

## AUDIOVISUAL LICENSING ALLIANCE (AVLA) LIMITED

### GENERAL POLICY ON DISTRIBUTION

*This policy (“**Distribution Policy**”) was approved and adopted by the Members of the Audiovisual Licensing Alliance (AVLA) Limited (“**AVLA**”) on 23 August 2022 and it comes into effect on the same date. Defined terms shall have the meanings set out in the AVLA Articles of Association unless otherwise stated here.*

AVLA is a not-for-profit organisation created, owned and controlled by its Members, who themselves represent rightholders in audiovisual works such as films, series and TV programmes. The mission of AVLA is to establish and administer cost-effective and efficient licensing schemes (“**AVLA Licences**”) within the United Kingdom to license the transmission of audio-visual works that are on TV channels in hotels, bed and breakfasts, motels and other serviced accommodation (“**Hotels**”).

Under the current AVLA Licensing Schemes, Hotels are able to take out AVLA licences to enable them to obtain permission to use the rights of multiple right holders, simply and efficiently.

AVLA is committed to operating a Distribution Policy that is fair and that reflects the commercial contribution made to its licensed repertoire by the rights mandated to AVLA by its Members.

1. This Distribution Policy sets out the basis upon which AVLA distributes licensing revenue from the issuing of AVLA Licences and any income arising from the investment of such licensing revenue after applying the deductions authorised by this Distribution Policy, AVLA’s Investment Policy and AVLA’s General Policy on Management Fees and Deductions.
2. Subject to this Distribution Policy, the AVLA’s board of directors shall adopt the distribution rules (“**Distribution Rules**”), annual distribution plans and the scheduling of the distribution of royalties in any given year and the implementation of any other distribution condition.
3. The revenues collected by AVLA from the AVLA Licences shall first be applied to meet AVLA’s reasonable and necessary running costs (“**Management Fees**”). In the early stages of AVLA, the revenues from AVLA Licences will also be applied to reimburse of the sums that have been paid by AVLA Members to establish AVLA for the benefit of their respective rightholders (“**Establishment Costs**”).

4. The revenues collected by AVLA from the AVLA Licences shall be applied to meet Management Fees and Establishment Costs in the order of priority set out in the Distribution Rules, and remaining revenue (“**Net Revenues**”) shall be distributed to Members. Net Revenues shall not become payable until Establishment Costs have been reimbursed.
5. Any investment income will be used to offset Management Fees.
6. The amounts deducted from revenues to cover Management Fees shall be decided by its Members at the General Assembly following the recommendation of the Board of Directors and shall be established on the basis of the minimum amount that is compatible with AVLA’s ability to meet its operational objectives.
7. Distributions of Net Revenues shall be made on the basis of the pro-rata commercial value of the Right Holder Categories granted to AVLA by its Members in order for AVLA to operate the AVLA Licences.
8. (i) VAT will be charged, where applicable, on all authorised deductions charged to Members.  
  
(ii) AVLA shall be responsible for withholding any applicable income tax on distributions to Members.
9. Any complaint on the part of a Member arising from the allocation and distribution of Net Revenues by AVLA shall be processed in accordance with AVLA’s Complaints and Disputes Policy and Procedure.

#### **AVLA STATEMENT ON THE USE OF NON-DISTRIBUTABLE AMOUNTS**

AVLA is able to allocate all distributable revenue to its Members as right holders or the representatives of right holders of repertoire licensed under AVLA Licences accordance with the approved AVLA Distribution Policy without provision for claims from right holders who are not AVLA Members or represented by AVLA Members at the time when the distribution is confirmed.

A policy for the use of non-distributable amounts is therefore not required or relevant to AVLA activities.

## **AVLA GENERAL POLICY ON MANAGEMENT FEES AND DEDUCTIONS**

*This policy (“**General Policy on Management Fees and Deductions**”) was approved and adopted by the Members of the Audiovisual Licensing Alliance (AVLA) Limited (“**AVLA**”) on 23 August 2022 and it comes into effect on the same date. Defined terms shall have the meanings set out in the AVLA Articles of Association unless otherwise stated here.*

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AVLA is charged with the responsibility of funding the operation of the AVLA Licences through the justified and reasonable charge of management fees to its Members.

1. This policy sets out the basis upon which AVLA is authorised to make deductions from the revenues from AVLA Licences,
2. AVLA shall charge, deduct or offset from royalties and from any income arising from the investment of royalties:-
  - (i) the justified and documented management costs arising from the management of rights, including the collection and distribution of royalties (“**Management Fees**”); and
  - (ii) sums required to reimburse AVLA Members for the expenses they incurred in establishing AVLA for the benefit of their respective rightholders (“**Establishment Costs**”).
3. Prior to the commencement of each financial year, AVLA’s Board of Directors shall submit for approval to the AVLA’s General Assembly an annual budget including all reasonable projected Management Fees, reasonable allocations of reserves for the running of AVLA and where applicable, the reimbursement of Establishment Costs during the year (“**Budget**”).
4. On a quarterly basis, the Board of Directors shall review AVLA’s cashflow requirements for the next 6 months. At such time, the actual costs incurred in the preceding 6 month shall be examined against the budgeted costs.

5. If any Management Fees provided for within a Budget remain unspent at the end of a financial year, the Board of Directors shall be authorised to decide whether such unspent amount shall be allocated to the reserves for the future operation of AVLA or whether the unspent amount shall be allocated for distribution to Members in accordance with the terms of AVLA's Distribution Policy.
6. Specific information regarding the Management Fees (including reserves) and reimbursements of Establishment Costs will be provided in the annual transparency report.