

REGULATION
Adopted by Vrights s.r.l. on 6th December 2022

Article 1 – Definitions

The following terms, if capitalized, shall have the meanings set out below.

“Provision”	means the amount deducted from the Revenues and retained for the purposes mentioned under Art. 5.3 of the Regulation
“Mandator’s Administrator”	means the natural or legal person who – according to a documented contractual relationship with the Mandator or with the Author or with the Audiovisual Publisher - operates on his/her behalf by administrating his/her Managed Rights or his/her Revenues; such definition includes (i) any Collective Organizations (ii) individuals who succeeded in Author’s Managed Rights as <i>per inter vivos</i> agreements.
“Executive Administrator”	means the executive administrator or the CEO appointed in compliance with the Corporation by-laws.
“Year of Reference”	means the calendar year in which Revenues have accrued, regardless of the time in which VRIGHTS has actually collected such Revenues;
“Year of Income”	means the calendar year in which VRIGHTS has collected Revenues, regardless of the relevant Year of Reference;
“Author”	means the individual(s) as indicated in Art. 2 (iii) of the Corporation by-laws.
“Not-represented Author”	means an Author who has not granted a Mandate to VRIGHTS, regardless of whether he/she is represented by a Collective Organization.
“Distribution Board”	means the Board provided for in Art. 11 hereof.
“Agreements”	means the agreements signed by VRIGHTS throughout the execution of the Mandate, by virtue of which VRIGHTS shall collect Revenues from whoever is required to pay them or has the possession thereof for whatever reason, provided that such Revenues are owed to the Mandators;
“Private Copying”	means the fair compensation for private copying, referred to in Art. 71- <i>septies</i> and 71- <i>octies</i> L.D.A.
“Administration Fee”	means the fee due to VRIGHTS as indicated in the Mandate.
“Decree No. 35/2017”	means the Legislative Decree no. 35/2017 of 15th March 2017 and its following additions and modifications on the <i>“Implementation of EU Directive 2014/26 on collective management of copyright and related rights and multi-territorial licensing of rights on musical works for online use in the internal market”</i> .
“Managed Rights”	means the neighbouring rights listed in Art. 3.1. of the Corporation by-laws.
“Audiovisual Publisher”	means the individuals or legal entities as indicated in Art. 2 (iv) of the Corporation by-laws.
“Not-represented Audiovisual Publisher”	means an Audiovisual Publisher who has not granted a Mandate to VRIGHTS, regardless of whether he/she is represented by a Collective Organization.
“Surveys Institute”	means a public and/or private company and/or entity – neither controlled nor connected to VRIGHTS – which professionally carries out analytical surveys on Users’ Exploitations.
“L.D.A.”	means the Law No. 633 of 22nd April 1941 and its following additions and modifications.
“Mandator”	means the individual(s) who has/have granted a Mandate Contract to VRIGHTS or who has/have succeeded in a Mandate Contract, including also their successor(s) in title who has/have granted a Mandate to VRIGHTS according to the Regulation.
“Mandate”	means the contract which the Mandator has granted to VRIGHTS, according to the Regulation, for the

or “Mandate Contract”	management of the Managed Rights and the Revenues related to the Managed Works.
“Managed Works”	means collectively the Audiovisual works (as defined in the Corporation by-laws) in respect of which the Mandator has granted the Mandate to VRIGHTS.
“Collective Organization”	means a collective management organization or an independent management entity, whether Italian or foreign, according to Decree No. 35/2017, or an association of authors or any similar entities in charge of the management of Mandators’ rights, apart from VRIGHTS.
“Revenues”	means the amount of any revenues accrued in connection with the Managed Works, as collected by VRIGHTS from any User or any Collective Organization, whether Italian or foreign;
“Net Revenues”	means the Revenues net of Administration Fee and Provision;
“Surveys Report”	means the document (usually in digital form) elaborated by a Surveys Institute pointing out for each analysed User: (i) every single Audiovisual Work object of Exploitation; (ii) period of time in which Exploitations have occurred; (iii) duration in minutes and seconds of Audiovisual Work or (iv) number of Exploitations of each Audiovisual Work;
“Regulation”	means this present Regulation – and its following additions and modifications – approved by VRIGHTS’s Mandators Shareholders’ Assembly pursuant to Art. 3.3. of the Corporation by-laws.
“Website”	means VRIGHTS’ website: www.vrights.it .
“Corporation by-laws”	means VRIGHTS’s Corporation by-laws.
“Users”	means any individual or entity who (i) uses the Managed Works and/or (ii) appears to be for any reason required to pay any remuneration owned by and accrued in favour of the Mandator, in connection with the Managed Works, according to national laws or international copyright treaties.
“Exploitations”	means the exploitations of Managed Works or the legal conditions upon which any right to remuneration accrued in connection with the Managed Works are based, as better defined under Section II of the Regulation for the purpose of the distribution of Net Revenues.
“VRIGHTS”	means the company VRIGHTS S.r.l.

In this Regulation – unless differently and expressly provided for – all references to laws or statutory provisions shall refer and include any and all consequent additions and modifications of such provisions. Headings of articles have been inserted only for practical consultation and, thus, shall not affect the interpretation of this Regulation. Terms in singular form shall also be intended in a plural sense and vice versa. All articles cited are referred to those of the Regulation, unless otherwise specific indication.

Section I – Conferment and Execution of Mandate Contracts

Article 2 – Mandate’s Conferment - Object

- 2.1** VRIGHTS’s Board of Directors shall approve standard models of the Mandate Contract in compliance with the provisions of Decree No. 35/2017. A copy of each of the afore-mentioned standard models in effect shall be published on the Website. Each standard model may be adapted – case by case – to the Mandator’s specific conditions or requests, provided what stated in Artt. 2.4., 3.2. and 4.3.
- 2.2** The Mandate shall be deemed conferred to VRIGHTS without power of representation and shall take effect from the date of receipt of the same Mandate from VRIGHTS, unless VRIGHTS has sent the reasoned communication of art. 3.3. thereof, within the terms indicated therein.
- 2.3** Unless otherwise agreed with the Mandator, the Mandate shall be deemed with an indefinite duration, without prejudice to each party’s right to withdrawal anytime by giving a six months’ written notice period; if compliant with the notice period, such withdrawal from the Mandate shall take effect from the immediately following December 31st. The standard models adopted in compliance with article 2.1 shall regulate the effects of the withdrawal on the accrued Revenues and on the Provisions made previously to the date of effectiveness of the withdrawal.

- 2.4** The necessary and sufficient condition for the conferment of the Mandate shall be the fact – properly documented by the applicant as per art. 3 – that the applicant is the (or one of) Author at least of one Managed Work or Audiovisual Publisher of a Managed Work or a successor under any title in the rights related to a Managed Work. Should all the mentioned conditions be verified according to the provisions of art. 3, VRIGHTS shall not object to the conferment of the Mandate by the applicant.
- 2.5** The types of Mandators and the corresponding standard models of Mandate Contract are referred to the following cases:
- a) Mandate granted by an Author;
 - b) Mandate granted by an Audiovisual Publisher;
 - c) Mandate granted by Author's mortis causa successor(s);
- 2.6** The Mandate shall be granted by individuals or legal entities of any nationality, even if non-EU member.
- 2.7** VRIGHTS may activate adequate procedures for Mandate's electronic conferment by means of a reserved access to a specific data room on the Website or on another specific website, provided the observance and verification of the general conditions set forth in this present Section I of the Regulation.

Article 3 – Documentation of Mandator

- 3.1** Along with the Mandate's conferment, the Mandator shall communicate to VRIGHTS and document the existence of the conditions set forth in art. 2.4. In particular, the status of Author or of Audiovisual Publisher shall be presumed by VRIGHTS if the applicant supplies VRIGHTS with the documentation related to at least 1 (one) Managed Work published, even if only in digital format. The documentation or the proof of the aforesaid facts may be replaced by a written declaration of the Mandator as per articles 45 and 46 of the Presidential Decree (D.P.R.) no. 445/2000, accompanied by an identity card of the declarant. In the event of a false declaration, VRIGHTS shall have the faculty to terminate the Mandate and to demand the return of sums already paid, without prejudice to seek compensation for any further damage incurred. Nevertheless, VRIGHTS may require any further documentation deemed necessary in order to verify the conditions set forth in art. 2.4.
- 3.2** The Mandator shall also provide VRIGHTS with:
- if individual: copy of his/her identity card or passport or similar identity document as well as a copy of his/her tax identification number card (or of an equivalent document);
 - if legal person: up-to-date copy of the historic company registration report or of an equivalent document (such as the VAT registration certificate);
 - if VAT subject: the relevant VAT number and the specific applicable tax regime;
 - the details of his/her bank account (IBAN code) to be used by VRIGHTS for the payment of the collected Net Revenues;
 - if the Mandator is under 16 years old and the Mandate Contract is not signed also by both his/her parents or by the person having his/her parental authority, any documentation proving their will.
- 3.3** Should VRIGHTS detect a lack of the conditions set forth by art. 2.4 or incompleteness of the documentation as per articles 3.1 and 3.2, the Mandate shall not be deemed to have been conferred to VRIGHTS, which shall provide the applicant with adequate communication within 60 days from the receipt of the request.
- 3.4** As soon as possible, the Mandator shall provide VRIGHTS – by electronic form – with any information (as well as the relevant documentation required by VRIGHTS from time to time) related to the Managed Work(s) he/she has conferred on VRIGHTS through the Mandate, also updating such information during the whole duration of the Mandate.
- 3.5** **If required by VRIGHTS**, the Mandator shall give proof of his/her title on the Managed Works which he/she has declared under art. 3.4; by way of example only, these following amounts to proof: copy of the contract of purchase of such rights executed by him/her; documentation related to the work's promotion (poster, advertising, spot, etc..); the inclusion in the work's opening or closing credits.
- 3.6** If the Mandator is a person other than the Author, without prejudice to any other obligation arising out of the Mandate and the Regulation, the title of succession in the rights claimed on the Managed Works – as declared under art. 3.4 – shall be documented to VRIGHTS.
- 3.7** Should VRIGHTS have justified reasons to doubt on the basis of a Mandator's claim, as well as if such claims are disputed by third parties, VRIGHTS is entitled to suspend and postpone the payment of Net Revenues related to the disputed Managed Work until the relevant assessment, by mutual agreement of the parties, through the procedure under art. 9.2 (if the dispute involves Mandators and VRIGHTS only) or the issuing

of an immediately executive court order (in any other case). The Mandator shall keep VRIGHTS fully indemnified and harmless from any prejudice, cost, damages, or expenses of any kind – legal fees included – which may arise from the inaccuracy or the non-correspondence to the truth of any statement made by the Mandator in the delivered documentation.

- 3.8 The preceding provisions shall be applicable also to the Mandator’s Administrators, without prejudice to different procedures and IT process internationally applied in compliance with international agreements under following art. 14.
- 3.9 VRIGHTS may activate adequate procedures for the electronic documentation of what provided for in this art. 3, by means of a specific reserved access data room on the Website or on another specific website, provided the observance and verification of the general conditions set forth in this present Section I of the Regulation.

Article 4 – Mandate’s Execution – Management and Collection of Revenues

- 4.1 By conferring the Mandate, the Mandator and VRIGHTS shall be mutually obliged to fulfil the mutual obligations hereby agreed on and to conform to what is established in the Regulation and its successive additions or modifications.
- 4.2 VRIGHTS shall stipulate and execute the Mandate Contract and the Regulation in compliance with the criteria of transparency, publicity, equity, impartiality, equal treatment and non-discrimination towards Mandators.
- 4.3 The Administration Fee applied by VRIGHTS to all its Mandators shall be composed of percentages and amounts specified in the relevant Mandate Contracts.
- 4.4 Based on a resolution of VRIGHTS’s Board of Directors, the Administration Fee may be varied, provided that this variation is the same towards all Mandators and is communicated in writing, even by means of e-mail. In such event, Mandator may withdraw from the Mandate effective from immediately following January 1st, by informing VRIGHTS by way of registered letter or certified e-mail (PEC) transmitted within thirty days from the variation’s communication.
- 4.5 In consideration of the Mandate’s execution and of all activities provided for by the Regulation, VRIGHTS shall be entitled to:
 - a) be paid the Administration Fee by Mandator;
 - b) withhold the financial interests accrued on Revenues deposited on VRIGHTS bank’s accounts from the date of their collection until the date of their individual distribution to each Mandator, according to Section II or the Regulation.
- 4.6 VRIGHTS shall negotiate and stipulate the Agreements with the aim of increasing the amount of Revenues; to this purpose, VRIGHTS may also execute settlement agreements with the parties of such Agreements.
- 4.7 The Agreements shall never contain provisions which imply – without expressed and justified reason – discrimination in the treatment of individual Authors and/or Audiovisual Publisher and/or Mandators, provided the possibility of regulating homogeneous categories of Audiovisual Works in distinct ways (such as, according to the Audiovisual Works’ genres).
- 4.8 VRIGHTS shall require the above-mentioned Agreements’ contracting parties to prepare – whenever possible – and to send an analytical report of occurred Exploitations to VRIGHTS along with any other information which might be useful to facilitate distributions activities as per Section II of the Regulation.
- 4.9 Without prejudice to limitations or exclusions provided for by each Mandate Contract, VRIGHTS shall also pursue the objective of stipulating agreements with any similar foreign collective organizations in charge of the management of Revenues accrued abroad, as provided for by art. 14.
- 4.10 VRIGHTS shall collect and manage the Revenues according to criteria of diligence; in accounting terms, Net Revenues and incomes arising from their investment (as per art. 4.12) shall be kept separated from earnings and costs of the management activities carried out by VRIGHTS and shall be deposited in specific, separate and dedicate bank accounts.
- 4.11 Net Revenues and the incomes arising from their investments shall not be used for purposes other than the distribution to right-holders in accordance with Section II of the Regulation, without any prejudice to what provided for in Art. 14.3. of Decree no. 35/2017.
- 4.12 Net Revenues and the incomes arising from their investment shall be invested in the best interest of Mandators. In any event, such investments shall ensure the security, quality, liquidity and profitability of

the portfolio as a whole and shall also be properly diversified, in order to avoid an excessive reliance on any particular asset and accumulation of risks in the portfolio as a whole.

Section II – Distribution of Revenues

Article 5 – General provisions

- 5.1** VRIGHTS shall record and allot Revenues distinctly (i) for each kind of Users; (ii) for each kind of similar Managed Rights which generated such Revenues, (iii) for each Year of Competence, gross of the Administration Fee; Net Revenues shall be distributed according to Section II of the Regulation.
- 5.2** Acquisition of all the information, even detailed, concerning the Exploitations and the Revenues amounts to necessary condition for the distribution by VRIGHTS of Net Revenues pursuant to this Regulation. VRIGHTS shall make any reasonable effort to gather mentioned information, pursuing the respect and the balance between general principles of equal distribution and most efficient and less expensive management.
- 5.3** For each Year of Reference, VRIGHTS, upon a justified decision taken by the Distribution Board, shall have the right to deduct and retain an amount not exceeding the 10% (ten per cent) of the relevant Revenues – by providing for allocation in dedicated reserve – with the aim of creating a general reserve fund for the reconciliation of any disputes which may arise on such Revenues according to art. 9; amounts not used for the disputes' reconciliation shall be distributed in favour of Mandators and Foreign Collective Organizations provided for by art. 14, starting from January 1st of the fourth year following the year in which such amounts have been set aside. In addition to the afore-mentioned Provision, for specific Revenues and/or Users and on a reasoned and justified decision taken by VRIGHTS'S Distribution Board, for each Year of Reference VRIGHTS may deduct and retain an additional amount not exceeding 5% (five per cent) of the Revenues - as a provision - in order to establish additional and specific reserve funds; the Distribution Board shall also decide how and when eventual additional set-aside amounts shall be distributed.
- 5.4** Without prejudice to the provisions of art. 5.7 and art. 14.1, VRIGHTS shall pay Net Revenues – as above registered and divided and net of the Provisions – to each Mandator and only to them, therefore excluding Not-represented Authors and Not-represented Audiovisual Publisher, in compliance with Section II of the Regulation. To this purpose, the final individuation of each right-holder shall be carried out consistently with the prudential verification procedures set forth by following articles 5.5 and 5.6.
- 5.5** Should the total amount of Net Revenues be also formed by Revenues which may pertain Not-represented Authors and Not-represented Audiovisual Publisher, as per a justified decision Distribution Board shall previously deduct and allocate the portion of such Net Revenues, to the purpose of regulating them in their favour; such deduction aims at prudentially distributing and paying only Net Revenues actually due to Mandators and Foreign Collective Organizations mentioned under following article 14.1. The above-mentioned deducted portion shall be set aside for a limited period of time not exceeding 10 (ten) years, at the expiry of which any residual amounts shall be distributed and paid to Mandators and Foreign Collective Organizations mentioned under following art. 14.1.
- 5.6** Once Net Revenues concerning each Mandator are distributed and paid applying the calculating procedures referred to in articles 6 and 7, VRIGHTS shall verify that those in favour of which VRIGHTS has distributed and paid relevant Net Revenues are indeed all represented by VRIGHTS by virtue of a Mandate or are all represented by Foreign Collective Organizations mentioned under following art. 14.1. Should it appear that the amount of distributed Net Revenues is – in whole or in part – due to one or more third parties right-holders, the corresponding amount shall be set aside and VRIGHTS shall endeavour to ascertain, reconcile and eventually regulate what is individually due, either directly or through the representing Foreign Collective Organizations, in compliance with the procedures and understandings VRIGHTS and Foreign Collective Organizations have agreed on. The afore- mentioned reconciliation procedures shall not suspend distribution and payment of Net Revenues' portion owed to Mandators and to Foreign Collective Organizations mentioned under following art. 14.1. Distribution Board may deliberate additional and more precise procedures anytime.
- 5.7** In conformity with Section II of this Regulation, VRIGHTS shall pay Net Revenues – as recorded and allotted as above mentioned – net of Provision – to the Mandator's Administrator or – when permitted by the Mandate Contract – to the assignee of Mandator's credits, provided that, by means of a specific proxy for

collection, they document to VRIGHTS the will of Mandator to delegate the payment of such Net Revenues in their favour; unless otherwise specified in reciprocity agreements signed with Foreign Collective Organizations mentioned under following article 14.1.

- 5.8** As provided for by this Regulation, VRIGHTS shall pay the Net Revenues to Mandators no later than 9 (nine) months from the end of the relative Year of Income, provided that VRIGHTS has received all information as per art. 3 and upon receipt of the corresponding invoice or of tax documentation required by law; VRIGHTS shall be entitled to determine extensive and more detailed methods and timing of Net Revenues' payment.
- 5.9** Should the information necessary for the allocations and distributions of Net Revenues – as per art. 6 and 7 – be lacking, Distribution Board may decide to pay advances, normally in proportion to the amounts paid to Mandator in the previous years, notwithstanding in any event the relevant settlement.
- 5.10** VRIGHTS shall make all payments only in Euro and by means of bank transfer.

Article 6 – General criteria of distribution

- 6.1** On the initiative of the Executive Administrator and, where required, upon a compliant decision taken by the Distribution Board, VRIGHTS shall distribute Net Revenues according to Section II of this Regulation and of the Mandate, applying the following general distribution criteria:
- A. the direct allocation of Net Revenues to the corresponding Managed Works or to the corresponding Mandators any time the relative Agreements' execution or Agreements' provisions of Mandate's execution attest that Net Revenues have been paid by Users in relation to specific Managed Works or specific Mandators;
 - B. usage time of each Managed Work or number of actual uses made by each User whenever practicable as resulting from Surveys Reports as per Art. 7 and based on all delivered documentation to VRIGHTS, such as analytical report as per Art. 4.8;
 - C. the allocation to each Managed Work of Net Revenues related to Private Copying shall take into consideration the criteria applied by SIAE for the so-called primary general distribution of such revenues, if collected by SIAE, as well as any documentation which VRIGHTS shall acquire from SIAE, in compliance with the motivated decisions of the Distribution Board, according to the general principles and methods of distribution set out in Section II and to what provided for in Art. 18 of Decree no. 35/2017, to be published on the Website;
 - D. those Net Revenues which cannot be allocated applying the criteria of the above-mentioned letters A) B) and C) shall be individually allocated to single Managed Works and single Mandators on the basis of the distribution criteria to be defined by the Distribution Board. The Distribution Board shall decide on an equitable basis, consistently with Art. 1349 of the Italian Civil Code, taking into account general criteria as per criteria of the above-mentioned letters A) and B). The decisions of the Distribution Board shall be approved by majority of its members and shall be included in a motivated report to be published on the Website.
- 6.2** For the purpose of distributing Net Revenues allocated to single Managed Works among single Mandators as per criteria of the above-mentioned letters A), B), C) and D) under Art. 6.1., VRIGHTS shall proceed as it follows:
- A. Total amount of the Net Revenues allocated to single Managed Works shall be attributed:
 - As to 80% (eighty per cent), to the Authors of the subject, of the screenplay, of the music and the artistic director/director, equally between the Authors;
 - As to 20% (twenty per cent), to the Authors of translation and of artistic direction of the dubbing, equally between these Authors provided that the dialogues of the Managed Work are translated and dubbed;
 - B. Net Revenues attributed among single Authors of the Managed Work according to the previous paragraph A. shall be distributed to the same Authors, if Mandators, or to the Audiovisual Publisher who succeeded in Author's Managed Rights, provided that is Mandator;
 - C. Net Revenues relating to the rights provided for in Artt. 107 paragraph 2 and 110 quinquies L.D.A. shall be distributed among single interested Authors Mandators:
 - On the basis of instructions agreed between the aforesaid Authors and the interested Audiovisual Publisher, if Mandator;
 - On the basis of the agreements or of the judicial determination or the arbitration decision occurred, in all other cases.

- 6.3 The application of distribution criteria mentioned under art. 6.1 and 6.2 of the Regulation shall be aimed to the most equitable distribution possible between Mandators.
- 6.4 Should the application of the procedures set forth under articles 6.1 and 6.2 appear to be impracticable or seriously uneconomical, by giving public notice on the Website, Distribution Board shall identify an equal and reasonable alternative criterion (even based on the relevant implementation's costs) for the allocation of Net Revenues to single Managed Works so as to be the most possibly adherent to the provisions of articles 6.1 and 6.2, having regard to the available information and documentations, case by case.

7- Allotment of Net Revenues per Phonogram

- 7.1 For the purpose of applying the criterion as per Art. 6.1. par. B), VRIGHTS shall proceed as it follows:
 - a) per each User or per homogeneous kinds of Users, Distribution Board shall appoint one or more Surveys Institutes to submit Surveys Reports;
 - b) should the above-mentioned appointment refer to a specific User who has undertaken to submit analytical statements as per Art. 4.8., allotment of Net Revenues per single Managed Works shall be in any case carried out on the basis of the Survey Report; however, should the Survey Report's results differ from the findings of the analytical statements submitted by Users to an extent which exceeds by more than 10 % (ten per cent), VRIGHTS shall proceed with reconciliation – together with Survey Institute and with User – at the end of which VRIGHTS might carry out a consequent eventual recalculation;
 - c) should the above-mentioned appointment refer to homogeneous kinds of Users, Distribution Board shall determine which panel of Users is the most suitable for the relative survey and why; for this purpose, Distribution Board may avail itself of public domain market studies or of market studies assigned to independent and well-known research institutes or boards;
 - d) Net Revenues shall be divided by the total number of actual use's minutes, if possible, or by the total number of actual uses made by each User (or by homogeneous kinds of Users) of the Managed Works which generated the same Net Revenues as those resulting from the corresponding Surveys Reports;
 - e) the above-mentioned amount per minute or per single use shall be multiplied by the number of minutes (or fractions of a minute) of actual use or by the number of actual uses of each Managed Work; the resulting amount shall be distributed in conformity with Art. 6 criteria.

Article 8 – Quarterly statements – Advances on Net Revenues - Payments

- 8.1 VRIGHTS shall carry out quarterly payments of Net Revenues (calculated as per art. 6) within April, August, and December. To this purpose, VRIGHTS:
 - a) shall timely prepare individual statements, which shall indicate the allocation and distribution criteria – from time to time – adopted by VRIGHTS as well as the amount due to Mandator;
 - b) shall send the individual statements to each Mandator's address (the one indicated in the Mandate Contract) within 60 (sixty) days from the end of each quarter – provided that, according to one or more quarterly statements, Mandator is entitled to payment of an amount equal to or higher than the minimum threshold of 50,00 € (fifty Euro) before Provision and Administration Fee are applied; should the amount due to Mandator be lower than the minimum threshold of 50,00 € (fifty Euro), VRIGHTS shall send to such Mandator an accounting balance document evidencing the sums accrued by him/her/it in his/her/its name and not yet distributed to him/her/it. Such sums shall gradually accumulate with additional sums gradually accrued in successive quarters and shall be distributed in the quarter the above-mentioned minimum threshold is exceeded.
 - c) shall pay each Mandator his/her/its total amount due as per the quarterly statement(s) – by means of a transfer into the bank account (indicated to VRIGHTS by the Mandator) – within 30 (thirty) days from the receipt of the relative invoice or of other fiscal document the Mandator has prepared and sent to VRIGHTS according to what stated in each corresponding statement (even if it/they has/have been contested).
- 8.2 Any bank charges incurred by VRIGHTS may be charged to Mandator. Likewise, any tax or social security contribution (however named) – established by national or foreign laws and applicable to Revenues – shall be charged to Mandator.

- 8.3** VRIGHTS shall be always entitled to rectify the statements already sent in the preceding five years and to claim back any amount paid but not owed, as well as to set off such amount with any further amounts due to Mandator for any reason.
- 8.4** In case of advances on Net Revenues as per art. 5.9, the corresponding balance adjustment shall be made by VRIGHTS with compensation of any amount due to Mandator for any reason. In case of negative balance adjustment, VRIGHTS shall provide Mandator with a specific accounting balance document attesting up-to-date debts of Mandator, together with the statements as per art. 8.1.
- 8.5** Without prejudice to the provisions of art. 9, each Mandator shall be always entitled to ask VRIGHTS any further clarification or insight on the content of the statements and of the accounting balance documents received; the relevant details shall be documented and transmitted to the interested party even by adequate electronic documentation available by means of a specific reserved (requiring a password) data room on the Website, which shall contain all the statements as per art. 8.1 and the accounting balance documents as per art. 8.4.

Article 9 – Claims of the statements

- 9.1** By means of register letter with receipt of return or certified e-mail (PEC) transmitted to VRIGHTS within April 30th of each year, each Mandator shall be entitled to make a claim against one or more statements referred to the previous calendar year for incorrect application of allocation and distribution criteria and provisions set out in Section II of this Regulation, by stating the reasons and providing for any supporting documentation. A claim of the statement made by Mandator shall not suspend payments in favour of other Mandators.
- 9.2** Should the above-mentioned claim be not amicably settled within the following 60 (sixty) days from the registered letter and/or registered email's receipt as per art. 9.1., a third arbitrator – coming from an independent auditing firm – shall be appointed by mutual agreement of the parties or, in case of disagreement, by the President of the Court of Milan. The designated arbitrator shall deliver his/her determination by a written report to be sent to the parties within 90 (ninety) days from his/her acceptance of such appointment. Such determination shall be pronounced on an equitable basis, consistently with Art. 1349 of the Italian Civil Code. Third arbitrator's expenses and fees shall be charged to VRIGHTS only if the arbitrator attests that the amounts actually due to the interested Mandator are 10 % (ten per cent) higher than those resulting from the contested statements.

Article 10 – Non-distributable Net Revenues

- 10.1** Provided that VRIGHTS shall make every possible endeavour, part of the Net Revenues due to Mandators who cannot be identified and/or part of the Net Revenues due to Authors to whom it cannot be distributed for any reason (including the case invoices and/or equivalent fiscal documents are missing) shall be retained and set aside in a specific reserve – in the interest of potential right-holders – for a period of 5 (five) years from December 31st of the year of their collection by VRIGHTS.
- 10.2** Within 90 (ninety) days from the term provided for in Art. 5.8, VRIGHTS shall make available the information (as per Art. 18.2. of Decree no. 35/2017) – concerning the Managed Works on which one or more right-holder(s) has/have not been identified or located – to any Mandators or Italian and/or foreign collective management organization on a specific reserved access (requiring a password) area on the Website.
- 10.3** Within 1 (one) year from the term provided for in Art. 10.2., VRIGHTS shall make available to the public the same above-mentioned information on a specific free access area on the Website.
- 10.4** Once the formalities (as per Artt. 10.2. and 10.3.) are complied with and the period of 5 (five) years (as per Art. 10.1.) has expired, part of the Net Revenues as per Art. 10.1. shall be deemed non-distributable, and thus destined for the purposes mentioned in Art. 13 in conformity with a Distribution Board's justified decision.

Article 11 – Distribution Board

- 11.1.** VRIGHTS shall set up a Distribution Board composed of the Supervisory Body (provided for in Art. 18 of the Corporation by-laws) and of 2 (two) members appointed by VRIGHT's Board of Directors. Distribution Board's members shall hold their appointment for 3 (three) years and shall be eligible again. Such appointment shall be deemed free of charge, except for refund of expenses.
- 11.2.** Distribution Board shall meet – also by tele-videoconference – whenever necessary to implement the Regulation's provisions, as well as, in any event, at least once a year at VRIGHTS's registered office upon

convocation of the Distribution Board's Chairman – who shall be appointed among the Supervisory Body's members by the Distribution Board – or upon convocation of one or more Distribution Board's members to deliberate upon the matters of their competence according to the Regulation. Such Chairman shall be assisted by a secretary he/she will appoint – even if not among Distribution Board's members – to draft the minutes.

- 11.3** Distribution Board's deliberations shall be adopted by a majority of the sitting members and shall be recorded in minutes signed by the Chairman and the secretary; a copy of the minutes shall be forwarded to the Executive Administrator who shall ensure its execution.

Article 12 – Distribution of incomes arising from investments

- 12.1** Incomes arising from the investments made according to Art. 4.12 and accrued in each financial year shall be recorded and specifically highlighted in VRIGHTS's balance sheet, with evidence of which incomes' portions have actually been collected by VRIGHTS during the financial year.
- 12.2** The total amount of the above-mentioned actually collected incomes shall be distributed in favour of no more than three beneficiaries which shall be annually identified by Distribution Board among EU-based, private or public entities, foundations, associations, companies which are engaged with social, cultural or educational audiovisual activities or with promotion of Italian audiovisual abroad.

Article 13 – Contribution to social, cultural or educational purposes

- 13.1** With deliberation of VRIGHTS's Board of Directors and on motivated proposal of Distribution Board, VRIGHTS shall be entitled to deduct from Net Revenues an amount not exceeding 1 % (one per cent) of each Year of Reference's total Revenues in order to finance social, cultural or educational purposes of the fund provided for in Art. 13.2.
- 13.2** Within December 31st of the year following the one in which the amounts have been set aside, such amounts as per Art. 13.1. (possibly incremented with those arising from Art. 10.4.'s application) shall be deposited in a specific restricted fund in favour of private or public entities, foundations, associations of audiovisual character which shall be annually identified by Distribution Board; such fund shall be exclusively destined to audiovisual social, cultural or educational purposes.
- 13.3** Distribution Board's relating deliberations shall be forwarded to VRIGHTS's Board of Directors and shall be published in an appropriately reserved area on the Website.

Art. 14 – Relations with foreign Collective Organization

- 14.1** Any provisions under Section II of the Regulation shall apply also to the distribution of the Revenues collected from VRIGHTS in favour of foreign Mandators, without prejudice to any possible agreement signed by VRIGHTS with foreign Collective Organizations for the management of their respective members.
- 14.2** Revenues collected by VRIGHTS – in compliance with agreements signed with foreign Collective Organizations - referred to Revenues accrued abroad and due to Mandators shall be distributed according to the information received from the respective foreign organizations. Should the Revenues' allocation per single Mandator be impossible according to the information provided for by the above-mentioned organizations, VRIGHTS define a fair and reasonable distribution criterion for such Revenues, giving also public information thereof on the Website.
- 14.3** Towards the foreign above-mentioned Collective Organizations, VRIGHTS shall follow criteria of transparency, publicity, equity, impartiality, equal treatment and non-discrimination, with particular reference to repertoires, tariffs and contractual conditions of the signed agreements, in compliance with Decree No. 35/2017.

Section III – Miscellaneous

Article 15 – Publicity of the Regulation and of legally required information

- 15.1** This present Regulation shall be published and made available on the Website within thirty days from its approval of the same pursuant to art. 3.3 of the Corporation by-laws and shall constitute an integral part of the provisions contained in the single Mandate Contracts.
- 15.2** VRIGHTS shall also publish and keep up-to-date the information provided for in Art. 26 of Decree No. 35/2017 on the Website.

Article 16 – Access to information as per art. 27 of Decree No. 35/2017

- 16.1** Within 12 months from the entry into force of the Regulation, VRIGHTS shall release a dedicated section of the Website or of another website specifically dedicated, in order to enable those entitled under Art. 27 of Decree No. 35/2017 to get restricted access – through password - to the information provided for under the same art. 27 and upon the condition of a written request, even communicated by way of e-mail.
- 16.2** Such access shall grant only consultation and sight of the contained documents, excluding any possibility of extracting copies.