



MANAGEMENT'S ANNUAL REPORT 2020-2021

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ADDRESS OF THE MANAGING DIRECTOR

At the top of my mind in my annual report address last year, was the impact COVID-19 had had during the two months since the infection first reached the country. Unfortunately, what everyone feared at that time became reality, i.e., that the situation would be delayed, and it is first now, in the spring of 2021, that we have some hope of seeing the end of gathering restrictions and other disease prevention arrangements. The pandemic had considerable impact on the operations of STEF last year, as will be explained in more detail in this report. We see, however, that income from abroad and from the streaming services has increased between the years, although the increase is not sufficient to offset the loss of income due to the closure

of restaurants and the inability to hold proper concerts for approximately a year. The loss of income has impacted individual groups of songwriters very differently. In that connection, it is very well suited to mention authors of classical and contemporary music, as live performance is the main income flow of this group.

Due to the loss of income from live performance, songwriters have focused more than before on income from streaming. MIDia Research published a report recently, initiated by Björn Ulvaeus, the President of CISAC, on the income authors receive from streaming.¹ The report reveals many interesting things which have been widely discussed, but no one has dared present in an equally explicit way. The conclusion, in short, is that streaming income is clearly unequally divided between authors, on the one hand, and record producers and performers, on the other. It is, as a matter of fact, strange that songwriters have, for such a long time, accepted “how the foxes are shot” to cite a proverb which the former Chairman of STEF, Jakob Frímann Magnússon, has often used in this connection. Roughly, it can be said that the fees songwriters receive from streaming are three times lower than the fees of producers and performers. At the same time, the majority of streaming subscribers believes that the song itself is more important than the one who performs it.

... streaming income is clearly unequally divided between authors, on the one hand, and record producers and performers, on the other ...

While the streaming services have opened a way for songwriters to millions of listeners, it is uncommon that these authors receive enough income from streaming to create a pension. To receive proper income from the streaming services, songwriters need to reach many hundreds of thousands of streamings a month, and in an economy which revolves around individual songs or “hits”, but not records, it is almost impossible, not to mention when Icelandic is included in the discussion, a language spoken by very few people. The discussion has also involved making changes in the distributions to songwriters, to the effect that each individual subscription payment go to the ones that are being played by the person concerned, instead of putting the airplay and total subscription income in the same pot. Evidently, such distribution method would return increased income to Icelandic authors, most of whom are indeed considered small by international standards.

Collective management organisations have, undoubtedly, been differently well equipped to handle this new reality and, unfortunately, income from streaming has flowed too slowly and badly between the copyright associations and to authors as well. In this connection, it can be mentioned that we have already started to see a great deal of success of the new agreement between STEF and Spotify (which has by far the biggest market share of the streaming services in the world, with a 32% share in the year 2020²), as STEF now receives direct payments from Spotify, not only from Icelandic subscribers, but also from Icelandic music being streamed in all Europe, Africa, the Middle East, and a part of Asia.

Better agreements between copyright associations and streaming services will obviously not overthrow the system on their own. It is, therefore, my hope that the report made by Björn Ulvaeus will be the spark needed to have the economy of the streaming services reviewed and reconditioned and that the interests of songwriters will be placed more in the foreground than before.

With spring greetings,

Guðrún Björk Bjarnadóttir

¹ <https://www.midiaresearch.com/reports/rebalancing-the-song-economy>

² <https://musicindustryblog.wordpress.com/tag/music-subscriber-market-shares/>



ADDRESS OF THE CHAIRMAN OF THE BOARD

The year 2020 was difficult for life in the music world, as it was for society as a whole. Musicians were simply prevented from performing their works in public and, thus, cultivating the necessary relationship with their audience. Concerts and tours were cancelled, premières, bookings of works, and even major anniversaries were postponed. Income from concerts and all kinds of events was practically wiped out. Despite that, the release of Icelandic music flourished which shows that nothing can stop the creative energy of

our amazing artists.

STEF put up a defence in this situation and held its own well during this difficult year, although big income sources fell markedly. Our powerful staff can be thanked for that, as well as stable collections, and distributed income sources. Although collections from concerts and the various public performances decreased, radio and television prevailed, in addition to there being considerable increase in the streaming of music. Evidently, income from streaming is increasing year by year which will provide a badly missed footing after the collapse of the hard copy sales.

It is evident that the next few months will be consequential with respect to the income of STEF this year. It is important that musicians get their own back soon, as well as their instruments ...

Important agreements with institutions have either been signed, or are in the making with major institutions, and we are, in addition, benefitting from overseas collaboration in making agreements with major streaming services. It has been necessary to keep strict watch on copyright with our sister societies in the Nordic countries, regarding e.g., buy-out agreements and overbearing behaviour of big internet giants.

Various positive things happened during the year. People in the music world stood together and spoke as one in their conversations with the authorities, not least with a special report on the impact of COVID on the music industry. That work directly influenced the income loss grants given towards the end of the year, as well as preparations for the establishment of a new and powerful Music Centre which will hopefully come to fruition before long. There has been great need for such a centre as a linchpin in Icelandic music life. A new and impressive Representative Body also started work after considerable amendments to the society's Articles of Associations.

It is evident that the next few months will be consequential with respect to the income of STEF this year. It is important that musicians get their own back soon, as well as their instruments – and that life in music will soon reach its former strength where concerts, performance of new works, and continued flourishing recording of Icelandic music is concerned. If that happens, bright and beautiful sounds are ahead, and we will certainly be able to continue building on the solid ground upon which STEF is standing. So, let's start counting off.

Reykjavík, 4 May 2021

Bragi Valdmar Skúlason

WORK OF THE BOARD AND OFFICE OF STEF FROM MAY 2020 TO MAY 2021

The report contains the main projects and policies of STEF during the above-mentioned period, key operational figures, and an account of the operations and distributions of STEF. It also contains an account of the organization of STEF and information on those appointed by STEF to the various committees and councils, as well as those who hold other confidentiality positions for the society.

Board members of STEF in the past Operating Year:

Bragi Valdimar Skúlason, Chairman
 Þórunn Gréta Sigurðardóttir, Vice-Chairman
 Hallur Ingólfsson
 Hildur Kristín Stefánsdóttir
 Páll Ragnar Pálsson
 Sigríður Thorlacius
 Sigurður Flosason

Board alternatives were Snorri Helgason, Þuríður Jónsdóttir, Pétur S. Jónsson, Logi Pedro Stefánsson, Úlfar Ingi Haraldsson, Óttarr Proppé and Aðalsteinn Ásberg Sigurðsson.

Policymaking Meeting of the Board

The Board of STEF held a special policymaking meeting on May 20th, 2020. Many things were discussed, but in short, the members of the meeting believed that an emphasis should be placed on the following issues (until the year 2025):

- Renew agreements with the major mass media
- Continue improving the image of STEF
- Strengthen income sources (IHM, streaming and overseas collection)
- Promote internal functioning (merging of membership societies and diversity in board management and subcommittees)
- Working environment (interest monitoring regarding the authorities and the establishment of the Music Centre)

The Representative Body of STEF

The following are members of the Representative Body of STEF 2020 – 2022:

Aðalsteinn Ásberg Sigurðsson	Hera Björk Þórhallsdóttir	Páll Ragnar Pálsson
Auðunn Atlason	Hildigunnur Rúnarsdóttir	Pétur S. Jónsson
Bragi Valdimar Skúlason	Hildur Kristín Stefánsdóttir	Snorri Helgason
Gunnar Andreas Kristjánsson	Jakob Frímann Magnússon	Sigríður Thorlacius
Gunnar Þórðarson	Katrína Mogensen	Sigurður Flosason
Hafðís Bjarnadóttir	Logi Pedro Stefánsson	Úlfar Ingi Haraldsson
Hallur Ingólfsson	Óttarr Proppé	Þórunn Gréta Sigurðardóttir

At the Annual General Meeting of the Representative Body on May 23rd, 2020, which was a video conference, Aðalsteinn Ásberg Sigurðsson was elected Chairman. The Representative Body elected a new Board of STEF for two years, as mentioned above. At the meeting electoral reforms of STEF's Articles of Association were approved, in the sense that an electronic voting will be the principle, although it will be possible to vote in writing, should that be specially requested.

Due to the COVID pandemic, the traditional gathering of the Representative Body, concurrent to the Annual Meeting, was postponed to September 26th when the members met and had a good time at the restaurant Laterna at Ægisgarður.

The Representative Body also held a meeting on December 17th, 2020, again via video conference, where the distributions of the year were among the issues under discussion.

“General Committee” of STEF

Recently, a three-member “General Committee” was established, consisting of Aðalsteinn Ásberg Sigurðsson, Atli Ingólfsson, and Óttarr Proppé, which, in collaboration with the Managing Director, is intended to review the distribution rules of STEF and tailor them to new times. The work of the committee is going well, and it has held regular meetings in recent months.

The Keychange Pledge

STEF is a co-operating party with the international Keychange-Project, which involves increasing the part of women and other minority genders in music. Part of the project is the so-called “Keychange Pledge” which the members undergo. During the year, the Board of STEF decided to make this commitment. The pledge of STEF is as follows:

STEF pledges ...

- ... that the regulatory environment and doings of the society reflect the diversity of its members
- ... to guard that gender parity be maintained at concerts and events held by the society
- ... to guard that gender parity of lecturers or panel participants be maintained at conferences and lectures held by the society on their own, or in collaboration with others
- ... to guarantee women and other minority genders access to the support and grants systems of the society
- ... to guard that gender parity be maintained in the committees, councils, and fund managements of the society, to the extent possible
- ... to encourage members to bear gender parity in mind at elections held by the society

The Keychange Iceland Week

The Keychange Iceland Week started on February 15th, 2020 with the pleasant news of new members having signed the Keychange Pledge and with an announcement of two new Keychange “Ambassadors”, on the one hand the First Lady of Iceland, Eliza Reid, and the composer Anna Þorvaldsdóttir, on the other.

The Keychange work in Iceland is led by STEF and Iceland Airwaves and on February 18th, Keychange held an electronic seminar on gendered language in the Icelandic music industry and its impact within the sector. Discussions were led by Andie Fontaine (Editor of The Reykjavík Grapevine) and participants were Eliza Reid, Andri Snær Magnason writer, Ragna Kjartansdóttir (Keychange participant, Cell7), and Sóley Tómasdóttir, specialist in gender sciences.

The “Wind in the Sails” Project

In the year 2020, an experimental project was launched at the proposal of STEF’s newly founded committee of gender equality. This is a kind of a mentor project for women (and other minority genders). The effort is intended to support interested authors in taking their first steps within the music industry and promote their works. The project got well-earned attention, 44 applications were received and Valdís Valbjarnardóttir, Alexandra Elfa and Fríða Hansen were appointed as participants by the gender equality committee.

A New Agreement with the National Church

On June 26th, 2020, an agreement was signed between the National Church and STEF which authorizes public performance of musical compositions at rituals and parish activities. According to the agreement, copyright fees of all traditional activities subject to the National Church shall be paid by the National Church. Among these are funerals which means that funeral services will now stop collecting such fees from relatives. This marks the end of a long and successful collaboration between STEF and the major funeral services in the country. The agreement also authorizes the church to make recordings and hold live funeral streaming which has become increasingly more common in the last semesters. All music related activities of the National Church is now involved in one agreement which will undoubtedly be a convenience for all. It should, however, be mentioned that the agreement does not involve concerts held under the auspices of the National Church, or when churches are rented for concerts. STEF is currently making similar agreements with other religious communities and philosophical organisations and has made a special tariff regarding their musical performances which is based on the agreement with the National Church.

Changed Rules of *Recording Fund* and *Sheet Music Fund*

Changes were made during the operating year on the procedure policies for the Recording Fund and Sheet Music Fund of STEF. The changes involve reserving money, up to 10% of the distribution fund, for distribution to newcomers – and their copyright income is not considered when deciding on the distribution.

New Agreement with Spotify

STEF has signed a new agreement with Spotify in collaboration with Polaris Music Hub (common licence centre of the sister societies of STEF in Norway, Denmark, and Finland).

The new agreement is different from an older one, in the sense, that it involves streaming of Icelandic works in all the countries of Europe, Iceland included, whereas the older agreement only involved Iceland.

Apart from securing somewhat higher licence fees, the issuing of invoices and co-utilization of data from Spotify will be simpler and payments will be delivered faster and in a more secure way to right holders. Collection and back-end processing for the streaming of all the European countries will, thus, be delivered to STEF from one party, NMP (which handles back-end processing for STEF and its sister societies in Norway, Denmark, and Finland), instead of previously receiving streaming payments through the various European sister societies of STEF.

New Agreement with YouTube

Last autumn, Polaris Hub – the common licence centre KODA (Denmark), Teosto (Finland), and TONO (Norway) – made a new agreement with YouTube which replaces the older agreement. STEF is also a party to this agreement, which is a result of a yearlong fight, especially of KODA with the internet giant, Google, the owner of YouTube.

The total payment will be increased from that of the older agreement, but it is difficult to compare the new agreement with the older one, which only involved Iceland, because the new agreement involves streaming in much more areas.

Warned Against Buy-Out Agreements

STEF sent an appeal to SÍK, Association of Icelandic Film Producers, at the beginning of the year, where the producers of films and television material were urged to consider the rights of songwriters. In the letter, special attention was drawn to and warned against so-called buy-out agreements which have presently become more common than before in Europe. Buy-out agreements will be discussed in more detail later in the report

Tariff for Streaming Concerts

In December, STEF issued a special tariff involving streaming concerts and streamed events. It takes note of the changed circumstances of concert holders regarding COVID-19. Specifications and explanations regarding the matter can be found on the website of STEF.

Special Grants

During the operating year, the Board decided to give the following projects special grants:

- FTT (The Icelandic Society of Authors & Composers) Song Workshop
 - Concert Venue Improvement Fund
 - Musical Education Website
-

EXTERNALITIES

IMPACT OF COVID-19



The significant impact of COVID-19 during the period covered in this Annual Report is so well known that it hardly needs mentioning – and it is foreseeable that it will continue in the next semesters, with associated loss of income for authors and other musicians.

The Situation and Solutions in this Country

A consultation group of the music industry, consisting of 12 interest organizations, including STEF, held a solidarity teleconference meeting, by definition, on September 2nd. About 130 people attended the meeting and it earned considerable media coverage afterwards. At the same time, the Association of Self-Employed Musicians also broached the subject of the difficult situation of their members.

The consultation group sought the assistance of BHM (Icelandic Confederation of University Graduates) to make an economic analysis on the situation and a survey was made among people working in creative arts. Results revealed, inter alia, that 75 – 85% of the respondents claimed to be unable to meet their financial obligations in the near future (as it was phrased). About 67% said they had applied for traditional unemployment compensation or intended to do so. BHM said there were various indications that the compensation resources at the time were neither effective, nor accessible to this group of people, as many respondents were self-employed and, thus, only received part of the compensation, or had been denied it.

Following the survey, interested parties placed increased pressure on persons in authority to offer self-employed artists compensation resources. The reactions of the authorities were considered somewhat slow, but what detained the matter was that the ministry wanted to countervail with BÍL (Federation of Icelandic Artists) – across the arts – and thus the centre of the work moved somewhat from the consultation group to BÍL and BHM.

Loss of Income Grants

In October, a bill was introduced to the Parliament intended to meet single workers such as artistes, as well as smaller companies with one to three employees. It was, however, not until January 2021 that applications could be made for loss of income grants. In short, the conditions of the compensation are that the person in question must be able to show that they have suffered at least 50% loss of income in the second and third quarter of the year 2020, according to the same period in the year 2019. Thus, that person could qualify for up to 400 thousand ISK a month for these six months, per employee. The applicants were somewhat unsuccessful at the beginning in getting through the application system, which was at first a bit broken, but things improved as time went on.

Despite these resources of the Government, it appears as if relatively few people have taken advantage of this resource, yet. The Government Offices published a report on this on their website on April 27th, where it says: “It appears as if operators within the cultural sector have not taken advantage of this resource extensively. Only about 150 operators within the cultural sector have received a loss of income grant amounting to almost 430 million ISK.”³

Standard Advance Payments of STEF

As appeared in last year’s Annual Report, the Board of STEF decided, early in the year 2020, to offer standard advance payments to meet the difficult financial situation of the members. Thirty-eight members took advantage of this resource for a total of 11.150.000 ISK. The Board of STEF decided, at the beginning of 2021, to repeat this possibility of standard advance payments to authors.

STEF’s Foreseeable Loss of Income due to COVID-19

Evidently, the pandemic will impact the distributions of STEF considerably in the next semester. There has been a serious drop of income from background music and concerts, and it is estimated that decline in the music sector will amount to 78% between years. Considerable drop of income is also foreseeable regarding background music, as the service sector has been hit badly, including restaurants, shops, etc. In this connection, it can be estimated that depreciated claims will amount to at least 25 million ISK, but in short, estimates assume that the income of STEF will be reduced by at least 150 million ISK between years. As can be seen further on in the report, the income from concerts has been particularly reduced, as well as from restaurants. In spite of a visible decrease in these sources of income in the Annual Report of 2020, it is certain that the negative impact of COVID-19 on these income sources has not yet been revealed and will also be evident in the next Annual Report.

EU REPORT ON THE IMPACT OF COVID-19 ON CREATIVE INDUSTRIES

The Situation prior to the Pandemic

Earlier this year, a thorough report was published, made by EY (Ernst and Young) by the effort of EU, on the impact of COVID-19 on the creative industries, under the heading “Rebuilding Europe”. It reveals that in the year 2019, culture and arts, or what is often referred to as “the creative industries”, were one of the pillars

³ <https://www.stjornarradid.is/efst-a-baugi/frettir/stok-frett/2021/04/27/Urraedi-vegna-faraldurs-Skyrsla-um-nytingu-heimila-og-fyrirtaekja/>

of Europe's economy. These industries were the basis of 4.4% of the gross domestic product of the European countries and 7.6 million jobs were directly related to cultural and artistic activities.

There had been great growth in this sector in the previous years and income related to culture and arts had increased by 17% from the year 2013, parallel to the number of employees having increased by 10% at the same time. In comparison, it is worth mentioning that prior to COVID-19, culture and arts were the basis of higher economic statistics than the entire pharmaceutical industry and car industry together in all Europe.

It is considered evident, that the digital distribution of cultural material has particularly been the driving force of increased growth, but the market is constantly changing through technical development. There is, however, still a prevailing imbalance in the income flow and the authors of cultural material have not enjoyed a fair repayment for their contributions. Whatever the reason, however, it is evident that the continued development in digital media will involve the continued growth and investment in the cultural and artistic industries, regardless of how the virus will develop.

Great Loss during the Pandemic

In the report, the estimated loss of income within the cultural and artistic sectors in the year 2020 amounted to 31% from the previous year, which means that in Europe the recession amounts to about 199 billion euros. In comparison, the income loss within the tourist industry in Europe is believed to amount to 27% between the years 2019 and 2020. It should therefore be clear how badly the creative industries have suffered from the pandemic. The report estimates that the income loss of collective management organisations is still more and will amount to 35% between years and, thus, it is foreseeable that the distributions to their members will be considerably reduced in the next years.

Life after Virus Times Life after Virus Times

Unfortunately, increased digital consumption, such as streaming, will not come close to compensating for the loss of the sector, which will continue to bleed while it is impossible to hold live events with audiences. The dark outlook is reflected in a survey which the authors of the report made, where 46% of the respondents said, that although concerts would later be held without restrictions, they could not think of attending them for months. What is more, 21% of the respondents considered it unlikely that they would attend such events for a few years! It is, therefore, clear that the next semesters will be arduous.

STEF'S FIGHT FOR JUSTICE WITHIN IHM



As is well known, there has been some turbulence within IHM (Collecting Society) in recent months. Twelve interest organizations have membership in IHM, every one of which has its own idea on how to distribute the funds of IHM each year.

It is worth recalling that the origin of this fund can be traced to, what was at that time, the taxation of blank cassette tapes. That fund was intended to compensate songwriters and performers for reproduction (at that time it was known as “the cassette fee”). Recording tapes then gradually gave way to digital technology, without there having been made any changes in the legal environment, which diminished the fund so much that for a while it had become almost empty. A few years ago, however, it was achieved, not least by the effort of songwriters, to have the collection regarding private copying, which is handled by IHM, put on the budget bill, as it was clear to all that transcriptions continued to be made, despite the disappearance of tape recorders.

Thereby, the fund increased considerably. Resultantly, there was a dispute on the division of the fund, but the distribution of IHM is based on an arbitration made in 1999 on blank video tapes and video cassette recorders with an agreement from 2004 on blank CDs.

Lines have been particularly sharp between the author associations, on the one hand, and the performer and production associations, on the other. The latter group wants a one-third division (authors/performers/producers), but the author associations have not accepted that, as they believe that authors deserve a bigger share.

To get their own, performers and producers recently requested a meeting of the Representative Body, where their representatives would present amendments to the Articles of Association of IHM, to support their demands. The meeting, in short, declined those amendments. It was, however, approved to start a formal settlement process with the appearance of a conciliator (which is at the same time the prerequisite for being able to present the case at arbitration, should that be necessary). Simultaneously, the author associations have been prepared to examine the possibilities of reaching an agreement without a formal settlement.

Last April, a conciliator presented a mediating proposal of moving STEF's share from 20% to 13%. The conciliator bases this proposal on the fact that the increased streaming of music has had the impact of decreasing private copying, an assumption that the conciliator seems to base on his/her own common sense, because there is no data to support it. According to the data, however, which STEF has now collected, there does not seem to be much to support this assumption – on the contrary, it can be said that it has never been easier to download music with the help of Spotify, which offers that possibility, and over 100.000 users of Spotify pay subscription fees to Spotify, including about 30.000 for family subscription where there are far more users.

The Board of STEF believes the essence of STEF's argumentation to be that technological changes have not led to the necessity of decreasing the distribution of IHM to STEF – and should the proposal of the conciliator be approved; the reduction would be considerable for the members of STEF and apparent that it would be difficult in the future to unwind such measures or collect any more income from IHM.

On this basis, the Board decided to reject the reconciliation proposal and present the case at arbitration, as the IHM Articles of Association provide for. The Board, furthermore, approved that the representatives of STEF in the Board of IHM would be able to seek reconciliation in the meantime, as well as approving that the verdict of arbitration would be valid for a minimum of some specific time, e.g., five years, so that disregarding the verdict, there would be a certain embargo on strikes and lockouts within IHM in this respect.

Law Amendment on Refund of Recording Cost

The Parliament has approved the law amendment on repayment of recording cost, to the effect that instead of a 30-minute minimum time, which used to be needed to have the right of refund, the minimum has been moved down to 14 minutes. This increases the flexibility of the system, enables musicians to apply more frequently for the refund of recording cost and will hopefully lead to the increase of applications.

Please note, that from January 1st, 2020, copyright fees started being taxed as investment income, with no allowable deductions (as referred to in the Law), instead of being previously categorised and taxed as conventional wage income. This was thoroughly reported in last year's Annual Report, but right holders who have not acquainted themselves with the matter should do so. Further information can be found on the website of STEF.

STEFs Comments Regarding Laws and Regulations

During the operating year, STEF sent a few comments regarding pending amendments. They were either sent directly to parliamentary committees, or to the public consultation of the government. Comments were provided regarding the following issues:

- Bill on the Amendments of Law on Refund of Recording Cost
- Regulations on the Icelandic Symphony Orchestra.
- Regulations of the Ministry of Education and Culture on the improvement of common services.
- Regulations of the Ministry of Education and Culture on ecclesiastical services, etc.
- Bill to amend the law on the Icelandic National Anthem.
- Bill on income loss grants in addition to a consultation group of the music industry.

MISCELLANEOUS

As a result of the pandemic, there were unusually few gatherings and actual social meetings, most of which were electronic, during the biggest part of the operating year. There were, however, a few opportunities to meet that could be used e.g., to give awards.

Jakob og Þórir Awarded

Jakob Frímann Magnússon was awarded with STEF's Badge of Honour at the Board Meeting of the Representative Body on September 26th. Jakob has for years held confidentiality and leadership positions for STEF and it can be asserted that few – if any – have in later times been as active and self-denying in their work for song- and lyric writers.

At Jakob's instigation and due to his follow-up, a great number of improvements have been made and authors owe a great deal to this industrious back- and advance guard of musical life in Iceland. In addition to Jakob, the enclosed photo shows Guðrún Björk Bjarnadóttir, Managing Director of STEF and Bragi Valdimar Skúlason, present Chairman.



Þórir Baldursson received STEF's Badge of Honour on October 30th. He has for long been active in the social activities of authors who have always appreciated enjoying the consultation and support of such an experienced and respected member. For years, Þórir was an active member of the various committees and boards of STEF and gave valuable advice to his colleagues in various matters. As is well known, Þórir has contributed a great deal to making improvements for song- and lyric writers in the past decades.

Langspilið – Award of STEF

Every year, an author, who is considered by the Board to have excelled and reached a noteworthy success in the last year, receives a special award of STEF, Langspilið. The recipient in the year 2020 was **Anna Þorvaldsdóttir**, who was designated on October 30th, at a beautiful, thinly populated ceremony at Laufásvegur 40. Anna, who lives in London, was unable to travel because of the pandemic, but took part in the event via teleconference and it was her mother, Birna Þorsteinsdóttir, who received the award on her behalf. Anna has been considered as one of the most influential composers of our time. In interviews, she has said that her music primarily centres on texture. Anna has won many awards, both in Iceland and internationally.



DAY OF ICELANDIC MUSIC



The Day of Icelandic Music 2020 was celebrated on December 1st. As customary, a few people were awarded on this occasion, but the ceremony this year was, by definition, straightforward and attended by few.

For increased domestic television programming, music distribution in times of gathering ban, and support of Icelandic music in television, **Síminn Television** received the award, *Glugginn*.

The Symphony Orchestra of North Iceland received the Incentive Award for their powerful and ambitious programme in previous years. The Icelandic Bylgjan, a radio station playing only Icelandic songs and founded that year, received *the Innovation Award of the year*.

Jónatan Garðarsson received the *Honorary Award, Litla flugan*, for outstanding work for the sake of Icelandic music throughout the time, inter alia, quality programming in radio and television.

According to custom, three Icelandic songs were performed at the ceremony: “Esjan” by Bríet Ísis Elfar and Pálmi R. Ásgeirsson, “Tunglið, tunglið taktu mig” by Stefán S. Stefánsson and Theodóra Thoroddsen, and “Litill fugl” by Sigfús Halldórsson and Örn Arnarson.

THE ICELANDIC MUSIC AWARDS



The Icelandic Music Awards were presented on April 17th, 2021 in Harpa. The ceremony was different and more straightforward than usually, because of the pandemic, and no audience was present this time. The awards were distributed to quite a few people, 120 were nominated in 37 categories.

It can, however, be asserted that **Briet Ísis Elfar** was the winner of the year, nominated in seven categories and received three awards, for the singer and lyricist of the year, and the pop album of the year.

Other winners were HAM, for the rock song of the year, Bubbi Morthens was the music performer of the year, as well as in the pop category, and Hjaltalín, who were nominated the songwriters of the year in the category of pop and rock. Sigurður Flosason was the songwriter of the year in the category of jazz and blues, and Peter Máté and John Speight received an award for the album of the year in the category of classical and contemporary music. The Honorary Award this year went to the group Sigur Rós.

EVENTS, WORKSHOPS AND SO FORTH

Due to the gathering ban, several events have, by definition, been cancelled, or postponed, in the last months. Among these are the annual STEF concert, held in the back yard at Laufásvegur on Cultural Night, workshops with music supervisors, held parallel to Airwaves, and the participation of STEF's representatives in some song writing camps, to name but a few. In between changes in regulations, there were a few opportunities for social gathering, such as the following.

Workshop on Buy-Out Agreements

The division between streaming media/VOD and producers has blurred somewhat in recent years and media such as Netflix have gained much force. In this environment, so-called buy-out agreements have become much more common than before, not least with songwriters. In short, buy-out agreements involve assigning all the rights of performing rights income of a said work to a producer by one-time payment.

When authors approve such contract provisions, they often do not realise the potential future income they are surrendering and, at the same time, the true value of their works. It is at least clear that such agreements defraud the authors of the possibility to receive payment corresponding to the use of their works, so that if they gain popularity, the author does not receive income that harmonizes with their success.

On March 15th, 2021, STEEF held a well-attended workshop on buy-out agreements where these issues were discussed. Needless to say, STEF is wary of these agreements and has urged domestic producers to consider carefully the rights of authors, not least when big producers, such as Netflix are concerned.

At the same time, the results of a survey, conducted in the Nordic countries on the prevalence of such agreements, were presented. As yet, they do not seem to be quite common there, no more than they are here in Iceland.

Dubbing 101: NCB's Dubbing Licence

On November 26th, 2020, a promotional meeting was held on NCB's dubbing licence. This was an open video conference where licensing for the use of music in films and television was discussed, and members were informed on the rights of the use of music in film- and programme- making. The keynote speaker was Gina Rosland Eide from NCB, who went through the application process, right from the time that a song is selected, until the production is ready for exhibition. The meeting was held in collaboration with the Icelandic Film Centre, SÍK (Association of Icelandic Film Producers), and RÚV (Icelandic National Broadcasting Service).

NordicLA Song Writing Camp

Tara Mobee, *Úlfur Eldjárn*, and *Eðvarð Egilsson* participated in the NordicLA song writing camp which only took place on the internet, in the year 2020. Both Tara and Úlfur were very pleased with the project, although they would certainly have preferred to meet the participants personally. In the next NordicLA camp, in this year, emphasis will be placed on female songwriters and recently, *Kristín Sesselja*, *Ragnhildur Veigarsdóttir*, and *Silja Rós* were selected for participation and will receive a grant from STEF.

The Nordic Film Awards

Icelandic authors have received quite a few awards at this festival recently. On behalf of Iceland, the jury of the awards this year nominated the members of the duet *Hugi*, *Bergur Þórisson* and *Pétur Jónsson*, for their

music to the documentary, *The Vasulka Effect*. They did, however, not receive the awards this time.

Tónatal

Tónatal.is – the shared website of STEF, SFH (Society of Performers and Record Producers), ÚTÓN (Iceland Music), and Íslandsstofa (Business Iceland) – was opened in the year 2020. This is a site which stores useful knowledge for those who are making their first steps in the field of music. Short video presentations are among the things that can be found there, as well as podcasts. The intention is, furthermore, to collect recordings of the various educational events of the member societies.

RELATED ASSOCIATIONS – COMMITTEES AND COUNCILS

- STEF is a member of IHM (the Right Holders' Collecting Society) which is an interest organisation of 11 collective management organisations handling collection and distribution of fees regarding private copying, as well as fees for TV broadcasting. Members of the Board of IHM are, on behalf of STEF, *Guðrún Björk Bjarnadóttir* and *Jakob Frímann Magnússon*, and *Pórunn Gréta Sigurðardóttir*, as a member of the Representative Board of IHM.
- STEF is a member of Fjölís (the International Federation of Reproduction Rights Organisations), which is an interest organisation of seven collective management organisations representing right holders of works enjoying copyright protection and which are used by photocopying, scanning, electronic copying, or other comparable copying. *Páll Ragnar Pálsson* is a member of the Board of Fjölís on behalf of STEF. *Guðrún Björk Bjarnadóttir* is a member of the Representative Body of Fjölís.
- STEF is a member of ÚTÓN (Iceland Music) which operates the export centre of Icelandic music. *Páll Ragnar Pálsson* is a member of the Board of ÚTÓN on behalf of STEF.
- STEF is a member of Samtónn (the Icelandic Music Association) which is a co-operating forum for STEF and SFH (the Society of Performers and Record Producers). The major projects of Samtónn are holding The Icelandic Music Awards (ÍTV) and The Day of Icelandic Music (DÍT). The representatives of STEF in the Board of Samtónn are *Guðrún Björk Bjarnadóttir* and *Pórunn Gréta Sigurðardóttir*, in addition to *Bragi Valdimar Skúlason*. The manager of ÍTV and DÍT is *Kristján Freyr Halldórsson*.
- Members of the *Recording Fund* of STEF are *Aðalsteinn Ásberg Sigurðsson*, *Oliver Kentish*, *Ragnheiður Gröndal*, and *Arnar Freyr Frostason*.
- Members of the *Music Sheet Fund* of STEF are *Tryggvi M. Baldvinsson*, *Gunnar Þórðarson*, *Hafðís Bjarnadóttir*, and *Úlfar Ingi Haraldsson*.
- Members of the *Travel Fund* of STEF are *Lárus Grímsson* and *Rósa Birgitta Ísfeld*.
- Members of the *Composers' Fund* of RÚV and STEF are, on behalf of STEF, *Védís Hervör Árnadóttir* and *Tryggvi M. Baldvinsson*. The Manager of RÚV is also a member. Alternates are *Hallur Ingólfsson* and *Pórunn Ósk Marinósdóttir*.
- Members of the *Composers' Fund* of Bylgjan and Stöð, 2 on behalf of STEF, are *Bragi Valdimar Skúlason* and *Pórunn Gréta Sigurðardóttir*. The Manager of Sýn is also a member.
- Members of the *Musical Education Fund* of the Church on behalf of STEF are *Hildigunnur Rúnarsdóttir* and *Gunnar Andreas Kristinsson* is her Alternate.
- Member of the *Copyright Council* on behalf of STEF is *Karólína Eiríksdóttir*.
- Members of the *Icelandic Selection Committee* for The Nordic Film Composer Award are *Pétur Jónsson*, *Hilmar Oddsson*, *Margrét Örnólfsson*, *Hilmar Örn Hilmarsson*, and *Guðrún Björk Bjarnadóttir*. STEF handles the administration of these awards on behalf of Iceland..
- The assessors of STEF are *Hallur Ingólfsson* and *Ingi Garðar Erlendsson*.
- Members of the *Distribution Committee* during the operating year were *Guðrún Björk Bjarnadóttir*, *Stefán Hilmarsson*, *Einar Hafliði Einarsson*, accountant.
- There are three subcommittees regarding the distributions and their members were:
The Evergreen Committee: *Aðalsteinn Ásberg Sigurðsson*, *Árni Harðarson*, and *Lára Rúnarsdóttir*.
The DMB-Committee (dance, celebrations, background music): *Hreimur Örn Heimisson*, *Stefanía Svavarsdóttir*, and *Sveinbjörn Pálsson*.
Committee on ecclesiastical ceremonies: *Óskar Einarsson*, *Regína Ósk Óskarsdóttir*, and *Pórir Úlfarsson*.
- Members of the committee on equal rights are: *Hera Björk Þórhallsdóttir*, *Halldór Smáráson*, *Lára Rúnarsdóttir* and *Jakob Frímann Magnússon*.
- Member of the Board of SUT (Support Fund of the Concert Hall Association and Ruth Hermanns) on behalf of STEF is *Gunnar Þórðarson*.

CULTURAL FUND OF STEF

STEF supports domestic cultural activities in the various ways through the Cultural Fund of STEF. It is, however, not possible to apply for grants to this fund, but it supports set projects according to decisions made by the Board of STEF each time. In accordance with STEF 's Articles of Association, the funds which the society collects shall primarily be spent on public fees and then on all operational costs. Up to 10% of the domestic income which remains shall be paid to STEF 's Cultural Fund, according to a more extensive decision of the Annual General Meeting of the Representative Board of the society. The decision of the Annual General Meeting of the Representative Body authorises an annual distribution from that fund to operations of STEF 's member societies. The societies shall have an equal right to distributions, as the funds are indeed spent on comparable activities. All disposal of fees from the Cultural Fund shall be transparent and specified in the Financial Statement of the society. The member societies shall make special statements on the disposals of their distribution fees.

Contributions to the Cultural Fund amounted to 35 million ISK in the year 2020 and the amount remained the same between years. Distributions from the cultural contribution amounted to 7.058.004 ISK to each member society, the The Icelandic Society of Authors & Composers (FTT) and the Icelandic Composers Society (TÍ). Their report on the disposal of the contribution can be found below.

The use of fees from the Cultural Fund is specified in the Financial Statement and is as follows:

Cultural Fund:	2020	2019
Balance at the beginning of the year	4.842.412	3.351.625
Contribution of STEF	35.000.000	35.000.000
For distribution	39.842.412	38.351.626
Contribution to TÍ	7.058.004	7.058.004
Contriburion to FTT	7.058.004	7.058.004
Contribution regarding Samtönn	4.738.387	1.056.001
Contribution regarding Icelandic Music Awards	4.817.749	5.595.767
Contribution regarding Iceland Music	1.500.000	1.500.000
Contribution regarding ÚTÓN	1.825.000	1.500.000
Contribution to Recording Fund	6.000.000	6.000.000
Grants of the Board	350.000	896.202
Other contruibutions and cost participation	4.052.014	2.845.236
Distributed during the year	37.399.158	33.509.214
Financials at the end of the year	2.443.254	4.842.412

DISPOSAL OF STEF'S CULTURAL CONTRIBUTION ON BEHALF OF THE MEMBER SOCIETIES 2020

REPORT FROM THE ICELANDIC SOCIETY OF AUTHORS & COMPOSERS (FTT)

STEF's cultural contribution '20:	7.058.004	Expenses:	
		Wages and related expenses	5.370.193
		Meeting and transaction cost	306.036
		Entertainment allowance and gifts	473.040
		Dues and membership fees	180.184
		Solvent tools and equipment	285.452
		Telephone and office cost	90.828
		Operations and website computer	648.643
		Bookkeeping assistance	388.732
		Other expenses	39.666
		Total:	7.782.774

STEF's cultural contribution to the Icelandic Society of Authors & Composers (FTT) can be seen above. Office operations are most prominent, but hosting of the website and its administration can also be mentioned, as well as the bookkeeping expenses and making of the financial statement, et al.

The members of the Board of FTT during the year were Bragi Valdimar Skúlason (Chairman), Védís Hervör Árnadóttir (Vice-Chairman), Helgi Björnsson, Sóley Stefánsdóttir, and Samúel Jón Samúelsson. Alternates were Ragnheiður Gröndal and Hallur Ingólfsson. The society fights for the interests of its members in many fields: within the administration, in the mass media and broadcast media, in addition to taking part in Nordic and European collaboration of sister societies.

The impact of COVID-19 on the operations of the society is easily discerned and the representatives of the society made their contributions, in collaboration with a team of musicians, in discussions with the authorities on corrective actions for musicians who had lost their work and income worth millions. Thousands of events were cancelled and still, the wheels of economic life have hardly started turning. Income-loss-, and foothold-grants were, however, established. The Managing Director of FTT also supported a few musicians who founded FSST - Association of Self-Employed Musicians, and also exerted himself in making corrections and finding grants to Icelandic musicians in the rhythmic sector. The reactions of the authorities were positive, but it took a long time to activate the new system.

The new website of FTT was launched during the year, as the old one was out of date and the same applied to the programming system. Amendment to STEF's Articles of Association came to be applied by the Board and Representative Body and a team was established on a forum for artists (gig.is) of which Védís Hervör is FTT's representative.

The planned FTT Garden Party, which is held annually late in August, was cancelled because of the gathering restrictions and the Söngvasmiðja (Singing Workshop), was postponed for the same reasons. The yearly NPU-Conference, which was scheduled during the year, was also cancelled due to COVID-19.

FTT held two courses for its members where Margeir Steinar Ingólfsson from Hugsmiðjan (Design Office) gave insight into the world of social media and how best to make use of them in promoting musicians and their concerts.

REPORT FROM THE ICELANDIC COMPOSERS SOCIETY (TÍ)

STEF's cultural contribution to the Icelandic Composers Society is, for the most part, disposed to daily operations of TÍ, e.g., expenses for housing a website, expenses for bookkeeping and making financial statements, general office expenses, expenses for international collaboration, expenses for having a Board and paying directors' fees to the Chairman.

Social Activities

Signý Leifsdóttir was employed as the Managing Director of the society as of May 1st, 2020 with an employment ratio of 20%, but up till then, the Chairman of the society had handled all the executive work parallel to the chairmanship. This proved to be an extremely fortunate decision for the society and increased the efficiency of the operations considerably. The website of the society was improved during the year and now provides all the major information on the operations of the society, in addition to the various practical information for composers and musicians. See <http://tonskaldafelag.is>.

Dark Music Days

Dark Music Days were held traditionally and with great glory at the end of January 2020 which marked the 40th anniversary of the festival. At the opening ceremony, two members of TÍ were nominated as honorary members, Björk Guðmundsdóttir and Jón Ásgeirsson. The festival was, furthermore, nominated for the Icelandic Music Awards as the event of the year in the category of classical and contemporary music.

A new planning team took over at the end of the festival, consisting of Ásmundur Jónsson as Artistic Director, and Ragnheiður Máisól Sturludóttir, Managing Director. They superseded Gunnar Karel Másson and Ása Fanney Gestsdóttir. The Composers Society is very much looking forward to co-operating with the new team and expresses its gratitude to the retiring team for their exceptionally good work.

International Collaboration

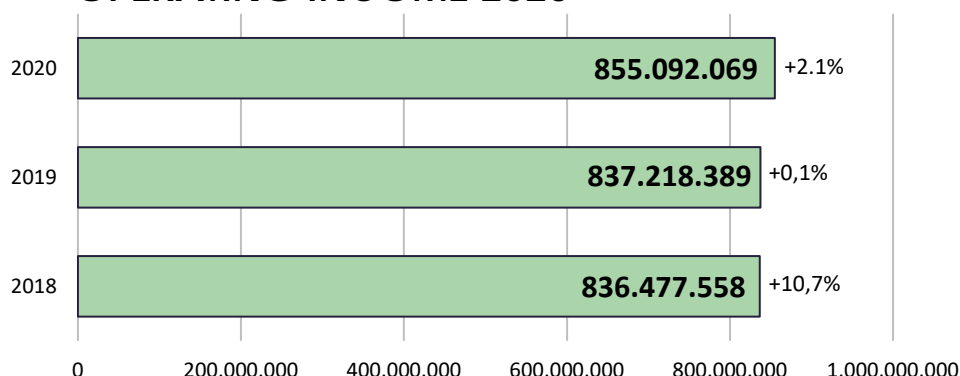
The Icelandic Composers Society is a member of the Nordic Composers Council (NCC) which holds the Nordic Music Days Festival. The festival is alternately held in the member countries. As a rule, NCC holds four meetings a year, once in connection with the Nordic Music Days and three times apart from that. The Nordic Days Festival was planned to be held in Iceland in the year 2021, but because of COVID-19 it will be postponed for a year and will be held in October 10-13, 2022. Preparation for the festival is well under way and has gone well, despite difficult circumstances the previous year.

The Icelandic Composers Society is also a member of ISCM, the International Society for Contemporary Music, which holds the World New Music Days festival. It is an annual festival which is held each time in collaboration with some of the member countries. The choice regarding the location of the festival is based on applications from the member countries. The Annual General Meeting of ISCM is held parallel to the festival. Each member country has the right to send two representatives to the Annual General Meeting, one with a full right to vote and another with an observer status and the right to express an opinion. Furthermore, each member country has the right to present one composer at the festival who thereby gains the opportunity to have one of his/her works performed at the festival and obtains a full right to participate in all the events. This festival has offered many composers an important opportunity to create a further area of work for themselves abroad.

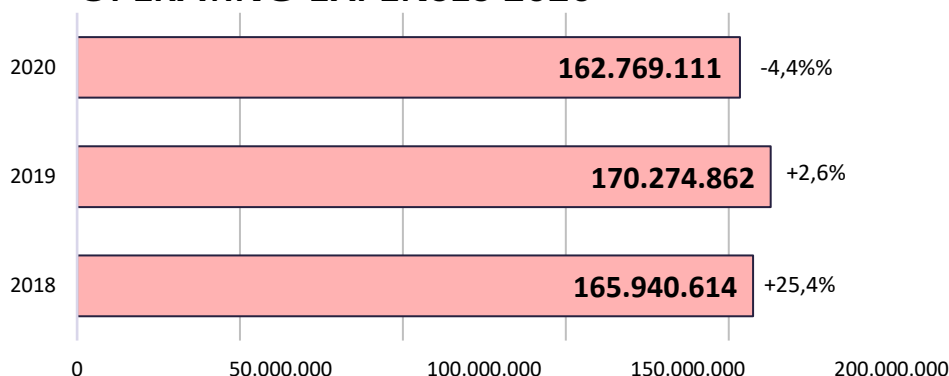
A FEW KEY FIGURES FROM THE FINANCIAL STATEMENT OF STEF 2020

It is a pleasure to reveal, not least in view of the situation, that the total distribution in the year 2020 was higher than that of the previous year. Income loss, due to the pandemic, will however be evident this year and distributions can be expected to be lower. During the year, STEF lowered the distribution minimum down to 1.000 ISK (from 5.000 ISK). A considerably higher number of songwriters thus received payments from STEF in the year 2020 than ever before.

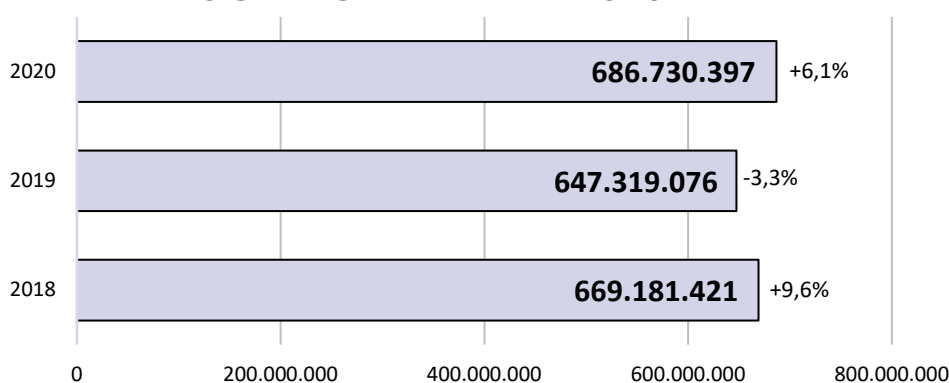
OPERATING INCOME 2020



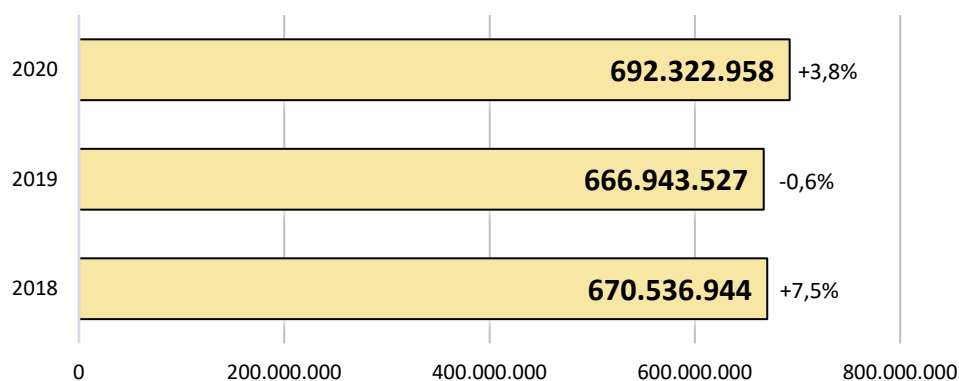
OPERATING EXPENSES 2020



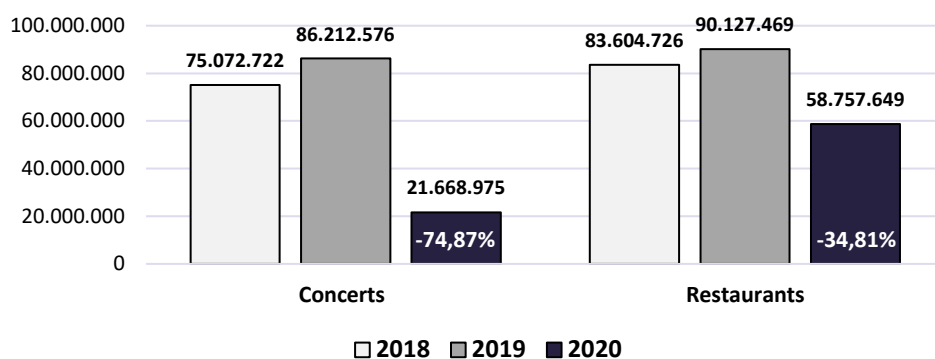
NET INCOME OF THE YEAR 2020



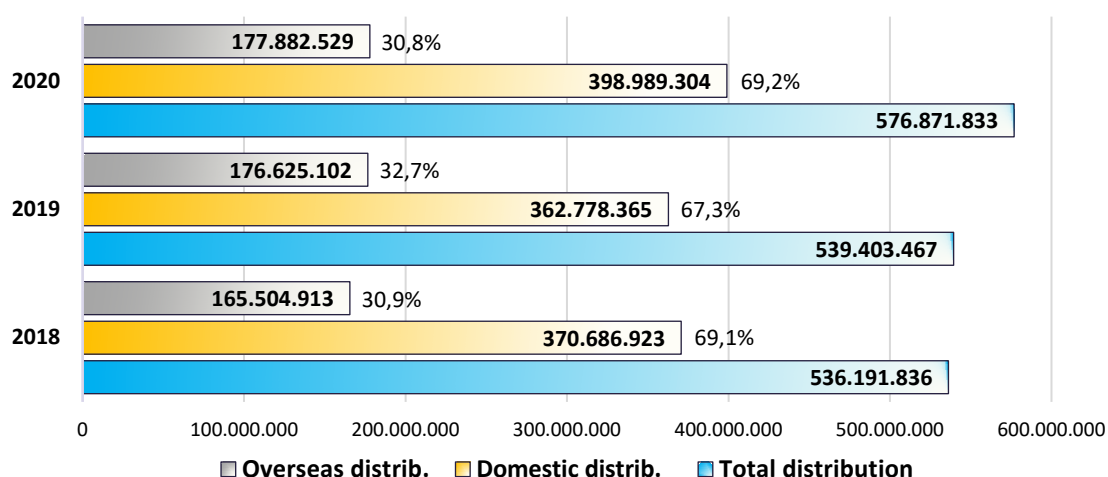
NET INCOME AFTER OPERATING EXPENSES 2020



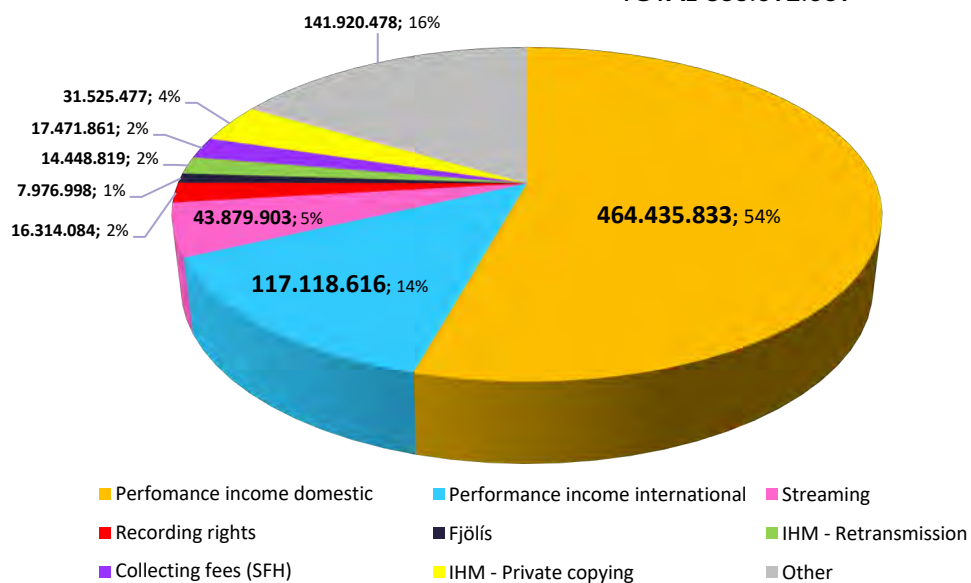
INCOME FROM CONCERTS AND RESTAURANTS 2020



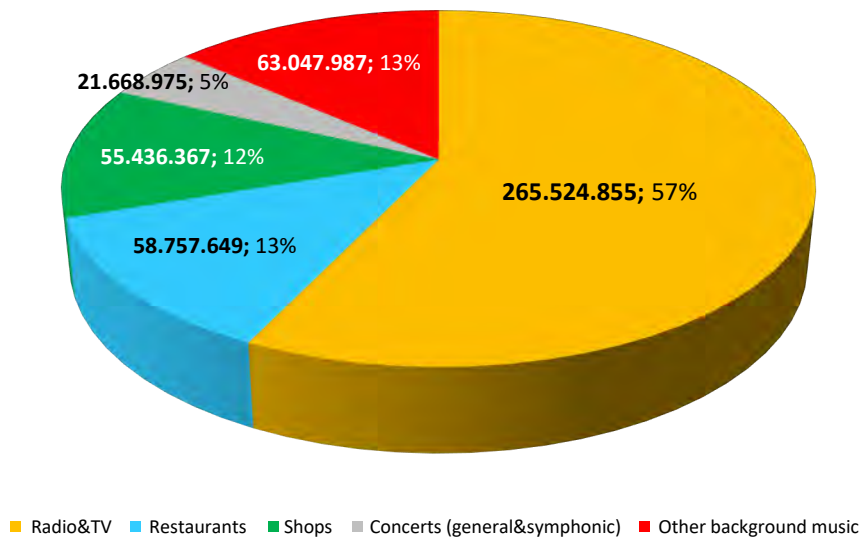
TOTAL DISTRIBUTION 2020



DIVISION OF OPERATING INCOME 2020
TOTAL 855.092.069



DIVISION OF DOMESTIC PERFORMANCE INCOME 2020
TOTAL 464.435.833



INFORMATION ON DISTRIBUTIONS AND DEDUCTIBLE ITEMS

The following is a special mention of a few distribution- and deductible items in accordance with the EU Directive on the collaborative administration of copyright fees. In other aspects, references shall be made to the Financial Statement of STEF which is available on the website of the society (www.stef.is).

Domestic Distribution '20:		Deductible Items:
170.744.951	Radio and television (VOD incl.)	20,3% cost-income ratio and 10% cultural contribution
	þar af eru 96.334.301 skilgr. sem bakgr.tónl.	
47.269.454	Other backgr. music (gym, churches, et al)	20,3% cost-income ratio and 10% cultural contribution
22.664.000	Premières	0
22.048.711	Sale of recordings & streaming (NCB/NMP)	Of NCB: 0% / Of NMP: 10% cultural & 3% surcharge
19.270.312	Domestic live performance	10% surcharge
116.991.876	International performance	3% surcharge
398.989.304	Samtals	

International sister societies collect copyright royalties for STEF, which remits them to right holders. International performing rights income 2020 was divided between the countries as follows:

Foreign income according to countries 2020:			
Austria	1.605.550	Croatia	255.614
Australia	1.582.618	Latvia	198.203
USA	16.336.218	Lithuania	360.644
Brazil	127.553	Norway	3.235.875
United Kingdom	21.521.329	New Zealand	212.845
Chile	144.918	Portugal	189.933
Denmark	6.718.131	Poland	1.121.011
Estonia	145.032	Romania	301.400
Finland	3.180.817	Slovakia	245.983
Netherlands	7.557.155	Switzerland	4.434.546
Hong Kong	93.510	Sweden	8.830.355
Ireland	695.091	Czech Republic	83.693
Israel	558.686	Hungary	418.268
Italy	3.926.472	Germany	24.415.506
Japan	5.047.023	Various payments	1.350.829
Canada	2.223.808	Total	117.118.606

OTHER INCOME APART FROM PERFORMING INCOME

STEF receives remuneration from SFH (Society of Performers and Record Producers) for the collection of SFH-fees in conjunction with the collection of copyright royalties. This remuneration is deducted from the operating expenses before the deduction of the copyright income, as well as the share in the distribution of IHM (Collecting Society) regarding private copying, which is distributed along with the performing rights for background music. STEF also receives distributions from a few administration organisations, as well as agreed payments, and allocates them along with distributions from the various funds. No surcharge, or operating fee is deducted from these distributions (special income), nor any contribution to the Culture Fund. This remuneration is specified in the Financial Statement as listed below:

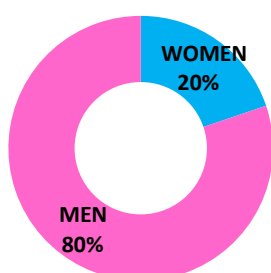
Other income STEF received from servicers in 2020:		
	31.525.477	Distribution from IHM regarding private copying
	17.471.861	Collection Fees from SFH (Society of Performers and Record Producers)
Special Income of Music Education Funds 2020:		
	7.976.998	Distribution from FJÖLÍS (Music Sheet Fund)
	14.448.819	Distribution from IHM regarding cable radio (Recording Fund)
	7.313.815	Special Income from RÚV (Composers' Fund of RUV & STEF)
	3.000.000	Special Income from SÝN (Composers' Fund of Bylgjan & Stöð 2)
	3.000.000	Special Income, contribution of STEF (Composers' Fund of Bylgjan & Stöð 2)
Unpaid Distributions at the turn of the year 2020-2021:		
	15.616.967	Unpaid due to distributions
	9.807.358	Unpaid due to NCB distribution in January 2020
	0	Unpaid foreign distribution (STIM)

Information on Members and Registration 2020

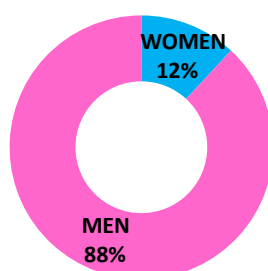
- At the end of the year 2020 the number of registered authors was **7.856**.
- New authors increased by **357** in the year 2020.
- Number of recorded works at the end of the year was **96.378**.
- Registered performance in the year was **18.114** works.
- The number of authors who received payment for the performance of their works was **4.140**.

Gender Division 2020

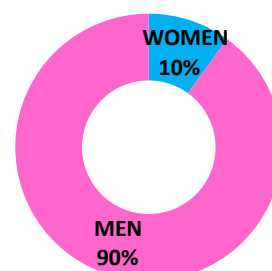
REGISTERED MEMBERS



MEMBERSHIP IN WORKS



DISTRIBUTION 2020





7 May 2021