

# Copyright association of sound engineers

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[www.oaza.eu](http://www.oaza.eu)



## Annual Report for the year of 2023



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## OPENING WORDS

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Dear friends, kind colleagues,

I am happy and grateful to welcome you here today to present another annual report of OAZA, finally at the time which we may call the new period after the COVID-19 pandemic ended. Without any doubt, we have experienced a period which left deep marks on our lives and brought challenges which we faced together. With humility and compassion, I watch the world which faces new challenges and uncertainty in relation to the continuous war conflicts. Perhaps more than ever, I now realize that our communion is fragile, and our work is facing new obstacles which require unity, determination and sensitive decision making if we are to overcome them.

During the last year, we have witnessed the dynamic development of continuously expanding Artificial Intelligence which affects our lives, our works and business on every corner. The development of Artificial Intelligence (AI) represents a fascinating and quickly developing field of science and technology. The matter of a relationship towards the Artificial Intelligence has a significant impact on our society and future, and it is thus very difficult to make a decision whether to take the side of techno-optimism or techno-pessimism. However, it is essential to realize that the reality often resides somewhere between these two extremes. The Artificial Intelligence by itself is neither good nor bad. It is up to us in which manner we use it. We are the ones who will have a huge impact on the way in which the AI affects our lives and the society as a whole. The AI is already here with us, and it is up to us to learn to live with it and to use it in such a way that it becomes a good tool for us to achieve positive changes.

Further, we have just undergone the first year with the amendment of the Copyright Act which, among other things, brought new obligations for the providers of services for sharing content online. The amendment represents a significant milestone in the field of protection of copyright and regulation of digital content, especially via social media and video-hosting platforms. The providers are now obliged to exercise measures to prevent repeated sharing of copyrighted content without the consent of entitled authors, such as the technology for automated detection and filtering of illegal content.

We would like to thank our authors for the trust they put in us, and we are proud to be part of a team which takes care of their interests. Similarly, I would like to thank our modest apparatus and cooperating offices without which the activities of OAZA would not be possible. This little team continues to contribute to our contentment and enables us to completely focus on our artistic work.

In this relation, I would like to highlight the historically lowest deduction which we managed to achieve despite the turbulent times, namely amounting to 24.13 %. I believe that we shall be able to maintain this level on a long-time basis, and potentially even improve it.

With all of this in mind, we look back on the previous year with deep respect and commitment, but we are also grateful for all the unrelenting effort, courage and determination which enabled us to reach the place where OAZA is today. I thus conclude this speech as an optimist and look forward to this year when we can once again proceed with our creative activities and fulfil our visions and goals.

Let our cooperation have the best SOUND!

Your Karel Jaroš

## BASIC INFORMATION

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### Financial Statements in accordance with the Accounting Act and the Cash Flow Statement

The Financial Statements are annexed to this document as Annex No. 1 of the OAZA Annual Report for 2023.

### Report on the activities during the accounting period

With effect starting on 1 January 2018, the collective administrators of OAZA and INTERGRAM concluded a new agreement on the authorization to perform collective administration through which INTERGRAM had authorized the OSA collective administrator to conclude licensing agreements and to collect author remuneration for the use in the form of providing radio and television broadcasting (Section 23 of the Copyright Act) and of performing operation from the record (Section 20 of the Copyright Act) for INTERGRAM and OAZA. Given the fact that similar contracts have been concluded by other collective administrators, the OSA collective administrator became the Single Collection Point (hereinafter the "SCP") for the users of protected works in the form of providing television or radio broadcasting and by performing operation from the record, with the exception for such use which is covered by collective agreements, use in the form of music played in cinemas during breaks and in the form of using theatre performances. The SCP further does not apply to the operation in the form of the so-called in-store to which the license is provided via INTERGRAM.

The establishment of the SCP was requested by the broad user public for a rather long time, as it ensures the transparency of collecting remuneration and most importantly provides a guarantee for the users that the copyrights would be resolved in the form of a single agreement and by performing a single payment. As a result, the administrative processes decreased, and the market is now covered in a better manner. This cooperation has proven to be very effective also during the lockdown measures related to the COVID-19 pandemic.

Back in 2022, OAZA and INTERGRAM negotiated new conditions of our cooperation which led to the decrease of the overhead deduction by 4 %, i.e. to the decrease of the cost-based items for OAZA in relation to the SCP. As for the collective agreements which were concluded by INTERGRAM on behalf of OAZA, the deduction remains in the previous amount due to being administratively demanding.

In 2019, OAZA concluded a long-term agreement with the operators of received transmission which were associated in groups forming the members of the Czech Chamber of Commerce, specifically in the fields of IT and telecommunication. In this relation, we were able to conclude licensing agreements also with the rest of the market. These agreements were effective to the year of 2023. The new manner of cooperation was negotiated in August of 2023, and a new agreement for a five-year period was then concluded as well. This agreement once again provides licensing authorization to the operators of cable broadcasts. As for the operators of satellite broadcasts, the negotiations are still proceeding.

Every year, the OAZA collective administrator negotiates not only with legal entities unifying a higher than negligible number of users of protected copyrighter works, such as AHR (Association of Hotels and Restaurants), HKČR (Czech Chamber of Commerce), Medical Spas Association (MSA), etc., but also directly with the users, mainly in the field of using their own broadcasting under Sections 21 of the Copyright Act. These negotiations have been concluded for the purposes to of negotiating a collective licensing agreement, i.e. the agreement between the collective administrator and a legal entity unifying the users, or to conclude a licensing agreement directly with the user of protected works.

On a long-term basis, OAZA proceeds in negotiations with the representatives associating radio broadcasters (Association of Private Broadcast Operators) and with the Czech Radio. These negotiations have been suspended due to the measures taken during the emergency situations in the Czech Republic. In 2023, mediation negotiations were resumed, which were terminated by the Czech radio without any agreement on the type of a licensing model. The negotiations with the Association of Private Broadcast Operators. In this relation, OAZA is considering other strategic steps to achieve a positive result.

The collective administrator has compiled the Tariff Lists for 2023 and the drafts of the Tariff Lists for 2024 within the required statutory period. The compiled drafts have been submitted to the Ministry of Culture of the Czech Republic together with their reasoning, published on the OAZA's website and delivered to legal entities which have presented themselves as representatives of significant numbers of users. As for the Tariff Lists for 2023, they have only been increased by the 2022 inflation (consumer price index), i.e. 15.1 %. The same reasoning was applied for the Tariff Lists for 2024, and the majority of rates were increased by the 2023 inflation, i.e. 10.7 %. OAZA has received 9 objections to the drafts of the Tariff Lists for 2024. OAZA proceeds with negotiations with the given users or associations of users, and some of them have already been resolved.

## Report on representation in other countries for 2023

The collective administration of proprietary copyright of sound masters was largely overlooked worldwide in the past, and therefore the sound engineers gain the protection of their rights still very slowly both in the Czech Republic and abroad.

It was only back in 2016 when OAZA commenced cooperation with foreign collective administrators. As of 31 December 2023, OAZA has concluded 29 reciprocal contracts. The increasing prestige of the sound masters worldwide may be demonstrated by the fact that OAZA became the interim member of the International Confederation of Societies of Authors and Composers in 2019 and its proper member in 2022. This confederation represents more than 4 million authors and composers from all around the world from all over the world and from all kinds of artistic areas: music, audio-vision, theatre, literature and fine arts. CISAC associates 225 collective administrators in more than 116 countries.

In 2023, three bilateral agreements were concluded, specifically with SIIP (audio and audio-vision for the territory of Uzbekistan), COSBOTS (audio and audio-vision for the territory of Botswana) and GCA (audio for the territory of Georgia).

Based on the recommendation of CISAC, the reciprocal agreement with a Georgian collective administrator GERA was cancelled in 2023.

In 2023, OAZA repeatedly sought to commence cooperation with the American collective administrator named SOUNDEXCHANGE. In the USA, the sound engineers have been considered to be holders of rights since 2018 and they are paid remuneration which attests to their importance. However, SOUNDEXCHANGE has not yet shown any interest in the case of the offer of cooperation by OAZA, which unfortunately fully corresponds to the overall internal policy of this organization towards European collective administrators. As of 2023, SOUNDEXCHANGE has only entered into reciprocal agreements in only sixteen European countries.

Since 2022, OAZA negotiates the commencement of cooperation with a Brazilian collective administrator named ASSIM in the field of audio. The negotiations have proceeded in 2023 and they should lead to the conclusion of a bilateral cooperation in 2024.

Furthermore, OAZA led a debate of several months with a Philippines collective administrator named PRM (Philippines Recorded Music Rights Inc.) which, however, due to its own insufficient coverage of organization to perform these rights has given up on this cooperation. A similar outcome was reached during the negotiations with a Columbian collective administrator named SAYCO which abandoned the offer of cooperation despite spending a year with negotiations.

On a long-time basis, OAZA supports cooperation with North-European collective administrators, especially KOPIOSTO (Finland), COPYDAN (Denmark), NORWACO (Norway). The last country with which OAZA has not yet concluded a reciprocal agreement is Sweden, specifically with a collective administrator named COPYSWEDE. COPYSWEDE is an umbrella organization which represents fourteen professional associations, including the sound masters. Given the fact that the apparatus of this collective administrator is mostly inactive, unfortunately, OAZA contacted a Swedish agency named Swedish Copyright Office and Consultants and assumes that the intermediation shall take place in 2024.

OAZA commenced negotiations with a Croatian audio-visual collective administrator DHFR which began to represent the authorial categories of movie editors and sound editors first in 2023. OAZA presumes there will be closer cooperation during the following years. Other organizations of collective administration which promised cooperation in 2023 are, for example, NASCAM (Namibia), JACAP (Jamaica), BUMDA (Mali) and others.

In 2023, OAZA established a closer non-binding cooperation with the International Confederation of Audio-Visual Authors (AVACI) on the basis of exchanging information. In this relation, OAZA was enabled to provide its statements to the topics presented at the International Congress of Audio-Visual Creators in May 2023 in Brazil, namely the topic of "Artificial intelligence and its impact on the globalized audio-visual world". In a similar manner, OAZA cooperates with a Latin American Federation of Associations of Audio-Visual Authors (FESAAL). The South American authorial scene has gained a new legislative momentum particularly in Paraguay and Argentina which was also confirmed on the international General Meeting of FESAAL in Chile in November of 2023.

As part of its foreign agenda, OAZA participated in the following meetings in 2023:

- European Committee of CISAC which took place in Prague in April where the following topics were discussed: transposition of Article 17 of the Directive on Copyright, online piracy during live events, Act on Digital Services and other;
- General Meeting of CISAC in Mexico City in May with several panels of creators from all around the world including the president of the organization Björn Ulvaeus (ABBA);
- Meeting of the Middle-East European collective administrators held by our partner, the Moldavian administrator named ANCO in Kishinev in July, addressing the topic of the European regulation of performance of collective administration;
- Meeting of the Audio-Visual Committee of CISAC (CTDVL) held in November in Sofia, Bulgaria, in November, handling the topics of collective administration in Ukraine during the current war situation and its impact on neighbouring national collective administrators, news related to the execution of Directive SATCAB II and Artificial Intelligence in the field of audio-visual productions.

A separate chapter of our foreign agenda in 2023 was represented by the issue of Slovakia and the support of its organization named ZAFA (Združenie autorov filmu a audia = Association of Authors of Movie and Audio Recordings). ZAFA represents authorial professions of cameramen, costume artists, movie editors, movie architects, masters of sound in the field of auditive and audio-visual creative activities.

The sound engineers, as well as the other groups of artists mentioned above, do not receive artistic remuneration for the use of their works in Slovakia. In 2023, ZAFA asked the Ministry of Culture of the Slovak Republic to be granted the license to perform collective administration. OAZA supports these activities of ZAFA in Slovakia very much, since



Slovak television and music channels have been using Czech movies and recordings significantly for a long period of time, but our authors are not recognized for this use and do not receive any remuneration.

On a long-time basis, OAZA meets the requirements of CISAC for audio-visual database named ISA and the authorial database of regulations named IPL. These further include regular monthly meetings and related updates.

To supports its represented authors, OAZA intends to participate in the WIPO (World Intellectual Property Organization) initiative which shall compile a study on the needs of authors in audio-vision and the positive impact of a vested right of audio-visual creators to receive remuneration. This initiative shall be discussed during the WIPO meeting in April of 2024.

In 2023, OAZA participated in a number of online surveys and webinars in the field of copyright, such as Licencing of Artificial Intelligence, Copyright in collaborative projects (EU), The future of collective management? How Independent Management Entities apply tech and open standards in the music industry (WIPO), The Role of Accurate Metadata Allocation and Proper Reporting in the European Music Streaming Market (WIPO), The BMAT OS and SoundSys: building the future of the music industry (WIPO) and other.

### List of reciprocal agreements:

NAME OF THE COLLECTIVE ADMINISTRATOR	COUNTRY
ALBAUTOR	Albany
COTT	Trinidad and Tobago
NORWACO	Norway
ANCO	Moldavia
CPRA/Geidankyo	Japan
RSAU	Rwanda
ARMA-Ukraine	Ukraine
DGK	South Korea
SADIA	Angola
AZDG	Azerbaijan
ECCO I	East Caribbean
ECCO II	East Caribbean-Commonwealth
SUISSIMAGE I	Switzerland
SUISSIMAGE II	Lichtenstein
BSCAP	Belize
GCA	Georgia
BCDA	Kongo-Brazzaville
KAZAK	Kazakhstan
APDAYC	Peru

CAPASSO	South Africa
ZAPA	Poland
ZIMURA	Zimbabwe
KOPIOSTO	Finland
ISOCRATIS	Greece
UARA	Ukraine
COSCAP	Barbados
COPYDAN	Denmark
SIIP	Uzbekistan
COSBOTS	Botswana

## Other activities of OAZA

In 2023, the collective administrator has been actively negotiating with the National Fund of Cinematography which continues to ignore the author group of sound engineers when distributing the remuneration. The National Fund of Cinematography administers property rights to older Czech movies which were created in the Barrandov Movie Studio and the Zlín Movie Studio between 1965-1991. A part of the remuneration which the fund obtains on the basis of commercial use of these movies is distributed to the holders of rights via individual collective administrators. Even though the sound engineers have been recognized as authors by both a court ruling and the Ministry of Culture back in 2006, the National Fund of Cinematography refuses to negotiate with the sound engineers in a serious manner and send the remuneration for them to the OAZA collective administrator. Therefore, OAZA considers further strategy in this manner which, as OAZA hopes, would lead to the conclusion of a licensing agreement with the fund.

After two years which had been impacted very negatively by the lock-down measures related to the COVID-19 pandemic, we experienced a slow return to the pre-covid years in 2022 and the amount of collection started improving gradually. However, given the fact that the prices of energies were increasing, a large number of establishments, especially in the gastronomy field, had to close down in 2022. Several operators also decreased the number of technical apparatuses in their establishments which enable their customers to listen to music, and therefore the collection did not reach the numbers of 2019. In 2023, the collection began to increase slowly, also due to the regrowth of tourism and reopening of some establishments, which led to the situation that the collection nearly reached the original numbers. However, it has become an old and new phenomenon in the field of public productions of infiltration of works for which the license is being granted via independent administrators of rights or libraries, despite the absenting exclusion of effects of collective administration. The public productions for which licenses are granted in this regime then directly compete with collective administration and they may thus weaken the numbers of collection. With the onset and quick development of generative artificial intelligence, the situation has become very serious.

A great success of OAZA has been the increase of share during the distribution of collected replacement remuneration which happened back in 2021. Thanks to this situation the share of the OAZA collective administrator when it comes to remuneration collected by the OSA collective administrator for OSA, Dilia, OOA-S and OAZA, increasing from 0.5% to 1.8%. This percentage remained the same during the following years. Together with other collective administrators, OAZA makes efforts to have the decree on replacement remuneration updated, since it fails

to take into consideration the so-called smartphones as a device capable of copying or as a memory medium. If the decree was updated, the increase in this area would be significant.

As the representative of the agents of the creative industry, OAZA became a proper member of the Chamber of Commerce of the Czech Republic in 2021. The representatives of OAZA are regularly being informed regarding the events in the chamber and they are entitled to participate in interesting meetings taking place in the Chamber.

The representatives of OAZA are also members of a prestigious association named ALAI. ALAI Czech Republic is the Czech national organization of this international scholar association for the exploration of issues of copyright, Association Littéraire et Artistique Internationale (International Association of Literature and Art). With its headquarters in Paris, it associates authors, artists and professionals interested in copyright. ALAI was established in 1878. Among its goals since the beginning, it aimed at basic international harmonization of copyright which was successfully achieved thanks to the adoption of the Berne Convention in 1886 in the preparation of which ALAI hugely participated. Even today, the topics of international copyright law and international exchange of cultural properties represent the main fields of interest of this international organization. ALAI is a constant observer at the World Intellectual Property Organization (WIPO), holds a status of a consultant with the UN organization for education, science and culture (UNESCO) and cooperates with the European Commission closely.<sup>1</sup>

ALAI regularly informs its members regarding the events in the field of copyright and related issues. In 2023, a series of seminars on the topic of artificial intelligence which experienced significant development in 2023. The seminars addressed this popular topic from different points of view: copyright law, licensing law, or technical issues.

## Information regarding the cases of license refusal under Section 98 par. 1 of the Copyright Act

During the accounting period of 2023, there were no cases of license refusals under Section 98 par. 1 of the CA.

## Description of the legal form and the management system of the collective administrator

The protective association of sound engineers – authors (Ochranná asociace zvukařů – autorů, z.s. = OAZA) had been established in 2003 as a professional organization associating sound engineers on the principle of voluntary membership. Since the beginnings of its activities, OAZA had focused on the protection of rights of this professional group, provided information on the rights and obligations of sound engineers, initiated cooperation with other protective organizations in the Czech Republic.

The most important task of OAZA was to compile an application to be submitted to the Ministry of Culture of the Czech Republic on the basis of which the professional group of sound engineers would officially be recognized as an author creative profession, i.e. to manage to arrive at the accordance between the factual situation and the legal situation. This long-term activity has led to a successful defence of the rights of sound engineer at the Municipal Court in Prague in 2005, when it was recognized by a court authority that the sound engineers create arts of works based on meeting the requirements for copyrighted works. As a result of the court's decision, the Ministry of Culture of the Czech Republic had granted to OAZA under Section 98 AZ on 15 November 2006 the authorization to perform collective administration of rights of people and entities to whom property rights to copyrighted works created by sound engineers belong. The given authorization came into effect on 20 November 2006 and since then, OAZA have been acting as the collective administrator of property copyright of sound engineers.

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<sup>1</sup> <https://www.alai.cz/index.php?o>

Since the beginning of its activities in the field of collective administration of property rights of sound engineers, the collective administrator intended and still intends to perform all the rights which had been granted to it by the authorization. The realization of the majority of such rights required rather long preparations, specifically legal and economic analyses and surveys of the actual market, obtaining a strong base of represented holders of rights and works which are used in this field. At the beginning, it was necessary to initiate the collective administration in the field of mandatory and quasi-mandatory collective administration in order that the represented holders of rights realized that the collective administration represents an effective and meaningful measure. The commencement of the execution of the so-called voluntary collective administration required not only a strong base of Czech contractually represented holders of rights, but also the conclusion of relevant reciprocal agreements with foreign collective administrators in order that the collective administrator was able to act on behalf of both domestic and foreign holders of rights while negotiating author remunerations and concluding agreements. Due to administrative proceedings conducted by the Ministry of Culture of the Czech Republic which lasted for several years and which led to authoritative interventions against the OAZA Price List, the process of acquiring new represented holders of rights and particularly negotiating with other collective administrators and obtaining foreign cooperation became significantly and artificially slower. The collective administration of property copyrights of sound engineers had been very overlooked also in the past all over the world; therefore, the sound engineers abroad are only receiving protection of their rights, just as it has been happening in the Czech Republic, in a very gradual manner. Only since 2016, the OAZA collective administrator initiated a cooperation with foreign collective administrators, and by 31 December 2020, it had concluded 23 reciprocal agreements. The increasing prestige of sound engineers worldwide may also be proven by the fact that the OAZA had become an associated member of the CISAC organization, the International Confederation of Societies of Authors and Composers, which represents more than 4 million creators from all over the world and artistic repertoires: music, audio-vision, theatre, literature and fine art.

## Statutes

The fundamental and main mission of OAZA is to perform publicly beneficial activities while protecting and administrating the rights of sound creators – authors (the so-called sound engineers) as a protective author organization – a collective administrator in accordance with Act No. 121/2000 Coll., on copyright, on rights related to copyright and on the changes of certain acts (hereinafter the Copyright Act), as amended by subsequent legislation, related acts and international copyright treaties as well as other international treaties by which the Czech Republic is bound.

However, OAZA is performing also other purposes of its activities, mainly the informational and educational activities, motivation and support of young and talented people in the field of sound creation and other related fields, cooperation with professional organizations and associations of authors, scientific and expert institutions, colleges and universities, and other cultural institutions and workers in the field of culture, organizing professional courses, trainings and other educational events including lecturing activities, activities of informational and news agencies, activities of social support for authors and other holders of rights.

As the main subject of its activities, the OAZA ensures and performs the protection and administration of copyrights on the basis of an authorization to perform collective administration granted by the Ministry of Culture of the Czech Republic, doing so continuously, in its own name, at its own responsibility and within the extent of agreements on representation during the performance of copyright, concluded with authors or inheritors of copyrights, or other holders or acquirors of these rights.

The OAZA is entitled to protect the rights of represented authors and holders of copyrights even outside the territory of the Czech Republic, especially on the basis of bilateral contracts concluded with foreign partner organizations, ensuring mutual reciprocity during their execution. The OAZA is entitled to operate at the territory of the Czech Republic and of other countries, especially the member states of the European Union or countries forming the European Economic Area, without any limitation.

## Bodies of the association

The bodies of the registered association of OAZA consist of the General Meeting, the Board of Directors and the Supervisory Board. The working bodies of the organization which had been established in accordance with internal regulations of the association are expert commissions in particular.

The General Meeting is the highest body of the OAZA. It adopts decisions regarding all important matters related to the activities of the association. The annual General Meeting takes place at least once a year. The General Meeting cannot take place in the form of partial meetings. The scope of activities entrusted to the General Meeting cannot be performed by the Assembly of Delegates. The General Meeting is convened by the Board of Directors of the OAZA no less than 4 weeks in advance by delivering an invitation to the members of the association or by another provable manner of informing them about the General Meeting to be held. The Board of Directors shall convene the General Meeting when at least 2/5 of its members request so. In such a case, the General Meeting shall gather within the next 60 days. If the Board of Directors fails to do so, the Supervisory Board shall proceed in the matter. The General Meeting forms a quorum if more than half of the members gather at the selected hour. Its decision is adopted if more than half of the members present vote in favour of it.

The Board of Directors shall act on behalf of the association as its statutory body. The Board of Directors adopts decisions and resolutions in the matters which are not expressly entrusted in the General Meeting, or in the matters and fields which the General Meeting entrusted in or ordered to perform to the Board of Directors. The Board of Directors shall consist of at least three members and its term of office lasts five years. The details regarding the election of the members of the Board of Directors may be specified by the Rules of Procedure or the Organizational Rules. It is permitted to become a member of the Board of Directors repeatedly.

The Supervisory Board consists of at least three members and represents a supervisory and arbitral body of the association (within the meaning of Sections 262 and 265 of Act No. 89/2012 Coll., Civil Code, as amended). The members of the Supervisory Board are elected by the General Meeting and the term of their office lasts five years. The membership in the Supervisory Board excludes the possibility to be a member of the Board Directors. The details regarding the election of the members of the Supervisory Board shall be specified by the Rules of Procedure.

During the calendar period of 2023, the bodies of the OAZA association had the following members:

<b>Board of Directors</b>
prof. Ing. Karel Jaroš, Chairman of the Board of Directors
Jiří Štěpánek, 1st Deputy Chairman
Robert Jína, Deputy Chairman
<b>Supervisory Board</b>
MgA. Ladislav Greiner, Chairman of the Supervisory Board
Mgr. Ivana Šimáková, member
MgA. Michal Pekárek, member
<b>Copyright Committee</b>

Ing. Ivo Špalj, Chairman of the Authorial Committee
Mgr. Vladimír Skall, member
MgA. Michal Pekárek, member
Robert Jína, member
Jiří Štěpánek, member

## Represented holders of rights

The right to ask the protective organization for representation belongs to every holder of rights to works created by the sound engineers, i.e. the person which holds property copyright or the performance of property rights to a work under the Copyright Act, or is exclusively entitled to perform the rights collectively administered for the duration of a contract for the entire period of the property rights and at least for the territory of the Czech Republic with the right to provide a sub-license. As of 31 December 2023, the OAZA collective administrator had represented 684 sound engineers in total on the basis of contracts.

The OAZA concludes with the holder of the rights an Agreement on Representation of Property Copyrights which handles the contractual relationship between the collective administrator and the holder of rights. In accordance with the Copyright Act, the collective administration is performed also for the holders of rights which had not concluded such a contract.

The represented holder of rights is obliged to notify the collective administrator without undue delay of the creation of every work, or of a newly acquired right to such a work, namely via a special document issued by OAZA and titled "Notification regarding a work" in which the holder shall provide all the required details truthfully which are necessary for the performance of the collective administration. The notification regarding of the work may also be performed in an electronic form. The holders of the rights shall perform the notification without undue delay after acquiring the rights. If there is such a need, the holder of the rights is obliged to prove its authorship or to be meeting the statutory requirements for being in possession of the status of the holder of copyrights (e.g. inheritors or employers).

The holder of the rights is entitled to receive billings and payments of remuneration and potential income resulting from an unjust enrichment being handed over. OAZA enables the holders of rights to inspect the correctness of the amount which had been paid to him/her/it in the form of remuneration or an income resulted from an unjust enrichment. The holder of the rights is obliged to notify OAZA without undue delay all and any changes of personal details and banking information. These details are confidential and OAZA is not entitled to use them in conflict with the purpose for which they were provided. The holder of the rights is entitled to access the Annual Report on the activities and economic activities of OAZA.

## Authorization to perform the collective administration

In accordance with the decision of the Ministry of Culture of the Czech Republic dated 15 November 2006, the OAZA performs the collective administration of the following rights within the extent specified in the given decision (in the legal form as of the day when the decision came into force):

### *Rights administered collectively on a mandatory basis:*

- right to remuneration for the creation of a copy of the work for personal needs on the basis of an audio or audio-visual recording by transferring its content by using a device to an empty carrier of such a record under Section 96

par. 1 letter a) point 3 of the Copyright Act; this authorization only includes the distribution of remuneration which had been collected by the OSA collective administrator (Protective Association of Authors for the rights to works of music),

- right to an adequate remuneration for the lease of an original or a copy of the work recorded in the audio or audio-visual form under Section 96 par. 1 letter b) of the Copyright Act; this authorization only includes the distribution of remuneration which had been collected by the OSA collective administrator (Protective Association of Authors for the rights to works of music based on the granted authorization,
- right to use cable transmission of works under Section 97d par. 1 letter c) of the Copyright Act.

In relation to the amendment of the Copyright Act which took effect in 2017, OAZA applied for an extension of its authorisation to perform the rights under Section 22 of the Copyright Act in 2023, i.e. for the performance of received transmission even by non-cable technologies. OAZA took this step on the basis of the request by the user public which requires licensing authorization also for other than cable technologies. The Ministry of Culture has not yet reached its decision in this matter and suspended the administrative proceedings for reasons which OAZA finds to be unlawful and contradicted them by submitting an appeal with the Minister of Culture. OAZA shall inform the represented holders of rights in this matter by sending regular newsletters.

### *Rights administered collectively on a voluntary basis:*

- right to make copies of the works under Section 12 par. 4 letter a) and Section 13 of the Copyright Act,
- right to spread the original or a copy of the work under Section 12 par. 4 letter b) and Section 14 of the Copyright Act,
- right to make the work accessible to the public in the manner that anyone can access it at a place and time of its own decision, especially through a computer or similar network under Section 12 par. 4 letter f) and Section 18 par. 2 of the Copyright Act,
- right to non-theatrical performance of the work in a live form or through its record and the right to transmit the performance of the work under Section 12 par. 4 letter f) point 1 and Sections 19 and 20 of the Copyright Act,
- right to broadcast the work via radio or television under Section 12 par. 4 letter f) point 2 and Section 21 of the Copyright Act,
- right to operation radio or television broadcasting the work under Section 12 par. 4 letter f) point 4 and Section 23 of the Copyright Act.

### *Distributional Rules*

The key document which specifies the rules for distributing the collected income of the collective administrator are the Distributional Rules which is adopted and approved by the General Meeting of the OAZA. When distributing and paying out the income from the performance of rights and the income resulting from investments of such income (collectively called the income), the collective administrator shall only consider those holders of rights, whose rights to the same protected items or the same types of works are collectively administered on the basis of a contract or who had applied for registration with the collective administrator, while the collective administrator shall not consider the works which had not yet been published. If the collective administrator had collected remuneration for holders of rights which are known to the collective administrator, but are not included in the list of holders of rights registered with it, then it shall invite them to get registered.



The collective administrator shall distribute and pay out the remunerations in accordance with the Distributional Rules within nine months after the end of the accounting period during which these remunerations were collected, with the exception of a situation when this period could not be met by the collective administrator due to objective reasons. If any remuneration cannot be distributed or paid out within the nine months for the reason of the collective administrator being unable to determine or find such holders of rights, then these remunerations shall be kept separately and used in accordance of rules specified by the General Meeting.

Within three months after the distribution and payment of the remunerations, the collective administrator shall provide access in an adequate manner for the holders of right for whom/which the collective administrator performs the collective administration, and to the collective administrator for whom/which the rights are being administered on the basis of an agreement, to information regarding the works for which one or more holders of rights were not identified. The collective administrator shall adopt all measures necessary to determine or find the holders of rights. No later than within one year after the period under this paragraph, the collective administrator shall publish in an appropriate manner available information regarding the holder of the rights who/which had not been determined or found. If the collective administrator was unable to distribute the remuneration even within three years after the end of the accounting period during which the income had been collected, due to the fact that the holders of the rights were not determined or found, then the General Meeting shall decide regarding the use of such income.

The holders of rights which are not contractually represented by the OAZA and had not applied for registration shall be paid by the OAZA through the reserve fund in the form of a share calculated from the collected remuneration for rights which were mandatorily collectively administered for the period of 3 years going back from the year when the holder of the rights had requested so, and his/her/its share in the collected remuneration had actually emerged, while such holder also concluded an agreement on representation or submitted a subsequent application for registration and provided the OAZA via its official form with the proper notification of his/her/its works which were used, including their use; the collective administration pays the remuneration based on the current amount of the point value based on the Distribution Rules.

In accordance with the Copyright Act, the collective administrator is entitled to request reimbursement of effectively incurred expenses. The amount of such expenses is every year presented by the Board of Directors to the General Meeting and is also included in the Annual Report.

## Information regarding all entities in which the collective administrator holds a property interest or which the collective administrator directly or indirectly, completely or partially controls

During the accounting period of 2023, the collective administrator did not hold any property interest in any third party, and did not directly or indirectly, completely or partially control any third party.



Information regarding the total amount of remuneration paid to people who perform supervisory functions and people who manage the collective administrator, and regarding any other benefits which were provided to them during the previous year<sup>2</sup>

The Board of Directors received remuneration for functions/wages in the total amount of:	CZK 532 766
The Supervisory Board received remuneration for functions/wages in the total amount of:	CZK 103 119
The Board of Directors received author remunerations in the total amount of:	CZK 402 600
The Supervisory Board received author remunerations in the total amount of:	CZK 9 297

## FINANCIAL INFORMATION

Information on the total amount of income arising from the performance of the rights based on the category of the administered rights and the manner of using it, including information regarding investing the income from the performance of rights and regarding the use of such income

The total income of OAZA for 2023 amounted to CZK 39.79 million:

Public productions: operation of broadcasting (Section 23) and operation from a recording (Section 20)	CZK 29.07 million
Replacement remuneration (Section 25)	CZK 1.9 million
Operation of received television and radio broadcasting (Section 22)	CZK 8.82 million
<b>TOTAL INCOME FOR THE YEAR OF 2023</b>	<b>CZK 39.79 million</b>
<b>INCOME FROM ABROAD</b>	<b>CZK 0.06 million</b>

<sup>2</sup> The amounts are listed including all provided benefits.

In 2023, the OAZA collective administrator was able to recover the amount of unjust enrichment of CZK 14,800. The income arising from the unjust enrichment was added to the income from public production.

## Information on the amount of expenses for the administration of rights and other services provided by the collective administrator to the holders of rights:

Operational and financial expenses with their distribution based on the categories of administered rights and if these are indirect expenses which cannot be included in one or more categories, then also with explanations of a method used to include these indirect expenses

Expenses of OAZA in the calendar year of 2023:

ITEM	In thousands CZK
BANK FEES	6,50
TRAVEL FEES	90,02
SMALL PURCHASES AND OFFICE EQUIPMENT	74,02
WAGE EXPENSES	1 801,41
DEPRECIATION	-
OTHER	8,15
FINES AND PENALTIES	2,35
LEGAL SERVICES, IT SERVICES, FOREIGN AGENDA, ADMINISTRATION OF THE CATALOGUE, RENT	7 041,35
REPRE	4,20
MEAL COUPONS AND ADDITIONAL RETIREMENT INSURANCE	111,79
STATUTORY INSURANCE	582,73
MEMBERSHIP FEES	106,53
EXCHANGE RATE LOSSES	30,83
<b>TOTAL EXPENSES</b>	<b>CZK 9 860</b>

In 2023, the OAZA office's expenses for the performance of administration by nearly 22 % in comparison to the previous year. These expenses were partly compensated by lowering wage expenses. The increase of expenses has been mainly a result of representation during mediation meetings and representation in front of the Ministry of Culture. In 2024, OAZA intends to try to return the expense items to the original level.

Despite the increased expenses, we were able to decrease the deduction to 24.76 %.

The expenses were equally deduced from the income from each administered right. OAZA accounted all expenses as indirect and they were distributed by the ratio towards the amount of individual rights.

### Operational and financial expenses related to other services than the administration of rights, but including the deductions for the purposes of paying for expenses arising from the provision of social, cultural and educational services

In 2023, OAZA did not account any operational and financial expenses for the purposes of paying the expenses for the provision of social, cultural and educational services.

### Sources used to pay the expenses arising from the administration of rights

For the administration of rights, the total expenses in the amount of CZK 9.68 million were used.

### Deductions from the income arising from the performance of rights with specification of categories of administered rights, the manner of use and the purpose of such deduction

During the accounting year of 2023, OAZA deduced from the income arising from the performance of rights for the purposes of transferring financial means to the Cultural and Social Funds in the amount of 5 % of the income amount intended for distribution.

### Percentage amount of expenses for the administration of rights and other services provided by the collective administrator to the holders of rights in comparison to the percentage amount of income from the performance of rights in the given accounting period, based on the individual categories of administered rights and in the case when the expenses are indirect, which cannot be related to one or more categories, then the explanation of the method used to allot these indirect expenses

During the accounting year of 2023, the collective administrator had incurred expenses for the administration of rights in comparison to the income arising from the performance of rights in the total percentage amount of 24.76 %.

## Financial information regarding the amounts belonging to the holders of rights

### The total amount allotted to the holders of rights with the distribution based on the categories of administered rights and manners of use

During the accounting year of 2023, OAZA had allotted to the holders of rights the amount from the collections of performing the rights under Sections 21, 22, 23 and 25 of the Copyright Act in the total amount of income of CZK 21 522 291.

During the accounting year of 2023, OAZA had distributed among the represented holders of rights the total amount of CZK 18,061,957 coming from the rights administered under Sections 20, 22, 23 and 25 of the Copyright Act. From the given amount, CZK 550 922 was distributed on the basis of substantiated complaints.

During the accounting year of 2023, OAZA had distributed among the represented holders of rights the amount of CZK 2 503 347 from the Reserve Fund of 2019.

### The frequency of payments with distribution based on the categories of administered rights and manners of use

During the accounting year of 2023, OAZA had distributed author remunerations twice and it had met the requirements of the statutory period of no later than on 30 September 2023. All the objections which were found to be justified were paid by 31 December 2023.

### The total allotted amount which was not yet distributed to the holders of rights, with distribution based on the administered rights and manners of use and specification of the accounting period during which these amounts were collected

Arising from the income from 2020, the amount still remaining undistributed to the holders of rights equals CZK 3 646 948, and from the income from 2021, the amount still remaining undistributed to the holders of rights equals CZK 5 081 491, and from the income from 2022, the amount still remaining undistributed to the holders of rights equals CZK 7 194 929.

### The reasons for delay if the collective administrator failed to distribute and pay to the holders of rights within the period specified in Section 99c par. 2 of the Copyright Act

During the accounting year of 2023, the OAZA performed the distribution and payments within statutory periods, i.e. 30 September 2023. Only in cases of justified objections were the amounts paid by 31 December 2023.

## The total amount of non-distributable amounts together with the clarification of the use of these amounts

The OAZA collective administrator had created and its General Meeting approved of the rules for the use of income arising from the performance of rights and the income coming from investments through the income arising from the performance of rights which cannot be paid within the period under Section 99c par. 2 of the Copyright Act due to the fact that the holders of rights could not be determined and found. These amounts of income are kept by the collective administrator separately within its bookkeeping. In 2023, such income amounted to CZK 1.772 million coming from the income from 2022.

## Information regarding the relations with other collective administrators

### The amounts received by other collective administrators and the amounts paid to other collective administrators with the specification of individual categories of rights and collective administrators

On the basis of the authorization agreement, OAZA had received from the INTERGRAM collective administrator for 2023 the amount of **CZK 29 059 474**, namely in the form of income from the performance of rights of operating the television and radio broadcasting and operating from a recording.

OAZA had received from the OSA collective administrator the amount of **CZK 1 899 327**, namely in the form of income for the operation of mandatorily collectively administered rights for the creation of a copy for personal use on the basis of an audio or audio-visual recording by transferring the content by a device to an empty carrier of such a recording.

On the basis of reciprocal agreements, OAZA received the amount of **CZK 60 699** in 2023 from the following foreign collective administrators:

Society	Amount
SUISSIMAGE, Switzerland	CZK 21 220
SUISSIMAGE, Lichtenstein	CZK 7 073
CPRA/GEIDANKYO, Japan	CZK 2 607
KOPIOSTO, Finland	CZK 1 244
SFP ZAPA, Poland	CZK 29 630

## The reimbursement of expenses for the administration of rights and other deductions from the income arising from the performance of rights payable towards other collective administrators with the specification of individual categories of rights and collective administrators

OAZA had paid to the INTERGRAM collective administrator as the reimbursement of expenses for the administration of rights the amount of CZK 3 973 656 and to the OSA collective administrator the amount of CZK 211 036. The deduction in accordance with the Distribution Rules is deducted from the income from foreign collective administrators.

## The amounts distributed directly to the holders of rights received from other collective administrators with the specification of individual categories of rights and collective administrators

No other collective administrator had distributed remuneration to the holders of rights represented by the OAZA collective administrator.

## FURTHER INFORMATION (Special rights regarding the use of amounts deduced for the purposes of provided social, cultural and educational services)

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### **The amount deduced for the purposes of paying expenses arising from the provision of social, cultural and educational services during the given accounting period and the specification of individual purposes, and individual categories of administered rights for each purpose**

In 2023, OAZA had deduced 5 % from the income amount intended for distribution for the purposes of paying expenses for the provision of social, cultural and educational services. From these amounts for the purposes of paying expenses arising from the provision of social, cultural and educational services, OAZA did not perform any further deductions.

## Information on the use of such amounts with the distribution based on the purpose for which they were used

In 2023, the General Meeting of the collective administrator approved the deduction in the amount of 5 % from the income amount to place in the Social and Cultural Fund of OAZA. Upon the approval by the Supervisory Board, the amount of CZK 1 152 900 was drawn from the Social and Cultural Fund.

Among others, OAZA provided a donation to a project of the National Museum which focuses on saving historical sound recordings mainly kept on cassette tapes by turning them into the digital form. OAZA also participated in the project of an interactive audio book, for the third time in a row, it also appraised the life-long contribution of Mr. Lubor Hochmann in cooperation with the association named Fites in the form of an award of František Filipovský, and it further supported the Symphony Orchestra of the Capital City of Prague (FOK – film-opera-concerto).

In Prague on 15 May 2024

prof. Ing. Karel Jaroš, by his own hand

Chairman of the Board of Directors of OAZA

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