

ASOCIJACIJA KOMPOZITORA MUZIČKIH STVARALACA АСОЦИЈАЦИЈА КОМПОЗИТОРА МУЗИЧКИХ СТВАРАЛАЦА ASOCIJACIJA SKLADATELJA GLAZBENIH STVARALACA

ASSOCIATION OF COMPOSERS – MUSICAL CREATORS

ANNUAL REPORT





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ADDRESS BY THE PRESIDENT OF AMUS ASSEMBLY

Dear colleagues,

Another annual cycle of the work of AMUS collective organization has gone by. The annual report is usually the moment when AMUS bodies want to present their successes and take pride in their achievements.

All of us composers know that the success of a song is decided by the audience, and that's why I would leave the judgment on the success of AMUS's work exclusively to you. The president and Management of AMUS left it all on the field again this year in efforts to achieve the best possible collection, the highest quality and fairest distribution, to help and support as many people and projects as possible through our Cultural and Social Fund, but, I say, only you, the members of AMUS, can judge our work.

I would therefore like to take this opportunity to look back on our activities and actions in the past year and try to assess the extent to which our plans have been achieved.

First of all, I am of the opinion that visible progress has been achieved in the relationship and communication with our members and that rules and procedures have been given priority over conflicts and mistrust. I am also of the opinion that better information for the members helped a lot in that sense. Meetings with composers from Mostar, Sarajevo, Banja Luka, Bihac and other cities for the purpose of exchanging information and overcoming challenges that accompany the work of the Association of Composers-Musical Creators will be a practice that has proven to be good and that AMUS will continue to follow in the future.

The support that the President and Management of AMUS provide to the work and efforts of the Administrative Professional Service is also undivided. This segment, which is actually the heart of our Association, and which, despite the high standards and results in the past period, managed to continue to progress and increase the annual collection and distribution, deserves our respect and gratitude.

In the past year, in addition to its standard duties in terms of administering projects and the Fund, the Management Board of AMUS also made an important step forward in animating the Bosnian media by receiving support for activities aimed at raising awareness among the public and users about the need to comply with music copyright.

Also, the Management Board actively communicates with the Institute for Intellectual Property of Bosnia and Herzegovina concerning the new Law on the Collective Management of Copyright and Related Rights in Bosnia and Herzegovina, which after harmonization should be put to the vote in the Parliamentary Assembly of Bosnia and Herzegovina. Passing and implementing this Law would significantly improve the material status of our members, because the notorious problem of the tariff, which AMUS has been warning about for more than ten years, would finally be solved.



ADDRESS BY THE PRESIDENT OF AMUS ASSEMBLY

I would also like to mention that we have taken numerous measures and activities related to the protection of the rights of our authors who reported irregularities in the administration of the collective organization SOKOJ. In the past year, our documentation, numerous letters as well as requests for inspection of applications and contracts have been submitted to SOKOJ, CISAC and the Intellectual Property Office of the Republic of Serbia. Live communication is still ongoing between all these institutions, but to date AMUS has not been presented with the requested documents. I will talk about this issue in more detail at the next Assembly of AMUS.

On 24 May 2023, we held a successful session of AMUS Assembly, where all the Decisions that were on the Agenda were adopted, which is a guarantee for the further work and functioning of our AMUS Association. After the session of AMUS Assembly, the Institute for Intellectual Property of BiH carried out its regular inspection of AMUS operations for the year 2022, where the Institute gave an opinion that the operations of AMUS Association are in compliance with the Law on the Collective Management of Copyright and Related Rights, and that the operations of AMUS were presented fairly and truthfully on all important issues as of 31 December 2022.

Finally, dear members, regardless of your judgment of our work, which I leave only to you, I want to say that I am proud of all of us who managed, in these difficult and troubled times, in this unpredictible and uncertain area, not only to stay and survive, but also to thrive and all that with good prospects to achieve success of our role models in the near future.

Until our Assembly, to which I invite you all to come, to work together, discuss, propose and improve our AMUS.

Warm regards,

Davor Sučić President of the AMUS Assembly



The Management Board of AMUS, as a management body on behalf of the members of this Association, achieved numerous successful results in all segments of current activity, and especially within the framework of activities related to laying the foundations for further growth and development, which we believe is the main objective of the second decade of AMUS' existence.

Those activities contributed to the realization of the unity of the entire membership of the Association, thus overcoming the turmoil and problems that negatively affected the work of the body and the Association as a whole in the last few years. This enabled the Association to operate significantly more successfully with users of works by authors whose rights are represented by AMUS.

In 2023, a meaningful and high-quality session of the Assembly was held, which significantly contributed to the seriousness of understanding the importance of our association's activities, both in the public and also towards all users of author's works. This, most certainly, should be the key to our success in the future as well.

The unity of the members gave the governing bodies and Administrative and Professional Service of AMUS the injunction and basis to work on protection and to pursuit the best interests of our members, which resulted in another successful year for our Association.

The reform of legal provisions governing copyright and their collective management will be crucial for the growth of our Association. Our country has not done anything regarding this issue since 2010, so AMUS took this opportunity very seriously to eliminate the shortcomings that we have been pointing out to the state authorities for fourteen years.

At the same time, the drafts we received have several very positive provisions, but also several particularly problematic ones. In 2023, AMUS invested great efforts and resources in the legislative process and this will continue in 2024 and 2025.

The basis of the future growth of our Association will be the conclusion of new collective agreements with representative user associations of users. AMUS began negotiations in 2023, which, as these things usually go, will continue into 2024, and probably into 2025, and possibly even until new laws that should ease the issue are passed.

It is certain that the Internet is the place where more and more users listen to our music. We also established the basis for progress by concluding a new contract with HDS ZAMP on the collective management of copyright on digital platforms, i.e. according to DSPs such as Meta, Google, TikTok, Spotify and others.



The growth and development of AMUS brings certain dangers as well. As we grow, sister organizations and others will expect and demand more and more from AMUS (especially money). The year 2023 was especially marked by the inspection of AMUS' activities by representatives of CISAC, most likely after being reported by the sister collective organization. This issue will most certainly reach its climax in 2024 or 2025.

As in previous years, in 2023 the Management Board and Administrative and Professional Service of AMUS did a lot. The small but dedicated team of Administrative and Professional Service of AMUS has once again made an extraordinary effort, mostly out of the public eye but also the eye of members. It is an effort that will result in numerous benefits to our members both now and in the future.

The reform of legal provisions governing copyright and its collective management in Bosnia and Herzegovina

In June 2023, the Institute for Intellectual Property invited AMUS to participate in the extended working group for amendments to the law governing copyright and its collective management in Bosnia and Herzegovina.

This month, the Institute submitted to AMUS a draft of amendments to the Law on Copyright and Related Rights (Official Gazette of Bosnia and Herzegovina No. 63/10) and a draft of a completely new Law on the Collective Management of Copyright and Related Rights.

Draft laws were created by the memebers of consortium for the project "EU support to intellectual property rights in BiH" which is financed by the European Union, in cooperation with the Institute. BiH adopted the laws regulating this matter in 2010 and has not changed or amended them since then, despite numerous calls from AMUS to do so. Because the drafts were made by persons working on the EU project, many of the provisions are taken directly from the directives adopted by the EU in the last 14 years.

Regarding the law governing the collective management, the Institute and the consortium decided to adopt a completely new law that would transpose the rules of the EU directive on the collective management of copyright into our legislation, but also introduce new rules based on many years of experience in implementing the "old" law.

The drafts that were submitted were problematic on several grounds. Regarding some issues, they represented a radical departure from the paradigms on which the collective management of copyright in our country was based, and they exceeded the limits of what the EU asked to be done in its directives.



For some other issues, such as the issue of penalties for copyright infringement, not enough has been done, on the contrary, incomprehensible and unacceptably small sanctions were proposed for users, and excessive fines for collective organizations.

Upon receipt of the draft, AMUS formed an expert team consisting of employees of the Administrative and Professional Service and external experts. AMUS prepared a 150-page report on the drafts and submitted to the Institute detailed suggestions for changes to the drafts.

AMUS also informed CISAC about this issue.

AMUS employees were subsequently informed that AMUS submitted the most complete and competent analysis of the proposed legal solutions.

The AMUS expert team noted that some of the AMUS suggestions were accepted, while some were not. At meetings and through correspondence, AMUS again proposed more appropriate legal solutions.

The Institute told the extended Working Group that the amended drafts will be subject to the public consultation procedure in early 2024.

The Management Board and the expert team will, as before, take an active part in public consultations with the aim of adopting legal solutions that can be implemented in such a way as to provide the best possible and expedient protection of the rights and interests of authors of musical works, and to remove legal defects that were abused by users in these years to avoid their moral and legal obligation to pay for the use of copyright music.

CISAC launched a "compliance review" of AMUS activities

In 2023, AMUS was informed that the International Confederation of Societies of Authors and Composers (CISAC), of which AMUS is an ordinary member, will carry out a compliance review, i.e. an inspection to see if AMUS' activities are fully compliant with all relevant rules and recommendations of CISAC.

Every year, CISAC randomly or deliberately selects certain companies to perform "compliance review" and we originally thought that this was the case this time as well. However, over time it became evident that this "compliance review" was initiated following a report by a sister collective organization that had reason to be dissatisfied with AMUS's recent actions.



In April 2023, Sylvain Piat, CISAC Director of Business and Mitko Chatalbashev, CISAC Regional Director for Europe paid a visit to AMUS.

After a two-day meeting in which AMUS Assembly president, a representative of the Management Board, the Managing Director and representatives of the Administrative and Professional Service of AMUS, and external consultants participated, it was concluded that AMUS has made numerous advances since becoming an ordinary member of CISAC, and it was especially noted how AMUS achieves success even above certain collective associations in the European Union with a team of Administrative and Professional Service that is much smaller than the teams of other collective organizations.

The following issues have been identified for further consideration and monitoring:

- Legislativ reform in BiH governing copyright and its collective management;
- 2. AMUS' reporting obligations to CISAC;
- 3. Negotiations with representative user associations regarding the conclusion of new collective agreements
- 4. Distribution of income from cable operators;
- 5. Distribution of income from unidentified works:
- 6. Audiovisual cue-sheets ("AV cue-sheets");
- 7. Reporting to AMUS by users regarding their use of copyrighted musical works;
- 8. Relations with sister associations and publishers.

CISAC has shown a special interest in the legislative reform of the copyright system in our country, due to the fact that this issue is of key importance for remedying numerous institutional and legislative problems that prevent or significantly complicate the work of AMUS. CISAC expressed its wish for AMUS to regularly inform CISAC on this issue, and CISAC made a commitment to take an active part in commenting and lobbying for legal provisions that will be in the best interest of music authors from BiH and the whole world.

Another issu concerned CISAC's reporting through their system where some technical issues arose due to a misunderstanding of some of CISAC's reporting rules. CISAC representatives wanted the annual report of AMUS to be supplemented with certain additional data. AMUS resolved both issues, and this issue was successfully closed.



As will be discussed later, AMUS initiated negotiations with representative user associations regarding the conclusion of new collective agreements. In the past, AMUS has encountered unconscionable negotiations where users deliberately delay the negotiation process in the hope that in this way they can use copyright music for a longer time without compensation or in another way secure an undue benefit for themselves. CISAC has expressed an interest in being informed about the progress of these negotiations, which AMUS regularly reports thereon.

CISAC requests for AMUS to distribute the income from cable operators according to the principle of census, and because this is in accordance with the rules of CISAC. The representatives of AMUS pointed out to the representatives of CISAC that it is impossible to do so in Bosnia and Herzegovina because it is not possible to determine basic data about cable operators, such as the exact and credible number of subscribers to their services, nor is it possible to obtain reliable data on viewership, since every major broadcaster claims that they are the most watched, which is objectively impossible. This is a well-known problem in Bosnia and Herzegovina that all collective organizations face, but also a problem faced by collective organizations in the surrounding area. An additional problem can be found in the fact that cable operators do not provide lists of copyright music of foreign channels that are broadcast through their service. They claim that they cannot and will not do this in any case, and they categorically protested the introduction of a provision in the draft law that would oblige them to do so. As a result, AMUS, despite its great wishes, at this time, in our country cannot fully comply with this CISAC rules, which was written having in mind large associations operating in developed legal systems where the problems AMUS is facing simply do not exist and where users comply with all legal rules, because they know that if they do not do so, the state authorities shall impose penalties. As the members know, and as we have been pointing out to the public for years, state authorities do not perform their role in the system of collective management to the detriment of the interests of AMUS members.

At the proposal of the CISAC representative, AMUS agreed to consult sister collective organizations on this matter, which are the most similar in size and have legal systems similar to ours, and they have solved these problems.

CISAC requests that users submit audiovisual cue-sheets or "AV cue-sheets" to AMUS, which contain information about musical works that are integrated or played in films or other audiovisual works. A significant number of domestic users engaged in AV production submit "AV cue-sheets" to AMUS, and AMUS believes that they will be able to achieve almost universal compliance with these rules among domestic AV producers. The problem lies in the delivery of "AV cue-sheets" for foreign films and other audiovisual works.

The representatives of CISAC highlighted as an issue and non-compliance with the rules, the fact that users do not report to AMUS in sufficient numbers about their use of copyright music.



AMUS is of the unique position that non-reporting or incorrect reporting to AMUS by users on their use of copyright music constitutes a violation of the user's obligation and an offence under the provisions of the Law regulating collective management in our country. Also, AMUS members know that AMUS does not have enough resources and finances to sue those users who refuse to sign a contract with AMUS or who sign a contract and refuse to pay a fee. Suing users who have concluded a contract and pay AMUS for the use of copyright music but do not report this use, at this moment and stage of development of AMUS, would be extremely pointless and harmful.

Over the decade of its existence, AMUS makes constant efforts towards users to act in accordance with their legal obligation and to report to AMUS. Every year there is visible progress in this matter and every year more and more users submit data. But this is a long-term and gradual process. It is certain that one day we will be in a position where all or effectively all users will submit accurate and complete data, but that takes time! In principle, CISAC is not satisfied with this fact. However, this fact represents the reality of collective management in our country. AMUS, with its minimal but extremely efficient team, is making all possible efforts in this matter, but this matter is not in our hands, but primarily in the hands of the users. It remains to be seen whether CISAC will be satisfied or decide that this fact is enough for AMUS to become a provisional member.

In the context of relations with sister societies, representatives of CISAC particularly highlighted their dissatisfaction with the fact that AMUS still has not concluded a contract with PRS, the sister collective organization from the United Kingdom and perhaps the largest collective organization in the world. The representatives of AMUS pointed to the fact that AMUS is conducting productive negotiations with PRS, that in the past an experimental contract was concluded regarding a concert by the author p/k/a Sting, and that both companies concluded that the contract was a complete success and how AMUS has proven its maturity as a collective organization and that it has the capacity for the necessary actions. AMUS and PRS have established most of the provisions of the future reciprocal representative agreement. There remains a provision in question that PRS insists on, and it refers to the fact that AMUS should not allocate the money it collects from the use of the PRS repertoire for social assistance to AMUS members. PRS pointed out that this is their firm position, from which they do not deviate with any collective organization. AMUS pointed to the fact that such a provision in the contract would be against BiH laws that prevent discrimination between rights holders, because other contracts concluded by AMUS with sister organizations allow for such allocations. Additionally, AMUS drew the attention of PRS representatives that this attitude is not collegial nor does it take into account the special circumstances in BiH, and that it reflects the imperialistic behavior of a large collective organization towards developing collective organizations such as AMUS.



In the context of relations with publishers, CISAC was informed that AMUS does not allow publishers to be members, which is not true. AMUS pointed to the fact that several publishers are members of AMUS, and that one of the members of the Management Board is a publisher's representative. The representatives of CISAC informed the representatives of AMUS that they were informed that some of the renowned foreign publishers were not admitted to the membership of AMUS. AMUS informed CISAC representatives that some of the listed renowned foreign publishers never even contacted AMUS about membership. Regarding one publisher in question, the AMUS representatives informed the CISAC representatives that the problem lies in the fact that that publisher submitted to AMUS contracts that are void according to the provisions of the law in BiH because they contain provisions expressly prohibited by the legislator (transfer of rights on future works, etc.) and because a sufficient transfer of rights was not carried out (the right to receive compensation was transferred but not the right to use the author's work, which right must be transferred to AMUS so that AMUS could transfer that right to the users in accordance with the provisions of Article 3 of the Law on the Collective Management of Copyright and Related Rights). AMUS commissioned an expert opinion on this matter from an external consultant as a demonstration of good will and assistance to this publisher on the matter under dispute. The publisher in question did not correct the indicated deficiencies by the end of the year. AMUS has the obligation to obey the laws of BiH before the provisions of CISAC, and in no case can it agree to decisions that would be against the law.

During 2023, the AMUS team held numerous online meetings with CISAC representatives. Some identified defects were eliminated and CISAC representatives noted great progress on virtually all issues.

AMUS representatives underwent additional training on CISAC rules, including attending the CISAC seminar on CISAC rules held in Budapest in November 2023; AMUS representatives worked on these issues also during the meeting of CISAC European Committee in Prague and at the BTC meeting in Milan and the regional meeting of the Institute for Intellectual Property held in Dubrovnik.

CISAC representatives agreed on certain activities with AMUS representatives in 2024.

CISAC representatives will monitor the dynamics of compliance and have announced that they may propose that AMUS be requalified as an associate member at the CISAC General Assembly in May, in order to give AMUS more time and more resources to remedy user actions and other aspects of operation to be in full compliance with CISAC rules.



Two royalty payments were made and the campaign of lawsuits against defaulters continued

In 2023, AMUS continued the positive trend of making two royalty payments to members. We remind you that AMUS does this without any legal or statutory obligation, since it is stipulated that the payment will be made once a year. This is done solely to facilitate and assist our members. Two royalty payments per year imply a significant investment of time and effort by the small team of Administrative and Professional Service, who work overtime and weekends for weeks before each payment, which is commendable and shows the commitment of the Administrative and Professional Service to the Association and our members

As in previous years, there is a noticeable increase in royalties, which is evidenced by the significant effort that our Association invests in work and outreach to users and in continuous work on capacity building.

Lawsuits continue to be filed against users who refuse to conclude a contract with AMUS, and use copyright music, as well as lawsuits against those who did conclude a contract, often because AMUS won a trial against them in court, but who continue even after the conclusion of that contract to refuse to pay for their use of copyright music and to report such use to AMUS.

Positive fact is that court practice is being stabilized, which could facilitate and speed up terribly expensive and long-lasting court proceedings against users in connection with relatively legally simple lawsuits in the future.

A record payment of royalties to sister organizations was made

AMUS made a record payment of royalties to foreign sister organizations. This represents the continued fulfillment of AMUS' obligations to foreign collective organizations by AMUS despite the fact that numerous foreign collective organizations continue to refuse to make payments to AMUS or condition payments to AMUS on various impermissible factors that are clearly against CISAC rules, but which are not being sanctioned in the case of those foreign sister organizations.

Numerous foreign collective organizations are still neither regular nor orderly in their payments to AMUS, which also includes sister collective organizations close to AMUS members or from our geographical environment. AMUS continues to pay foreign collective organizations more money than foreign organizations pay to AMUS.



There is also a lot of pressure from the Institute for Intellectual Property of BiH as well as from CISAC and other persons on AMUS regarding payments to foreign collective organizations. AMUS is aware of the fact that this is a legal obligation of our Association and we regularly fulfill it. But at the same time, such pressure is not exerted on foreign collective organizations to make payments to AMUS. When this issue was raised with CISAC representatives they stated that this is not something they can influence and that there are mechanisms that can be used to remedy this problem.

Due to CISAC's special interest in the activities of AMUS this year, we expect that, on the other hand, equal pressure and effort will be exerted by CISAC on foreign organizations for the benefit of AMUS members. On the other hand, the Management Board will raise this issue in formal channels and demand complete equality between sister collective organizations and ask the Institute to put pressure on foreign Institutes to exert reciprocal pressure so that the system functions properly, and not, as before, to the detriment of AMUS members.

Negotiations with representative user associations regarding the conclusion of new collective agreements

AMUS has published an invitation to start negotiations with representative user associations in order to conclude collective agreements that will determine the new tariff and conditions and other issues of importance for the use of copyright music by users.

Representative user associations responded to the invitation within the legal deadline, and negotiations were properly initiated.

AMUS enters these negotiations with high expectations and good will, and we hope to find the same on the other side. But at the same time, we are aware of the fact that in the past users carried out negotiations unconscionably, negotiated without the intention of concluding a contract, due to the passage and loss of time during which their members used the copyright music of our members for free, or they demanded unreasonable and absurd provisions, and AMUS could not do anything because the courts were misapplying the law and abusing the fact of conducting negotiations. There is a real possibility that something like that will happen during these negotiations as well.

An additional complication during these negotiations is the fact that in the background the process of legislative reform is taking place, which regulates copyrights and their collective management in our country, and users are gambling that the process of adopting new laws will give them additional time.



Contract concluded regarding the collective management of copyrights according to DSPs with HDS ZAMP and terminated contract with SOKOJ

Last year, the Management Board of AMUS informed the membership that it was dissatisfied with the way in which SOKOJ inadequately fulfilled its obligations from the agency contract regarding the collective management of copyrights towards digital service providers (internet platforms such as Youtube, Facebook, TikTok, Instragram etc.). The original intention of concluding this contract was to create a regional center with associations from Serbia, Montenegro and Macedonia, which could act as a united front towards these large internet companies. This plan failed. SOKOJ did not respond to AMUS e-mails, did not negotiate and conclude contracts according to the agreed dynamics and perhaps most importantly, did not manage to achieve the amounts of royalties that we have seen with other collective organizations. When we were informed that SOKOJ itself gave up this activity and concluded a contract with another company, AMUS decided to terminate the contract. What followed was an exhaustive search for a suitable contractual partner that would best protect the interests of AMUS members. With this in mind, the AMUS Administrative and Professional Service team conducted interviews with domestic and foreign service providers, including SUISA from Switzerland and SACEM from France. In the end, our neighbor HDS ZAMP turned out to be the best partner. They have implemented a system that is achieving notable results and have signed contracts with numerous DSPs. In partnership with HDS ZAMP, AMUS can achieve the original intention of regional grouping in order to achieve better negotiating conditions. The contract with HDS ZAMP was signed in April 2023, and in less than a year it has already produced better results than the years of the contract with SOKOJ.

AMUS participated in the 8th Sarajevo Unlimited Conference with a panel in which Nenad Marčec, HDS ZAMP Chief Executive Officer, gave a presentation

Sarajevo Unlimited is the first regional innovation, entrepreneurship and technology forum, organized under the auspices of the Networks Center in Sarajevo. AMUS has been a proud partner of the Sarajevo Unlimited Forum for several years.

In 2023, AMUS organized a special panel discussion on the topic: "Preko trnja autorskih prava do muzičkih zvijezda: iskustva EU, Hrvatske i izazovi u BiH u ostvarivanju autorskih prava u digitalnom dobu". ("To the music stars through copyright difficulties: experiences of the EU, Croatia and challenges in BiH in the management of copyright in the digital age"). The moderator of this panel was Mirza Hajrić, expert and legal advisor of AMUS, and a special introductory lecture was given by Nenad Marčec, HDS ZAMP Chief Executive Officer. The panel focused on Croatia's experiences in overcoming the obstacles that AMUS is facing, and in achieving the most effective system of collective management of music copyrights in the context of Bosnia and Herzegovina's accession to the European Union.



The lecture and discussion, which was listened by a full hall, was extremely positively received, and some of the conclusions have already been implemented in practice.

AMUS launched the campaign "Volimo domaće" ("We Love Local")

In 2023, AMUS launched a campaign to promote and support local musical creativity and issued an invitation for increased use of original musical works by authors from Bosnia and Herzegovina.

The campaign invites decision makers on radio and TV stations to broadcast as many songs by local authors as possible. In this way, local author creativity is stimulated and authors from BiH are given both a financial and a moral incentive to create music for the domestic market and to continue working and acting in our milieu, which is good both for the authors and for society as a whole. The campaign also encourages users to be aware of the music they use and to make an active effort to use copyright musical works created in our country, i.e. created by local authors.

For the purposes of the campaign, a special promotional material was created as well as the basic "hashtag" designation for use on social networks "VolimoDomaće" which can be used alongside the existing AMUSBiH; bhautori and radio&tv.

Campaigns of this type are standard practice in almost all other countries. As a rule, they are led by state authorities, and the state supports them by adopting laws and other measures that protect and nurture, develop and strengthen local music creativity. After years of unsuccessfully lobbying the state, we finally realized that nothing will be done about this issue unless AMUS itself decides to do something.

The result is a campaign that already produces the desired results in a few months of implementing. All members are hereby invited to talk about the "Volimo domaće" campaign on their social networks and to use selected hashtags.

The Copyright Council has not yet started its work!

The Copyright Council is a body established by law that should participate in the resolution of issues during the negotiations of collective organizations and representative user associations and the application and determination of tariffs for the use of copyright works. The Council absolutely has a key role in the system of collective management because it can prevent unconscionable negotiation and other "slacking" of users. On the other hand, the Council can resolve issues in a few days that would take years for the courts.



The law regulating and providing for the Council entered into force in 2010. The Council has not existed or been active for fourteen years. All those years, AMUS and other collective organizations have been waiting for the Council to be appointed and start working. As was the case in the past, the competent state authorities refuse to act on this matter.

The MANAGEMENT BOARD is fully involved in all activities that can contribute to the solution of this, as well as all problematic situations that AMUS is facing and the basic activity of representation of all types and forms of copyright for the members it represents.

A ray of hope can be found in the fact that the proposal for a new law that will regulate collective management in our country provides for a simpler procedure for appointing members of the Council and it is to be hoped for that the technical problems that the Institute has been referring to for years as a justification to as why the Council has not started working yet have been solved.

According to the new rules, the Institute director will be the one to appoint the members. This can be problematic because it puts a lot of power in the hands of one person. However, AMUS in principle agrees with all provisions that will make this vital institute of collective management of rights finally come to life. It is certain that this will not happen "under the old Law". It is questionable whether the

"new law" will be significantly better. Hereby, once and again, as we have done countless times before, we urge the Council of Ministers and the Institute for Intellectual Property to appoint members and the Copyright Council to start it operation before the adoption of the new Law, so that in the years that will pass until if the new regulations are adopted and implemented, the users would not continue, as they have in the past, to use the lack of the Council and cause unknown but certainly enormous damage to AMUS members.



Conclusion

The year 2023 was extremely productive. The unity of the members was used to establish the full stability of the Association's activities, and to build the foundation for an even more qualitative and intensive growth and importance and financial results of our Association, in accordance with the importance of music activity in cultural and media content and in society in general. The year 2023 was overall good for AMUS and therefore for our members too.

The pandemic is now something that is written about in the history books, and AMUS does not hold onto the past, just the contrary, steadily looks to the future. When everything is finished and when AMUS is generating income like similar organizations in the area, when things are lined up correctly, we will look into that past and see that in 2023, a lot was done that put our association on that path of success. We know and are aware that AMUS can and must do even more and even better, that means we also know that there is still a lot of work ahead of this Management Board, but at the end of 2023 we can proudly say:

AMUS is stronger than ever!

REPORT OF THE SUPERVISORY BOARD

for the period of 2023

Sarajevo April 2023 Number: NO-01/04-24 Sarajevo, 12 April 2024

REPORT OF THE SUPERVISORY BOARD for the period of 2023

In the period of 2023, a total of 6 (six) sessions of the Supervisory Board were held in which supervision and control of the Association's work was carried out.

1. CONTROL AND SUPERVISION OVER MANAGEMENT OPERATIONS

The goal of control and supervision, as every year, was to determine the regularity in making and implementing decisions of the Assembly and the Board of Directors related to business, financial and operational policy.

In this regard, supervision and control over the implementation of 31 decisions of the Management Board that were made in the period of 2023 was carried out.

Opinion of the Supervisory Board Within the decision-making control framework of the Management Board related to the business, financial and operational policy of AMUS, the Supervisory Board determined that the aforementioned decisions were made in accordance with the normative acts and the foreseen adoption procedures.

CONCLUSION

After inspecting the decision-making procedure of the Management Board related to the business, financial and operational policy, the Supervisory Board stated that there were no irregularities in the procedure of making and implementing decisions made by the Management Board in this segment.

2. CONTROL AND SUPERVISION OF FINANCIAL AND ACCOUNTING OPERATIONS

- The supervision was carried out over the documentation that was delivered by the Administrative and Professional Service:
- 1. Overview of expenditures for 2023
- 2. Approved expenditures for 2023
- 3. Execution of expenditures for the period of 01/01/ until 31/12/ 2023
- 4. Analysis of expenditures in the period from 01/01 until 31/12/2023
- 5. Analytical review of income in the period from 01/01 until 31/12/2023
- 6. Planned and executed procurement procedures in 2023
- 7. Salary recapitulation by months in the period from 01/01 until 31/12/2023
- 8. Overview of payments under contracts in the period from 01/01 until 31/12/2023
- 9. Overview of compensation of persons engaged in legal, supervisory and other committees and working bodies in the period from 01/01 until 31/12/2023

- 10. Analytical review of collection and distribution
- 11. Analytical review of income and expenses
- 12. Analytical review of income
- 13. Financial data on the realized income of the organization during the financial year, classified by type of rights and manner of using copyright or subject of related rights (income from public communication, public performance, broadcasting, rebroadcasting, special fees, etc.)

Opinion of the Supervisory Board: Within the scope of control and supervision over the financial and accounting operations, the Supervisory Board established that the financial and accounting operations had been conducted in accordance with the normative acts and foreseen procedures.

CONCLUSION:

After inspecting the financial and accounting operations of AMUS, the Supervisory Board concluded that the financial and accounting operations are performed in accordance with the applicable laws, by-laws and interim acts, and that there are no observed irregularities in the performance of these operations.

3. CONTROL AND SUPERVISION OVER ADMINISTRATIVE OPERATIONS

The Supervisory Board carried out regular controls and supervision over the administrative operations of internal acts and regulations.

Opinion of the Supervisory Board: Within the scope of control and supervision over the administrative operations, the Supervisory Board established that the administrative operations had been conducted in accordance with the normative acts and foreseen adoption procedures.

CONCLUSION

After the control and supervision of administrative operations, the Supervisory Board stated that no irregularities were observed in this segment of work of AMUS in the yeas 2023.

Sarajevo, 12 April, 2024

President of the Supervisory Board Hamza Ražnatović

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ADDRESS BY THE MANAGING DIRECTOR OF THE ADMINISTRATIVE AND PROFESSIONAL SERVICE FOR THE YEAR 2023

As was the topic of this year's AMUS panel at Sarajevo Unlimited 8., the road to the management of music copyrights in our country Bosnia and Herzegovina is difficult.

As a solution, a draft law was offered, which seems to actively want to punish collective organizations and make their work as difficult as possible. By blindly rewriting European provisions, our legislator forgets that these regulations were written for countries where the problems that AMUS is facing were solved a long time ago.

The situation is not and cannot be the same in Germany, Denmark, France, etc. and in Bosnia and Herzegovina. So why do we want to have the same laws as them. We need laws that will force users to do what is their moral and legal obligation. Then and only then can we discuss the application of EU rules. Why doesn't our legislator waive part of the court fees for all lawsuits that AMUS files against users who have not paid royalties for more than a decade? Instead, the legislator proposes offenses with fines for collective organizations, while forgetting that they can already penalize us by withdrawing the license and forgetting that by fining the collective organization, they take money from the authors. It is absurd that a collective organization is threatened with a higher fine if it does not update the list of members on time (up to 20,000 BAM) than a user who has been using music for years without having a contract with AMUS and without paying a fee to AMUS for that use, i.e. who has been infringing your music copyright for a decade (up to 10,000 BAM).

AMUS Administrative and Professional Service employees often work overtime and on weekends. You will see them all the time on phones, on computers or in the field. Employees are often exposed to users who absolutely have no intention to pay the amount of royalties for the music they use. I am very proud of our team. You should be proud too!

In addition to ongoing obligations that already fully occupy the majority of the working hours of Administrative and Professional Service in operational terms, the year 2023 was marked by the visit of CISAC representatives. CISAC has decided to inspect whether AMUS is operating in accordance with CISAC rules. After two exhaustive and tiring days, it was determined that AMUS largely meets all CISAC rules, but certain issues of further interest were identified.

During 2023, the Administrative and Professional Service worked on these issues and all the observed problems that were under our control were soon solved. The rest are those that, for the most part, either require users to participate and help AMUS or depend on the good will of state and other authorities or persons.



ADDRESS BY THE MANAGING DIRECTOR OF THE ADMINISTRATIVE AND PROFESSIONAL SERVICE FOR THE YEAR 2023

AMUS members can predict how that will go.

The year 2024 will be crucial for the position of AMUS in CISAC. There is an open possibility that at this moment and while fighting with users in our society, AMUS would be better suited to another form of membership in CISAC. In this way, we could ask for more help from CISAC, but also ask for and expect to be given more understanding for our particular situation. I remind the members of AMUS that membership in CISAC is not a condition to have alicense for the collective management of music copyrights regarding musical works in Bosnia and Herzegovina.

A lot of time and effort was invested this year in the analysis and comments on draft laws. If the original draft had been adopted, it would have been a great loss for all the authors. Only with a huge and expensive effort did we manage to understand how many legislators there are, although it is still not certain what the final laws that will be adopted will be, if they will be adopted at all.

In 2023, we terminated the contract with SOKOJ and concluded a new one for the authors, a much better contract with HDS ZAMP regarding the management of copyright on digital platforms. In this way, we have taken a big step forward towards securing this important source of income for our members.

Despite our problems, which many organizations in Europe and the "developed world" have overcome long ago, AMUS must keep up with developments and new problems in collective management in the future. Thus, in 2024 and 2025, we will pay close attention to the development of generative artificial intelligence and look for a way to protect our authors from the negative aspects of the application of this technology. These efforts will especially include the adoption of the EU AI Act as well as lobbying the domestic legislator to protect authors, because the current draft of the law stipulates that large companies will be able to use the music of BiH authors for free and without question to train their models, which others will use to create similar but soulless music and nor pay neither AMUS nor authors.

But despite everything, there is always a reason to be hopeful. AMUS is united like never before. The number of users, who have signed the contract and who regularly pay the author's fee, is slowly but surely growing. AMUS is developing into a real European collective organization that will be a wall protecting the interests of music copyrights and a secure income for our authors in the future. We signed new contracts, made regular payments twice a year and record payments to foreign collective organizations, worked with members and users, and educated the public wherever we went.

The path that AMUS is walking is difficult, both for the members who rightly want more money for the use of their works and for our small but diligent team that achieves remarkable results every day.

Assoc. Ph.D. Lejla Trnčić Managing Director of AMUS Administrative and Professional Service

Auditing, Accounting. Finance consulting Azize Šaćirbegović, Sarajevo

INDEPENDENT AUDITOR'S REPORT

To the members of AMUS Association

We audited the financial statements of the **Association of Composers** – **Musical Creators** (**AMUS**), which included the balance sheet as at 31 December 2023, the income statement, the cash flow statement and the statement of changes in equity for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

1. Opinion on financial statements of AMUS

In our opinion, the financial statements present fairly, in all material respects, the financial position of AMUS Association as at 31 December 2023, the results of its operations, changes in equity and cash flows in the period from 01/01 to 31/12/2023, in accordance with the International Financial Reporting Standards for Small and Medium Entities (IFRS for SMEs).

2. Opinion on the financial operations of AMUS

In our opinion, the financial operations of the AMUS Association during 2023 are, in all significant aspects, in compliance with the Law on the Collective Management of Copyright and Related Rights, the Acts of AMUS, and concluded contracts.

3. Emphasis of Matter

Without expressing a reservation in the opinion on the financial statements of AMUS Association for the year ending on 31/12/2023, we draw attention to a significant event from 2023 (in connection with the repeated direct taxes inspection carried out by the FBiH Tax Administration) which is essential for understanding the financial position of AMUS Association on the reference date.

By the Decision of the Tax Administration FBiH No. 13-09-02-15-11-480/15 dated 03/06/2016, an additional obligation of public revenues was introduced in the total amount of BAM 383,353, of which BAM 312,032 is for additionally established income tax obligation, while BAM 71,321 is for accrued default interest. The decision of the FBiH Tax Administration referred to the inspected period from 01/01/2010-25/05/2015. By the Decision of the Federal Ministry of Finance No. 03-15-922/16 dated 10/09/2019 the first-instance Decision of the Tax Administration was confirmed.

Dissatisfied with the outcome of the administrative procedure, AMUS Association brought legal proceedings before the Cantonal Court in Sarajevo, in an administrative dispute against the Federal Ministry of Finance, contesting the Decision from 09/10/2019. The Cantonal Court in Sarajevo, in the administrative dispute of the plaintiff AMUS Association against the defendant Federal Ministry of Finance, for the purpose of contesting the Decision No. 03-15-922/16 of 10/09/2019, on

AMUS Sarajevo Financial statements audit for 2023

(all amounts are indicated in BAM, unless otherwise indicated)

05/07/2022 reached the verdict No. 09 0 U 035010 19 U accepting the statement of claim of AMUS Association, annulling the contested second-instance and first-instance Decisions and returning the case to the first-instance authority for repeated proceedings.

After repeated inspection supervision in summary procedure, on 21/02/2023, the FBIH Tax Administration issued the Decision on additionally established tax obligations, No. 13-9-02-12-20-1312-4/22 (for the same inspected period of 01/01/2010 – 25/05/2015), which established the additional obligation of public revenues in the total amount of BAM 664,308, of which BAM 312,032 is for additionally established income tax obligation (identical to the original Decision of the TA), while BAM 352,276 is for accrued default interest (increased amount compared to the original TA Decision, due to longer periods for calculating default interest). Against the last Decision of the Tax Administration, the Appeal No. 0192-GD/23 dated 07/03/2023 was timely filed. (The Appeal delays the execution of the Decision, in accordance with the Law on the FBIH Tax Administration).

Details on the control procedure for direct taxes and the revenue tax calculation model according to the approach of the Tax Administration in relation to the approach of AMUS Association are elaborated in Note 9. –FBIH Tax Administration Inspection (p. 29 of the audit report).

4. Other information

The Management is responsible for other information. Other information comprises information included in the annual report, but does not include the annual financial statements and our auditor's report.

Our opinion on the financial statements does not cover other information and we do not express any form of conclusion by commenting on them.

Regarding our audit of financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a significant material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Responsibilities of the Management

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs and for those internal controls which the management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the

AMUS Sarajevo Financial statements audit for 2023

(all amounts are indicated in BAM, unless otherwise indicated)

Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

6. Auditor's responsibilities for financial statements audit

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a higher level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise as a result of fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of beneficiaries taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit
 procedures that are appropriate in the circumstances, but not for the purpose of expressing an
 opinion on the effectiveness of the Association's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- conclude on the appropriateness of the management's use of the accounting basis for the going concern and, based on the audit evidence obtained, whether a significant uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

AMUS Sarajevo Financial statements audit for 2023

(all amounts are indicated in BAM, unless otherwise indicated)

 evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The engaged authorized auditor responsible for this independent auditor's report is Damir Nurkić, dipl. oec.

RECONS d.o.o. Sarajevo
/hand-written signature/
Nedžad Grcić, Director

[stamp: RECONS d.o.o. Sarajevo – Company for Audit, Accounting and Finance Consulting]

Certified Auditor

/hand-written signature/

Damir Nurkić, Licence No. 3094041211

Sarajevo, 06 May 2023



AMUS

MANAGEMENT BOARD

Skenderpašina 1

No: UO-M-01/05/24 07/05/2024.

Pursuant to Article 25 Statute of the Association of Composers-Music Creators, at the session held on 07/05/2024, the Management Board adopted the following

OPINION

on the Report of the independent auditing company on the audit of the financial statements of AMUS for the period from 01/01/2023-13/12/2024

Having analyzed the Report submitted by the independent auditing company Recons d.o.o. from Sarajevo, the members of the Management Board expressed their positive opinion about it.

[seal: AMUS – Association of Composers – Musical Creators – Sarajevo]

/<u>hand-written signature</u>/
On behalf of AMUS Management Board:
vice-president, Elvir Švrakić

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CISAC is the International Confederation of Societies of Authors and Composers

AMUS was admitted to membership under the registration number 273.



AMUS
SUPERVISORY BOARD
Skenderpašina 1

No: NO-M-01/05/24 07/05/2024

Based on Article 33 of the Statute of the Association of Composers – Musical Creators of Bosnia and Herzegovina, the Supervisory Board hereby adopts the following

OPINION

on the Report of the independent auditing company on the audit of the financial statements of AMUS for the period from 01/01/2023 - 31/12/2023.

Having analyzed the Report submitted by the independent auditing company Recons d.o.o. from Sarajevo, the members of the Supervisory Board expressed their positive opinion about it.

[seal: AMUS – Association of Composers – Musical Creators – Sarajevo]

/hand-written signature/ Hamza Ražnatović: President of the Supervisory Board

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BRANCH OFFICE BANJA LUKA

CISAC

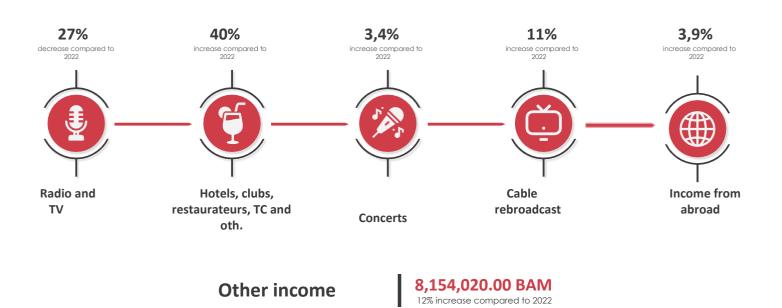
CISAC is the International Confederation of Societies of Authors and Composers



Rights of communication to the public

	TOTAL	ALLOCATION FOR COSTS AND TO THE FUND FOR PROMOTION	ALLOCATION FOR TOTALCOSTS AND TO THE FUND	ALLOCATION TO THE CULTURE FUND	ALLOCATION TO THE CULTURE FUND	TOTAL AFTER ALLOCATION	% F/A
Radio and TV	412,235.00 BAM	164,894.00 BAM	40%	12,367.05 BAM	5%	234,973.95 BAM	57%
Cable operators	3,455,587.00 BAM	829,341.00 BAM	24%	131,312.30 BAM	5%	2,494,933.70 BAM	72%
Concerts	186,006.00 BAM	46,688.00 BAM	25.10%	0	0	139,318.00 BAM	75%
Hotels, clubs, restaurateurs, TC and oth.	3,770,591.00 BAM	1,168,366.00 BAM	31%	130,111.25 BAM	5%	2,472,113.75 BAM	66%
Total for rights of communication to the public	7,824,419.00 BAM	2,209,289.00 BAM	28%	273,790.60 BAM	3%	5,341,369.40 BAM	68%
Income from abroad	306,731.00 BAM	73,922.00 BAM	24.10%	0	0	232,809.00 BAM	76%
Other income	22,870.00 BAM	0	0	0	0	22,870.00 BAM	100%
Total	8,154,020.00 BAM	2,283,211.00 BAM	28%	273,790.60 BAM	3%	5,597,048.40 BAM	69%

Total revenues in 2023





Royalties from abroad

Top 5 global companies according to the amount of paid royalties to AMUS members in 2023:











Addendum to the Transparency Report

For payment in 2023 (II half of 2022 and I half of 2023) 3,980,887.00 BAM

Total paid 3.816.696,00 BAM

Payments to members 3,574,831.00 BAM

Payments to foreign companies 241,865.00 BAM

Difference 164,191.00 BAM

Note: The difference goes into the next year's payment



Collection from foreign collective organizations for the year 2023

ASSOCIATION	STATE	COLLECTION	SUSPENDED COSTS AT THE TIME OF PAYMENT	TOTAL COLLECTED
HDS ZAMP	Croatia	57,007.04 BAM	5,700.70 BAM	57,007.04 BAM
вмі	USA	351.54 BAM	35.15 BAM	351.54 BAM
BUMA	The Netherlands	461.28 BAM	46.12 BAM	461.28 BAM
РАМ СС	Montenegro	10,494.34 BAM	1,049, 43 BAM	10,494.34 BAM
SOKOJ	Serbia	225,137.55 BAM	22,513.75 BAM	225,137.55 BAM
SUISSA	Switzerland	9,624.66 BAM	962.46 BAM	9,624.66 BAM
ZAMP MK	Macedonia	3,654.51 BAM	365.45 BAM	3,654.51 BAM
Total		306,730.92 BAM	30,673.06 BAM	306,730.92 BAM



Payment to foreign collective organizations in 2023

ASSOCIATION	STATE AMOUNT PAID		SUSPENDED COSTS AT PAYMENT	ALLOCATION TO THE CULTURE FUND
ВМІ	USA	9,172.72 BAM	1,559.36 BAM	380.66 BAM
BUMA	The Netherlands	682.58 BAM	116.03 BAM	28.32 BAM
PAM	Montenegro	3,115.32 BAM	529.60 BAM	129.28 BAM
TONO	Norway	1,965.57 BAM	334.14 BAM	81.57 BAM
SAZAS	Slovenia	24,844.28 BAM	4,223.52 BAM	1,031.03 BAM
SOKOJ	Serbia	86,944.90 BAM	14,780.63 BAM	3,608.21 BAM
ZAMP MK	Macedonia	3,739.33 BAM	635.68 BAM	155.18 BAM
HDS ZAMP	Croatia	81,874.80 BAM	13,918.71 BAM	3,397.80 BAM
KODA	Denmark	691.09 BAM	117.48 BAM	28.68 BAM
AKM	Austria	18,459.05 BAM	3,138.03 BAM	766.05 BAM
SUISA	Switzerland	9,641.01 BAM	1,638.97 BAM	400.10 BAM
S.I.A.E.	Italy	733.91 BAM	124.76 BAM	30.45 BAM
Total		241,864.56 BAM	41,116.89 BAM	10,037.38 BAM