just as at Kulturwerk, the foundation council of Stiftung Sozialwerk is identical to the honorary Executive Board of VG Bild-Kunst and consisted of Frauke Ancker, Werner Schaub and Jobst Christian Oetzmann in 2020. The speaker of the Executive Board was Werner Schaub.

The foundation capital at the beginning of 2020 amounts to 14,700k EUR. No donations were made to Sozialwerk in the financial year. The foundation capital therefore also remains unchanged at the end of the financial year.

Meetings of the Awarding Committees were not held due to the Corona pandemic, and some meetings were held as virtual meetings. Nevertheless, a total of 512k EUR was approved for payments to persons in need in 2020, compared to 587k EUR in the previous year. This is particularly due to the changed application procedure for Christmas campaign checks. For the professional group I no Christmas campaign was carried out for the first time in 2020.

For the professional group I, two one-off subsidies totalling 3k EUR and 55 recurring benefits totalling 133k EUR were granted.

For the professional group II, 38 one-off payments of a total of 11k EUR and 47 recurring payments of a total of 139k EUR were organised.

For the professional group III, three recipients received one-off subsidies totalling 5k EUR and 14 recipients were promised recurring payments totalling 40k EUR.

For the Christmas cheque campaign, for which members in need from the age of 65 are entitled to apply, a total of 657 grants were allocated. In the previous year there were 924 recipients. The decrease is due to the change in the application process. The payments in 2020 were made to 499 members of the professional group II and 158 members of the professional group III. The total value of the funds paid for this purpose is 181k EUR.

A total of 121k EUR was spent on administrative services in the financial year, i.e. 11k EUR more compared to the previous year. 10k EUR of this amount were spent on statutory expenses, 5k EUR on third-party services and 107k EUR on office operations.

The income from Bild-Kunst increased by 631k EUR to a total of 1,662k EUR in 2020.

As in the case of Stiftung Kulturwerk, the allocations result from the distributions for the financial year 2020. The following effective percentages apply, determined by the General Assembly.