

9. PRODUCTION ROYALTIES

9.1 USE OF THE COMMERCIAL/CONTENT IN OTHER TERRITORIES

If the commercial or branded content is used, in whole or in part, in territories beyond those originally agreed upon in the production briefing or the original Production Offer, the independent Production Company is entitled to charge Production Royalties.

9.2 USE OF THE COMMERCIAL/CONTENT IN OTHER FORMATS

If the commercial or branded content is used, in whole or in part, in a format other than that originally agreed upon in the production briefing or the original Production Offer (for example, if a photo is transformed into a video using (AI) technology, or stills are extracted from a video), the independent Production Company is entitled to charge Production Royalties.

9.3 CALCULATION OF PRODUCTION ROYALTIES

All percentages listed below apply to the total production budget, which includes all final production costs and markup(s), but excludes VAT.

Production Royalties are distinct and separate from usage fees owed to copyright holders, such as talent, photographers, composers, and other contributors. These fees are not included in the calculation of Production Royalties and will be determined through separate negotiations (see Section 7 for Usage Rights and Section 8 for Music Usage Rights).

Categories % per country:

· GROUP 1 : population >3 million	2%
· GROUP 2 : population 3 million >< 8 million	3%
· GROUP 3 : population 8 million >< 15 million	4%
· GROUP 4 : population 15 million >< 30 million	5%
· GROUP 5 : population >30 million	10%

Territorial Rates:

· EUROPE (all European countries)	15%
· WORLD	30%
· ASIA	20%
· USA & CANADA	20%
· SOUTH & CENTRAL AMERICA	20%
· AUSTRALIA	15%
· MIDDLE EAST & AFRICA	15%

NOTE 1:

The transfer of Production Royalties is indefinite.

NOTE 2:

If the Advertiser is uncertain about the territories in which the production will be used at the time of commissioning, these rights can be purchased in advance with a 5% additional markup in the Production Budget. This ensures that the client will not incur additional Production Royalties, regardless of the country or duration of use they decide upon afterward.

NOTE 3:

It is in the Advertiser's best interest to specify the necessary usage upfront to facilitate (cost)-efficient negotiations with all rights holders.

Example:

An Advertiser commissions a 30-second commercial with 1-year online usage limited to the territory of Belgium, at a total production cost, including markup, of €150,000. After agreeing to the original production budget, the client decides to release the commercial on TV in France.

In this case, the Production Company will renegotiate the usage rights of all relevant rights holders (such as talent, composers, voice-over artists, etc.) in accordance with the media plan for France and present the additional costs to the Advertiser or its Communication Agency.

Additionally, a Production Royalty fee will apply, as usage in the territory of France was not included in the original Production Budget. With a population of 66.5 million, this results in a Production Royalty of 10% of €150,000, totalling a Production Royalty of €15,000.

