



Deloitte Accountancy & Advies B.V.
Schenkkade 50d
2595 AR Den Haag
Postbus 90721
2509 LS Den Haag
Nederland

Tel: 088 288 2888
Fax: 088 288 9813
www.deloitte.nl

Stichting International Publishers
Rights Organisation (IPRO)
Amsterdam

Annual report 2022

May 16, 2023

Stichting International Publishers Rights Organisation (IPRO)
Amsterdam

Contents

	Page
Report of the auditors	3
Compilation report	4
Annual accounts 2022	5
Report of the board	7
Financial statements	20
Balance sheet for the year ended December 31, 2022	21
Profit and loss account 2022	23
Cash flow statement 2022 (indirect method)	24
Notes	25
Appendices	32

Stichting International Publishers Rights Organisation (IPRO)
Amsterdam

Report of the auditors

Compilation report

To: the Board of Stichting International Publishers Rights Organisation (IPRO)

The financial statements of Stichting International Publishers Rights Organisation (IPRO) have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at 31 December 2022 and the profit and loss account for the year 2022 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, "Compilation engagements", which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the stipulations of the "Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector" (WNT) as well article 2b until article 3.d.4 of "Besluit Transparantieverslag, Richtlijnen Collectief Beheer". To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Stichting International Publishers Rights Organisation (IPRO). We have also read the transparency report. Based on our knowledge and understanding obtained through our compilation of the financial statements or otherwise, we have considered whether the transparantereport is consistent with the financial statements. We have not performed any audit or review procedures which would enable us to express an opinion or a conclusion as to the fair presentation of the financial statements.

During this engagement we have complied with the relevant ethical requirements prescribed by the "Verordening Gedrags- en Beroepsregels Accountants" (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

For further information on the nature and scope of a compilation engagement and the VGBA we refer you to www.nba.nl/uitleg-samenstellingsverklaring.

The Hague, May 16, 2023

Signed on the original

D.H.A.J. van Limpt

Annual accounts 2022

- Introduction by the chairman
- Report of the board
- Financial statements

From the Chairman of the IPRO Board

I am pleased to say we look back on a positive 2022. For IPRO the year was stable with a total of EUR 4,312 K distributed to its stakeholders. This is slightly more than the total of copy fee collections, EUR 4,130 K, for the same calendar year, which were at comparable levels to the amounts collected in 2021.

Permit me to remark on a few highlights of 2022.

In this year IPRO was able to make the first payments to mandating rightsholders for copyright collections from Pharma and Biomedical companies in France. The IPRO repertoire is included in these corporate licenses thanks to a partnership with the French CFC, *Centre Français d'Exploitation Droit de Copie*. Following the necessary data processing, IPRO could distribute a repartition sum of EUR 467 K, collected in the first two years since these licences were issued. This repartition took place in the last quarter of 2022.

More good news followed at the very end of the year when agreement was reached with the 14 Dutch institutions united in the Universities of the Netherlands (UNL) to continue the Easy Access arrangement to make copyrighted material available for students through their digital learning environments. In good partnership with IPRO's Dutch partner UvO (*Uitgeversorganisatie voor Onderwijslicenties*, Publishers Organisation for Educational Licensing) the new agreement with UNL covers three years, starting in 2023. In this period the Universities will pay a lump sum remuneration for reuse that will rise by approximately 10 per cent each year.

The rise in remuneration fees reflects the increased usage of material made available to students via digital learning environments. To establish more precisely future usage levels, for which these lump sums compensate, the Universities are piloting a new copyright tool. IPRO and UvO will closely follow the progression of its development phases and are keen to participate once the tool is robust and reliable and delivers better and accurate insight into usage levels. IPRO, UvO and the Universities have agreed to use the three years of the current contract to explore the possibilities for a shared approach.

Looking back not only at 2022 but at the past few years, it is fair to say that IPRO has managed to establish a sound foundation for proper and accurate copyright collections for its wide stakeholder group of international rightsholders. Remuneration levels are rising, and so are the IPRO repartition amounts, in line with greater use of the English language in Higher Education and with the increased usage of online services at the schools and universities.

Last but not least, I would like to remark on IPRO's dedication to serving its stakeholders well. In the past we have carried out this exacting business principle with success and we fully intend to maintain similar high standards of service in the future.

Peter Hendriks,
Chairman of the IPRO Board of Directors

Stichting International Publishers Rights Organisation

May, 2023



Report of the board

Annual Report for 2022 by the IPRO Board of Directors

SUMMARY

In the calendar year 2022 IPRO received a net total of EUR 4,130 K in copyright and re-use compensation collections, after deduction of costs. This amount is slightly less than net receipts in 2021, when IPRO collected EUR 4,589 K.

The pay-outs that IPRO made in 2022 to the rightsholders it represents are in line with and even a little higher than the collections in 2022. A total of EUR 4,312 K in copyright compensations was paid out during the calendar year to rightsholders, realising an increase of more than 50% on the EUR 2,738 K paid out to rightsholders the year before. Included in the repartition pay-outs was the first distribution of collections from licences to Pharma companies in France, established for IPRO's repertoire by our French partner CFC. This amounted to EUR 467 K in 2022, covering the first two years of the licensing collections.

The IPRO cost level in 2022 was at EUR 188 K, versus EUR 193 K in 2021, a 3% decrease that reflects IPRO's continuous efforts in strict cost management. Reducing the cost level was helped in 2022 by lower negative interests compared to 2021 and less travel in the first half of the year due to the aftereffects of the COVID pandemic.

Another positive effect of strict cost management was that in 2022 cost deductions on repartition pay-outs were lowered for collections in the Netherlands, from a previous 9% to 7% in 2022. Again, this welcome single-digit percentage is substantially lower than the average IPRO cost percentage of the previous decade. IPRO made a surplus of EUR 100 K on its cost deductions, which will be ploughed back and made available for the next repartition pay-outs.

IPRO continued its focus on organisational and operational transparency throughout 2022. With the many lockdowns and travel restrictions of the pandemic years behind us, direct contact with main stakeholders could be re-established.

To ensure full compliance with Dutch regulation for CMOs and in accordance with EU guidelines, IPRO publishes its Articles of Association, the Regulations for Repartition and its Bylaws on the IPRO website, www.IPRO.nu. A Transparency Report has been added to this Annual Report and can be found on page 33 and 34.

IPRO Mission and Governance

IPRO was established in 1995 to ensure proper representation of international publishers in academic and higher education publisher-compensation programmes for educational re-use of copyrighted material. It works well in the Netherlands due to the smooth, well-established cooperation with UvO/CEDAR (*Uitgeversorganisatie voor Onderwijslicenties/Centrum Dienstverlening Aanverwante Rechten*), the Dutch foundations that facilitate combined voluntary licensing to Dutch higher education institutes, managing collections under one invoice and providing a single point of contact for the various educational institutes involved. Licences for educational re-use are negotiated centrally for broad coalitions of educational institutes. No requests for such licences were refused in 2022.

Representing Dutch publishers directly and international publishers via IPRO, UvO was established in January 2019 with IPRO as a founding member. Since 2019, IPRO provides members for the UvO Board in a ratio that reflects its share in Dutch educational collections. In 2022 the IPRO number of UvO Board seats was adjusted upwards by one, to match its newly established share in the UvO collections. IPRO holds three seats on the UvO Board now.

Governed by a Board of Directors, IPRO is an independent not-for-profit foundation. The Directors are responsible for supervising IPRO's management, administration and general affairs, as defined in the IPRO Articles of Association and its Bylaws. The Board delegates daily management to a staff director who is responsible for the IPRO secretariat. Since 2012 IPRO has carried the CMO certificate in the Netherlands. This official certificate has been regranted several times and was extended again for 2022 and 2023.

IPRO operates on a mandate basis, distributing compensation monies to rightsholders who have authorised IPRO to do so. IPRO holds mandates from members of STM, the International Association of Scientific, Technical and Medical Associations, and indirectly through agreements with other Reproduction Rights Organisations (RROs), namely CCC, CLA, CFC and VG Wort. Mandates to IPRO are non-exclusive. Repartition is made to organisations only; IPRO has no agreements with individual rightsholders.

Repartition payments to these organisations follow the data from independent market research, carried out every 3–4 years jointly by UvO and IPRO. Table 1a and Table 1b present the division of these shares as applied in the repartition payments of 2022. These shares were based on new market research data assembled and analysed in 2020 and 2021. Table 1a represents the shares for monies collected from universities. Table 1b presents the division of shares for collections from Schools for Higher Education (called HBOs in the Netherlands):

Table 1a. Dutch educational re-use. Division of shares as of 2021 (Universities)

	Shares from the 2021 survey, applied for collections as per 2021 and onwards
STM plus STM publishers	23.95% + 19.59%
CCC	33.51%
CLA	15.14%
VGWORT	3.19%
CFC	3.59%
REPROBEL	1.03%
TOTAL	100%

Table 1b. Dutch educational re-use. Division of shares as of 2021 (HBO)

	Shares from the 2021 survey, applied for collections as per 2021 and onwards
STM plus STM publishers	35.60% + 16.75%
CCC	20.60%
CLA	12.23%
VGWORT	7.43%
CFC	0.60%
REPROBEL	6.79%
TOTAL	100%

Notes

As defined in the IPRO Repartition Rules and Regulations, repartition to rightsholders for lump sum collections received is based on market share data gathered in independent surveys. Repartitions for lump sum compensations for collections from 2022 onwards are based on market research carried out in 2020–2021. The split amounts for STM indicate both collective sums and sums paid directly to STM member organisations, following instruction by the STM membership.

In the past decade, and mostly on a case-by-case basis, IPRO has become an intermediary in the repartition of compensation to international rightsholders for document delivery and interlibrary loan. Increasingly, IPRO aims to expand its role in voluntary licensing for the business sector, based on mandates from international academic and professional publishers. This strategic shift is reflected by IPRO's initiatives with CFC in France that have made corporate re-use licences available to French Pharma companies. With this strategy, IPRO is enhancing its remit as a truly international collective management organisation for copyright remuneration.

The rest of this report first covers activities in the Netherlands, then the international activities.

THE NETHERLANDS

IPRO was established in the Netherlands as a not-for-profit foundation legally registered in Amsterdam. As described above, actual collection and administration of the Dutch Easy Access program occurs in collaboration, previously with the Stichting (Foundation) PRO, now Stichting UvO, also representing Dutch publishers. It is carried out by CEDAR, an organisation specifically set up for such services to collective management organisations in the Netherlands. The funds collected on IPRO's behalf by UvO/CEDAR for international publishers are transferred to the IPRO foundation, which distributes them internationally to mandating rightsholders and their representatives.

Over the past three years, IPRO and UvO renegotiated various collective educational contracts in the Netherlands. Agreement was reached at the end of 2020 with colleges and professional or vocational training institutes (HBOs) and the new contract, which runs up to 2024, was signed early in 2021. Truly collective for all HBOs combined, the contract sets a prepaid lump sum amount for educational use, based on a per-student tariff across all schools. A new agreement was reached with the 14 Dutch universities at the very end of 2022. Covering 2023–2025, the new contract follows largely the same conditions as the previous one, with an annual 10 % increase for the lump sums paid annually by the universities, over the three-year duration of this contract.

As was the case in the previous Easy Access program, the money collected by IPRO in the Netherlands stems mostly from lump sum agreements with institutes for higher education. Part of this lump sum compensates and hence permits the use of short excerpts of copyrighted material (up to 8,000 or 10,000 words on average and limited to 25 book pages). Another lump sum is a prepayment for use of copyrighted material that requires title-specific registration by the institutes, for example for use in digital learning environments or in print course packs for short and non-short extracts. This prepaid lump sum was first introduced in the 2017 agreement with the Dutch universities to provide more budget predictability for educational institutes. In exchange for better and more detailed usage data from their digital learning environments, the per-title registration requirement is waived. For publishers, this works very well as a remedy against the structural under-reporting of such usage in the past and replaces laborious separate after-the-fact invoicing. This approach has now also been adopted in the contract for HBOs and also features in the new 2023–2025 agreement with the universities.

During the new agreement, the universities will start piloting a more precise tool to measure how much copyrighted material their teachers make available to students. IPRO and UvO will keenly follow the development of this new copyright tool and are eager to collaborate on it, as all concerned would like to benefit from proper usage measurements.

The results of the most recent usage surveys (see Table 1a and Table 1b, above) have made it apparent that an ever-increasing amount of material is being provided to students, and often from an ever-wider variety of internet sources. Such material from the web often lacks a clear indication of the exact source and its rights and permission situation. As a positive side effect, we can also report a greater granularity in the usage data delivered, through which IPRO was able to identify new beneficiaries of re-use copyright compensations. Another important aspect revealed by the survey data, particularly for IPRO, is the sharp rise in the use of non-Dutch sources in Dutch higher education. Clearly, English is continuing to become the lingua franca at the Dutch universities. At universities, the re-use of non-Dutch material stepped up from around 60% in 2017 to 85% in 2021. At vocational schools (HBO) it rose from 25% to 35% in the same period.

Cost Levels

The surplus that IPRO adds in 2022 to its obligations to rightsholders totals EUR 100 K, which reflects the difference between the amount deducted from pay-outs to actual costs made. As a not-for-profit organisation, it is IPRO's active endeavour to keep cost levels as low as possible in order to reduce cost deductions further whenever possible. In 2022 the cost deduction on Dutch copyright collections was lowered to 7% from 9%. In line with this constant proactive stance on cost reduction, the IPRO Board is very pleased with the ever-decreasing cost levels achieved in recent years. Worth noting is the fact that relative cost is now stabilized well below 10%, measured against income as well as repartitions.

At its meeting on 1 December 2022, the Board reiterated its decision of previous years that in terms of trigger events, a ceiling of 50% of costs as a percentage of income from collections would be regarded as the maximum acceptable under present circumstances. The fact that IPRO adds only a fraction (less than 5 % in 2022) of this to the costs is viewed very positively by the Board.

Timely Repartition

IPRO publishes its Rules for Repartition on the IPRO [website](#). These regulations include the requirements for indemnification declarations from rightsholders and their representatives as well as a complaints procedure. The IPRO procedure for complaints and appeal is separately available on the [IPRO website](#).

As is customary practice, it is IPRO's policy to make repartition payments to rightsholders as soon as possible after receipt and after processing the underlying information. Table 2 (below) provides an overview of the time between received collections and repartitions made. At the end of 2022, IPRO kept no unallocated reserves of money collected in years prior to 2022 (see also Table 3 and Note 2, below). An amount of EUR 77 K collected in 2022 as part of the Dutch lump sums was still waiting to be accepted by some of the identified parties at the end of the year, this is less than 2% of the total sums distributed.

In the context of the CMO Directive of the EU, the CMO regulation introduced into Dutch law at the end of 2016 requires and specifies strict payment terms. In effect, this caused no change to IPRO's common repartition practice, as repartition payments are usually carried out within three to four months on average. In 2022 collections received were paid out as follows:

Table 2. Payment speed and frequency 2022. Collections and repartitions

Month received	Net amount received	Source	Repartition month	Amount
July 2021	€ 167 K	France, Pharma	November 2022	€ 167 K ³
October 2021	€ 3,765 K	Netherlands, Educational lump sum	January/February 2022	€ 3,688 K
December 2021	€ 99 K	France, Educational and Doc Del	April 2022	€ 99 K
May 2022	€ 58 K	Netherlands, Educational title spec	September 2022	€ 58 K
June 2022	€ 300 K	France, Pharma	November 2022	€ 300 K ³
November 2022	€ 3,629 K	Netherlands, Educational lump sum	January/February 2023	€ 3,629 K
November 2022	€ 143 K	France, Educational and Doc Del	March/April 2023	€ 143 K
Total (net) received in 2022	€ 4,130 K ¹	All categories together	Total net paid out in 2022:	€ 4,312 K ^{2,5}
OVERALL TOTAL RECEIVED	€ 8,161 K ⁴	All categories	OVERALL TOTAL PAID within 6 months of receipt	€ 8,084 K ⁴

Notes

- 1) In the calendar year 2022 a total of EUR 4,130 K was received, all of which was paid out within 6 months. All amounts are net, after deduction of costs.
- 2) In total EUR 4,312 K was paid out in calendar year 2022. The remaining EUR 3,772 (45.9%) was received in the 4th quarter of 2022 and hence paid out in the first months of 2023.
- 3) The amounts of EUR 167 K and EUR 300 K concern a new type of collections for which detailed usage data, necessary for repartition, was not available until August 2022.
- 4) As a result, the pay-out percentage is 99.1% for the amounts Overall Total Received and Overall Total Paid within 6 months of receipt.
- 5) The income of IPRO consists of cost deductions applied on the repartition amount of EUR 4,312 K. These consist of 7% for repartitions of collections made in The Netherlands, and 10% for repartitions of collections in France. In 2022 this resulted in receipts for IPRO of EUR 288 K, as can be found in table 4, later on.

Table 3 (page 12) provides an overview of the money flow in various categories of rights. It is further specified for assigned/undivided/undistributable amounts, and released reserves.

Table 3: Collections, allocated repartitions and payments made in 2022

	Balance 01-01- 2022	Received in 2022 ¹			Assigned in 2022			Repartitions in 2022			Balance 31-12- 2022
	Total	Educational	Corporate License + Document deliveries	Total	Educational	Corporate License + Document deliveries	Total	Educational	Document deliveries	Total	Total
Other RROs	0	3,830	300	4,130	-1,825	-300	-2,125	-1,976	0	-1,976	29
STM Publishers	4	0	0	0	1,869	467	2,336	-1,869	-467	-2,336	4
Reserve released / paid out	0	0	0	0	0	0	0	0	0	0	0
Undistributable amounts ²	0	0	0	0	77	0	77	0	0	0	77
Undivided 2022 ³	0	0	0	0	3,772	0	3,772	0	0	0	3,772 ⁴
Undivided previous years (2021)	4,060	0	0	0	-3,893	-167	-4,060	0	0	0	0
Total	4,064	3,830	300	4,130⁵	0	0	0	-3,845	-467	-4,312⁶	3,882

Notes

- 1) *IPRO collects for the mandating international publishers via voluntary collective licences. The collected money compensates for educational re-use by institutes for higher education and for document delivery or individual article supply by libraries and/or agents. In France the IPRO repertoire is part of CFC licences to Pharma and Biomedical companies. The columns present sums of monies received, assigned and repartitioned during 2022 for each of these usage and rights categories. All amounts in the table are net, after deduction of cost charges. Deducted costs in 2022 are 7% for the Dutch Reader programme and 10% for money from France.*
- 2) *Undistributable amounts are defined here as sums offered to rightsholders who are still in the process of ascertaining whether they can and wish to accept the offered amount against a general indemnification. As a rule of the IPRO Repartition Regulations, no money is kept pending longer than three years, after which it can be added to the monies distributed to the remaining rightsholders who received copyright compensation under the same scheme. By the end of 2022 EUR 77 K fell into this category.*
- 3) *Undivided amounts concern money for which the rightsholders are not yet identified and data are still being processed in order to do so.*
- 4) *The amount of EUR 3,772 K in the line Undivided 2022 is the net amount from Q4 receipts, as explained in table 2. The repartition for these amounts took place in Q1 and Q2 of 2023.*
- 5) *The net amount received in 2022 was EUR 4,130 K, calculated as follows: Gross Reader Income Dutch Reader Program EUR 4,468 K -/- CEDAR charge EUR 503 K -/- 7% charge IPRO EUR 278 K +/- French money received in June 2022 EUR 300 K and in November 2022 EUR 143 K = EUR 4.130 K.*
- 6) *The total repartition amount of EUR 4,312 K comes from several sources, as Table 2 explains (page 11), meaning that the ratio between collections vs. repartitions was more than 100% due to a larger spill over from 2021 compared to the undivided amounts at the end of 2022.*

Reserves

In line with its longstanding practice, IPRO keeps no funds at its disposal that could be affected by intermediate or long-term investment strategies. However, it has made a provision of EUR 375 K in the event of an unexpected, forced liquidation. This amount is equal to all outstanding financial obligations under contract, plus an operational reserve to cover ongoing operational costs during the running year. For 2023, operational costs are budgeted at EUR 206 K (see Table 4, below).

To cover late and unforeseen claims, the IPRO Board decided in its meeting of 18 November 2021 to raise its strategic reserve by EUR 250 K to bring it in line with the increase in repartition amounts from lump sum payments. This strategic reserve is now EUR 625 K. The strategic reserve had previously been set at EUR 250 K in 2004 and then at EUR 375 K in 2018.

Given the ongoing uncertainty in financial markets, the IPRO Board continues to endorse its longstanding asset management policy (*Beleggingsstatuut*) to keep at least 50% of its liquid assets in cash and invest the remainder conservatively, with a preference for secure Euro bonds with a safe rating. This decision was re-endorsed at the IPRO Board meeting of December 2022. Currently, IPRO holds no bonds at all. As part of its proactive cash management strategy, part of IPRO's reserves have been put into bank deposits late 2022 and early 2023, with durations varying from 6 to 12 months to benefit from the recent upticks in interest rates.

Dutch Supervision

As stated above, IPRO is a certified collective management organisation for copyright collection and distribution and acts under the Dutch government supervising agency CvTA (*College van Toezicht Auteursrechten*). The trade organisation VOI©E first awarded IPRO with the official Certificate for Collective Management Organisations in 2012 (*Keurmerk*). The certificate is renewed every three years and was renewed again in November 2022. Beginning in 2023, IPRO was admitted as a full member of VOI©E.

As part of the CvTA reporting process, financial data and (preliminary) annual accounts are delivered regularly throughout the reporting year to the supervising agency. Suggestions from CvTA to adjust certain reporting methods to enhance transparency and consistency with other CMO reporting have all been implemented.

In November 2016, the EU Guidelines for CMOs came into force in the Netherlands. To ensure compliance, in 2017 IPRO adjusted its Articles of Association and Rules and Regulations to the new law. This included a full revision of the IPRO Repartition Regulations. Stakeholders were kept informed of this process by email and on the IPRO website. After approval by CvTA, the new IPRO Articles of Association, Bylaws and the Repartition Regulations were published in September 2017 and can be found on the [IPRO website](#).

The IPRO Repartition Regulations were up for review again in 2020, along the three-year cycle set for this, and were endorsed without change by the IPRO Board at the November 2020 meeting for another three years up to 2023. The next review has been scheduled for November 2023.

Transparency Report

Under the Dutch 2016 Act for supervision of CMOs (WTCBO), included in IPRO's new Articles of Association, is a list of requirements for a Transparency Report. For clarity and ease of reference, transparency reporting has been made an integral part of IPRO's Annual Accounts and Annual Report.

A reference table (see page 33 and 34 at the end of the report) provides a comprehensive overview of the location of several reporting elements, as required for the Transparency Report. In addition, Table 3 (above) summarises the total of collections, allocated repartitions and paid out distributions in 2022. The time between receipt and repartition of collections can be found in Table 2 (above).

In the same regulatory context in the Netherlands, IPRO complies with the guidelines set for the integrity of governance. The Integrity Guidelines are part of the IPRO Bylaws for the Board and Secretariat. Since 2012, all members of the IPRO Board sign and comply with the Integrity Guidelines drafted for this purpose. No IPRO Board members have had or hold any financial interest or participation in IPRO; the same goes for IPRO's Managing Director. Board members and the Managing Director list their IPRO roles and additional positions on the website and in this Annual Report. No one reports any conflict of interest in 2022 or thereafter.

At its meetings, the Board regularly evaluates the governance structure and repartition rules. The Managing Director is subject to annual performance appraisals, shared in a report to the Board. The remuneration of the Managing Director is compliant with Dutch rules regarding top management remuneration (*Wet Normering Topinkomens*). In total 131 K EUR was paid out to the Managing Director in 2022. This sum includes all allowances, remunerations, pension and other premiums, and any other reimbursements.

IPRO continuously puts significant effort into developing greater organisational and operational transparency. The IPRO website (www.IPRO.nu) contains a wide set of reports and documents that keep stakeholders informed. It also includes information on the Board rotation scheme and additional jobs held by Board members of IPRO.

Part of the increased transparency in the financial reporting structure is required by Dutch regulation. This Annual Report follows the rules and guidelines of the Dutch Civil Code, Book 2, title 9 (*BW 2 titel 9*).

INTERNATIONAL ACTIVITIES

Besides its original mission in the Netherlands, IPRO has an international remit. In recent years IPRO has stepped up its activities outside the Netherlands, representing international publishers in collective copyright compensation arrangements. IPRO is active in the following countries.

France: IPRO maintains an alliance with CFC (*Centre Français d'Exploitation du Droit de Copie*) and represents non-French publishers for digital material used in French higher education course packs as well as a far smaller amount for document deliveries from INIST/ CNRS. IPRO also partners with CFC to offer France-based Pharma companies the opportunity to cover internal re-use of copyrighted material from the IPRO repertoire under an appropriate licence as from 2020. First collections from that new licence were received in 2021. The first repartition of these collections took place in 2022 when enough data was available for distribution across the related mandating rightsholders.

As noted in previous reports, the share of compensation for non-French rightsholders is significantly smaller than the corresponding case in the Netherlands. Collections from France represent approximately 10% of annual IPRO collections.

Other Countries: At times, IPRO distributes incidental settlement payments for certain document delivery services in other countries. In 2022, no such pay-outs occurred.

IPRO ORGANISATION

The year 2022 was stable in terms of organisation, with no changes in the composition of the IPRO Board.

During 2022, IPRO held two Board meetings, in June and December. Both were conducted as web meetings via ZOOM. Throughout the year, the Treasurer and Managing Director had regular meetings with Deloitte auditors.

The IPRO Board has established a risk register, which is discussed as a permanent agenda item at every Board meeting. Risks related to the Covid-9 pandemic in the past two-and-a-half years turned out to be moderate. It is fair to say that after the many lockdowns and more remote education, digital education tools are here to stay and have become even more important. IPRO's licensing solutions provide much needed relief for that.

Besides increased and improved digital learning methods, developments in open access and copyright reforms continue to be among the main drivers that may considerably affect IPRO in the next few years. This means that compensation for re-use may drop commensurably if educational exceptions are introduced and the share of open access material under CC-BY licences rises. Another element worth mentioning is the way students are using new sharing and collaboration networks. Ongoing explorations are sought to learn how this could affect certain IPRO activities.

The IPRO Board regards the increased supervision and tightening of government rules in recent years as a positive opportunity for CMOs. The Board believes that the playing field will improve if national RROs become more accountable in their doings and offer free choice to rightsholders in their preference to deal through certain CMOs. In that respect IPRO welcomes the rules imposed by the EU Guidelines on Dutch law but would like to warn against an administrative burden in the way national supervisors apply the tighter supervision, especially if this leads to overly detailed reporting requirements and increased bureaucracy.

IPRO welcomes the intention of the Dutch supervisor CvTA to establish lighter government supervision. When CvTA was carrying out consultations among Dutch CMOs in 2022, IPRO illustrated its position with several examples of how this could be achieved. IPRO looks forward to hearing from CvTA in 2023 when a new lightweight regime can be implemented.

Budget 2023

For the budget of 2023, IPRO expects net income from the Dutch Reader programme to be close to EUR 3,906 K (see Table 4). This is in line with the collections of 2022.

Costs are budgeted to be around 5% of net reader income while cost deductions on repartition amounts remain at 7% from collections in the Netherlands. A surplus is foreseen in 2023 of EUR 71 K (see Table 4).

Table 4: Overview of Reader Collections 2022 / Budget 2023

	Actuals 2022	Budget 2023
All Net Collections for repartition	4,378	3,906
IPRO income ¹	288	277
IPRO costs	188	206
Surplus	100	71

Note

IPRO Income consists of cost deductions on repartition payments. Deductions were 7% in 2022 for money collected in the Netherlands; in 2023 these deductions are also 7%. For money collected via our French partner CFC, deductions are 10%.

Stichting International Publishers Rights Organisation (IPRO)
Amsterdam



APPROVAL OF ANNUAL ACCOUNTS

The Annual Accounts of the International Publishers Rights Organisation are scheduled to be officially approved by the IPRO Board on June 9, 2023, by the undersigned:

IPRO Board

Peter Hendriks, Chairman

Bernard Alewa, Treasurer

Jennifer Brogan, member

Duncan Campbell, member

Mark Majurey, member

Florine Rosingh, member

Niels Peter Thomas, member

Managing Director

Eefke Smit

Statement by Deloitte on compliance to the WNT: May 16, 2023

Additional Positions of IPRO Board Members per February 2023

(with remunerated positions indicated)

Peter Hendriks, IPRO Chairman

Independent

Additional functions:

- Interim-CEO Koninklijke Brill NV (Feb 2023 – Aug 2023, remunerated)
- Partner 227Search (remunerated)
- Member of Stipp Advisory Board Stipp (remunerated)
- Senior adviser, Park56
- Chairman of the Board, Peerwith
- Member of Medicom Advisory Board

Bernard Alewa, IPRO Treasurer

Independent

Additional functions:

- Board member of UvO (since July 2022)
- Co-founder/partner, PHIDA | Expert Center for Depression Treatment
- Co-founder/partner, TopQare | Quality management in Healthcare
- Director/owner, Van Aluwae | Innovation and Development

Jennifer Brogan, IPRO Board member

Vice President, Global Journal Publishing & Society Solutions, Health Learning, Research & Practice Division of Wolters Kluwer Health (remunerated)

Additional functions:

- Board Member, CLOCKSS

Duncan Campbell, IPRO Board member

Senior Director, Global Sales Partnerships, John Wiley & Sons (remunerated)

Additional functions:

- IFFRO, Board member, elected October 2022
- CLOCKSS, Co-chair and Board member
- Seren Books (Poetry Wales Press), Non-executive director
- Enforcement Task Force, STM, Member
- Copyright Committee, Vice-Chair of the Association of Learned and Professional Society Publishers (ALPSP)
- Member of UK Joint Committee on Legal Deposit, representing ALPSP

Stichting International Publishers Rights Organisation (IPRO)
Amsterdam



Mark Majurey, IPRO Board member

Commercial Director & VP, Digital, at Taylor & Francis Books (remunerated)

Additional functions:

- Board member of PLS, (Publishers Licensing Society) representing the Publishers Association
- Board member of CLA (Copyright Licensing Agency)
- Member of Publishers Association's HEPC Committee
- Member of Publishers Association's APC

Florine Rosingh, IPRO Board member

Elsevier, Regional General Counsel EMEA, LA, APAC (remunerated)

Additional functions:

- Member of the (UK) Publishers Association Publishing Law Group

Niels Peter Thomas, IPRO Board member

President, Springer-Nature, Greater China (remunerated)

Additional functions:

- Managing Director, Springer Campus GmbH
- Managing Director of "iversity Learning Solutions GmbH".

Staff: Eefke Smit

IPRO Managing Director (remunerated)

Additional functions:

- Board member of UvO (first appointed January 2019, reappointed in 2022)
- Member of IoPP Supervisory Board (first appointed 2020, reappointed in 2022)
- Member of the Supervisory Committee of the CPB in NL (first appointed 2021)
- Board member of VOI@E (per March 2023)
- Board member of Lucas-Ooms Fonds (Secretary, since 2002)
- Director/owner of BV In den Gulden Fonteyn

Stichting International Publishers Rights Organisation (IPRO)
Amsterdam



Financial statements

- Balance sheet
- Profit and loss account
- Cash flow statement
- Notes

Balance sheet for the year ended December 31, 2022

(after appropriation of result)	Notes	31.12.2022 EUR	31.12.2021 EUR
Assets			
Fixed assets			
Tangible fixed assets	1]	2,672	3,713
Current assets			
Receivables			
Other receivables and prepaid expenses	2]	12,176	9,559
Cash			
Banks	3]	6,146,469	6,250,479
		<u>6,161,317</u>	<u>6,263,751</u>

	Notes	31.12.2022 EUR	31.12.2021 EUR
Equity and liabilities			
Reserve funds			
	4]		
Strategic reserve		625,000	625,000
Earmarked reserves		<u>375,000</u>	<u>375,000</u>
		1,000,000	1,000,000
Short-term liabilities			
Creditors		15,673	16,522
Repartition creditors		4,918	-
Taxes and social securities	5]	449,959	489,689
Other liabilities and accrued expenses	6]	38,476	40,230
CNRS/INIST/CFC collections	7]	175,543	121,990
France Pharma collections	8]	36	167.112
Copy fee collections The Netherlands		<u>4,476,712</u>	<u>4,428,208</u>
		5,161,317	5,263,751
		<u>6,161,317</u>	<u>6,263,751</u>

Profit and loss account 2022

	Notes	2022 EUR	2021 EUR
Fee IPRO	9]	287,634	244,280
Net income		<u>287,634</u>	<u>244,280</u>
Salaries and social security charges	10]	134,842	123,785
Depreciation of tangible fixed assets	11]	1,041	596
Other operating expenses	12]	42,681	55,991
Total expenses		<u>178,564</u>	<u>180,372</u>
Operating result		109,070	63,908
Financial income and expenses	13]	<u>(9,482)</u>	<u>(12,372)</u>
Surplus over the year		99,588	51,536
Charged to obligations to rightsholders		<u>(99,588)</u>	<u>(51,536)</u>
Net result		<u>-</u>	<u>-</u>

Cash flow statement 2022

(indirect method)

	2022	2021
	EUR	EUR
Net result for the year	-	-
Adjustments for		
Depreciation of tangible fixed assets	1,041	596
Changes in working capital		
Changes in other receivables	(2,617)	43,346
Change in other short term liabilities	(204,491)	663,171
Change in obligation to rightsholders	48,508	2,024,754
Change in liability CNRS/INIST/CFC collections	53,549	(52,604)
Cash flow from operating activities	<u>(105,051)</u>	<u>2,678,667</u>
	(104,010)	2,679,263
Investments in tangible fixed assets	-	(2,222)
Cash flow from investment activities	<u>-</u>	<u>(2,222)</u>
	(104,010)	2,677,041
Financing activities		
Paying out to rightsholders	-	(118,344)
Increase strategic reserve	-	250,000
Cashflow from financing activities	<u>-</u>	<u>131,656</u>
Net cash flow	<u>(104,010)</u>	<u>2,808,697</u>
Cash as at 1 January	6,250,479	3,441,782
Cash as at 31 December	<u>6,146,469</u>	<u>6,250,479</u>
	<u>(104,010)</u>	<u>2,808,697</u>

Notes

General

The activities of Stichting International Publishers Rights Organisation (IPRO), with its registered office in Amsterdam and its actual place of business in The Hague, and filed with the Trade Register at the Chamber of Commerce under number 41215506, primarily consist of collecting, on behalf of international publishers, the fees for the reproduction of coursepack materials for educational purposes (readers) in the Netherlands and other European countries. In addition, IPRO also redistributes to international publishers copyright compensations for corporate re-use and document delivery. The funds collected by the foundation are distributed to these rightsholders and their representative organizations and the foundation acts as a so-called Collective Management Organisation on behalf of these rightsholders.

General accounting principles for the preparation of the financial statements

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements. In the balance sheet and profit and loss account, references are made to the notes.

Principles of valuation of assets and liabilities

Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments. Depreciation is based on the expected future useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash

Cash represent bank balances and deposits with terms of less than twelve months. Cash at banks and in hand is valued at nominal value.

Short-term liabilities

Current liabilities On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Principles for the determination of the result

The result is the difference between the realisable value of the services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

Net income

The net income consists of the difference between the net turnover and the costs of sales, as well as the other operating income. Net turnover represents amounts invoiced for services supplied during the financial year reported on, net of discounts and value added taxes.

Wages

The benefits payable to personnel are recorded in the profit and loss account on the basis of the employment conditions.

Other operating expenses

Costs are determined on a historical basis and are attributed to the reporting year to which they relate.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Principles for preparation of the cash flow statement

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments.

Interest received and paid is presented under the cash flow from operating activities.

Notes to specific items of the balance sheet

1) Tangible fixed assets

The movements in the tangible fixed assets are as follows:

	Other tangible fixed assets
	EUR
Book value as at 1 January 2022	3,713
Acquisition	-
Depreciation 2022	(1,041)
Book value as at 31 December 2022	<u>2,672</u>
Depreciation rate	<u>20%</u>
Acquisition cost as at 31 December 2022	9,117
Accumulated depreciation as at 31 December 2022	6,445
Book value as at 31 December 2022	<u>2,672</u>

Receivables

2) Other receivables and prepaid expenses

This amount can be specified as follows:

	31.12.2022	31.12.2021
	EUR	EUR
Interest	1,058	-
Prepaid expenses	11,118	9,559
	<u>12,176</u>	<u>9,559</u>

3) Banks

An amount of 1,000,000 of the bank balances is not freely withdrawable due to the term of the deposits.

4) Reserve funds

Strategic reserve

The strategic reserve is considered to be a reserve for unforeseen indemnity expenses and late claims. Over the years, the amount in reserve has been adapted by the IPRO Board to keep pace with the increasing level of repartition amounts. In October 2004, the Board decided to keep an amount of EUR 250,000 as strategic reserve. In 2018 another EUR 125,000 was added. During its meeting of 18 November 2021, the Board decided that the strategic reserve should be raised by EUR 250,000 to EUR 625,000.

Earmarked reserves

Earmarked reserves are kept for a total sum of EUR 375,000. They can be specified as follows:

A liquidation reserve is kept to cover any expenses in case the IPRO Board decides to dissolve the Foundation. In 2013 it was decided by the IPRO Board in order to match outstanding financial obligations under contract.

In addition, an operational reserve is kept to cover approximately one year of operational expenses, set at this level in 2016.

Proposed appropriation of the surplus

The board proposes that the surplus over the year 2022 amounting to EUR 99,588 should be distributed to the rightsholders. The financial statements do reflect this proposal.

Short-term liabilities

5) Taxes and social securities

This amount can be specified as follows:

	<u>31.12.2022</u>	<u>31.12.2021</u>
	EUR	EUR
Salary taxes and social security charges	6,298	5,696
VAT	<u>443,661</u>	<u>483,993</u>
	<u>449,959</u>	<u>489,689</u>

6) Other liabilities and accrued expenses

This amount can be specified as follows:

	<u>31.12.2022</u>	<u>31.12.2021</u>
	EUR	EUR
Auditors' and administration fee	11,100	10,750
Other liabilities	<u>27,376</u>	<u>29,480</u>
	<u>38,476</u>	<u>40,230</u>

7) CNRS/INIST/CFC collections

The receipts from CFC concern for the most part compensation to STM-publishers for educational re-use of copyrighted material at French higher education institutes. An additional, much smaller amount stems from diminishing re-use fees collected for document delivery by the CNRS/INIST library.

8) France Pharma collections

These collections come from voluntary collective licensing of IPRO repertoire by Pharma companies in France, started in 2020, for which IPRO entered into a separate partnership with CFC. The first receipts from these licenses reached IPRO mid-2021. Repartition of these collections has started in the autumn of 2022.

Notes to specific items of statement of income and expenditure

9) Fee IPRO

In 2021 the IPRO fee was 9% in the repartitions for money collected by UvO in The Netherlands. This is reduced to 7% for repartitions in 2022. The IPRO fee is 10% for repartitions from money collected by CFC in France.

10) Salaries and social security charges

This amount can be specified as follows:

	2022	2021
	EUR	EUR
Salaries	153,711	127,687
Social security costs	22,352	16,848
Hired personnel	-	21,799
General costs	874	232
Allocation of staff costs to projects	(42,095)	(42,781)
	<u>134,842</u>	<u>123,785</u>

During 2022 Stichting International Publishers Rights Organisation (IPRO) had 2 employees. On an annual basis the average number of employees amounted to 1.08 fte compared to 2021 0.67 fte.

Wet Normering Topinkomens

The Managing Director (0.67 fte) was paid out a total sum of EUR 130,828. This includes salary, social security charges, bonuses, expenses, pension and any other remuneration. The remuneration of the Managing Director is compliant to the Dutch norm for this (Wet Normering Topinkomens).

11) Depreciation of tangible fixed assets

This amount can be specified as follows:

	2022	2021
	EUR	EUR
Depreciation other tangible fixed assets	<u>1,041</u>	<u>596</u>

12) Other operating expenses

This amount can be specified as follows:

		2022	2021
		EUR	EUR
General operating expenses	A]	102,266	105,061
Operating expenses		25,392	11,630
Recharging costs		(84,977)	(60,700)
		<u>42,681</u>	<u>55,991</u>

A] General operating expenses

This amount can be specified as follows:

	2022	2021
	EUR	EUR
Housing	3,795	2,974
Office costs	3,497	4,216
Telecommunication and postage	734	813
Administration and advisory costs	46,242	51,588
IFRRO	2,900	1,700
Future scenarios	3,150	3,825
Compliance costs	37,629	38,587
Travel costs	4,319	1,358
	<u>102,266</u>	<u>105,061</u>

13) Financial income and expenses

	2022	2021
	EUR	EUR
Interest bank	1,187	25
Financial income	<u>1,187</u>	<u>25</u>
Bank costs	10,669	12,397
Financial expense	<u>(10,669)</u>	<u>(12,397)</u>
Total financial income and expenses	<u>(9,482)</u>	<u>(12,372)</u>

Other notes

Remuneration of the board

For the year 2022 no remuneration of the board was charged to the entity.

A subsistence allowance of EUR 5,000 was paid to the chairman of the board (2021: EUR 5,000) and a subsistence allowance of EUR 4,000 was paid to the treasurer (2021: EUR 4,000).

Stichting International Publishers Rights Organisation (IPRO)
Amsterdam



Signing of the financial statements

Amsterdam June 9, 2023

The board of Stichting International Publishers Rights Organisation (IPRO)

MEMBERS OF THE BOARD:

Peter Hendriks, *Chairman*

Bernard Aleva, *Treasurer*

Jennifer Brogan, member

Duncan Campbell, member

Mark Majurey, member

Florine Rosingh, member

Niels Peter Thomas, member

MANAGING DIRECTOR:

Eefke Smit

Stichting International Publishers Rights Organisation (IPRO)
Amsterdam



Appendices

Transparency report

The Annual Transparency report contains (in addition to the information according to Title 9 of Book 2 of the Dutch Civil Code):

2a)	Cash flow statement	Page 24
2b)	Information about denials to grant a license.	Page 7
2c)	A description of the legal and administrative structure of the CBO.	Page 9
2d)	Information about entities that are directly or indirectly owned, or wholly or partially supervised by the CBO.	N/A
2e)	Information about the total remuneration amount paid to the persons referred to in Article 2e, third paragraph and Article 2f of the Wet Toezicht in the previous financial year, as well as other benefits granted to them.	Page 12, 26, 28
2f)	Financial information, referred to in the Annual Repartition report	See below
2g)	A special report on the use of amounts withheld for social, cultural and educational services, including the information referred to in Article 3 of this Decree.	N/A

The Annual Repartition report, referred to in article 7.6. of the bylaws of the IPRO Board and Secretariat, shall contain the following information:

a)	Financial information on rights revenue, per category of rights managed and per type of use (e.g. broadcasting, online, public performance), including information on the income arising from the investment of rights revenue and the use of such income (whether it is distributed to rightholders or other collective management organisations, or otherwise used);	Page 8, 11, 26
b)	Financial information on the cost of rights management and other services provided by the collective management organisation to rightholders, with a comprehensive description of at least the following items:	See below
(i)	<i>All operating and financial costs, with a breakdown per category of rights managed and, where costs are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate such indirect costs;</i>	Page 23, 29, 30
(ii)	<i>Operating and financial costs, with a breakdown per category of rights managed and, where costs are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate such indirect costs, only with regard to the management of rights, including management fees deducted from or offset against rights revenue or any income arising from the investment of rights revenue in accordance with Article 11(4) and Article 12(1), (2) and (3);</i>	Page 23, 29, 30
(iii)	<i>Operating and financial costs with regard to services other than the management of rights, but including social, cultural and educational service;</i>	N/A
(iv)	<i>Resources used to cover costs;</i>	N/A
(v)	<i>Deductions made from rights revenues, with a breakdown per category of rights managed and per type of use and the purpose of the deduction, such as costs relating to the management of rights or to social, cultural or educational services;</i>	Page 12

- (vi) *The percentages that the cost of the rights management and other services provided by the collective management organisation to rightholders represents compared to the rights revenue in the relevant financial year, per category of rights managed, and, where costs are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate such indirect costs;* Page 12
- c) Financial information on amounts due to rightholders, with a comprehensive description of at least the following items**
- (i) *The total amount attributed to rightholders, with a breakdown per category of rights managed and type of use;* Page 12
- (ii) *The total amount paid to rightholders, with a breakdown per category of rights managed and type of use;* Page 12
- (iii) *The frequency of payments, with a breakdown per category of rights managed and per type of use; EN 20.3.2014 Official Journal of the European Union L 84/97;* Page 10
- (iv) *The total amount collected but not yet attributed to rightholders, with a breakdown per category of rights managed and type of use, and indicating the financial year in which those amounts were collected;* Page 12
- (v) *The total amount attributed to but not yet distributed to rightholders, with a breakdown per category of rights managed and type of use, and indicating the financial year in which those amounts were collected;* Page 12
- (vi) *Where a collective management organisation has not carried out the distribution and payments within the deadline set in Article 13(1), the reasons for the delay;* N/A
- (vii) *The total non-distributable amounts, along with an explanation of the use to which those amounts have been put.* Page 12
- d) Information on relationships with other collective management organisations, with a description of at least the following items:**
- (i) *Amounts received from other collective management organisations and amounts paid to other collective management organisations, with a breakdown per category of rights, per type of use and per organisation* Page 12
- (ii) *Management fees and other deductions from the rights revenue due to other collective management organisations, with a breakdown per category of rights, per type of use and per organisation;* Page 12
- (iii) *Management fees and other deductions from the amounts paid by other collective management organisations, with a breakdown per category of rights and per organisation;* Page 12
- (iv) *Amounts distributed directly to rightholders originating from other collective management organisations, with a breakdown per category of rights and per organisation.* Page 12