

zaiks

ZAiKS

We foster imagination

2021 Annual Report

ZAiKS.ORG

2021 – A YEAR OF HOPE IN CHALLENGING TIMES

Miłosz Bembinow, PhD, President of ZAiKS

The last three years were a time of trial for all collective management organizations. The pandemic hit the creative sector with an unparalleled force and required us to pursue a full mobilization in order to lessen its effects on rightsholders. ZAiKS managed to provide authors with help on an unprecedented scale of 166 million PLN, and thanks to stable financial conditions and efficient legal actions our distributions were kept on a high level. For authors, we were a safe harbor during this difficult time.

The pandemic did not slow us down, we concentrated even more on the needs of our members. With every month, we introduced further updates to our online service, thanks to which, almost everything at ZAiKS can now be arranged remotely, in an easy, quick, comfortable and safe manner. We also adopted a new language for communicating with the world, the authors and users. We launched a new ZAiKS website, changed the logo and slogan. The over one-hundred-year-old ZAiKS is now a synonym of modernity.

We adopted new statutes, fulfilling the requirement of the EU directive on collective management and were pleased to welcome music publishers as members of the Society. For a long time, this was not possible due to the law in force, but our cooperation has a long and good tradition. We are convinced that now, since music publishers can again be a part of ZAiKS, we are able to do even more for music and culture.

Photo by Karpat&Zarewicz



The pandemic did not stop our educational programs and the activities of Music Export Poland Foundation (established by ZAiKS), which brought excellent results that strengthen the sector from within. We strive to improve the knowledge about copyright but we also provide creators with specific competences that come in useful in the industry. We act in partnership with other cultural institutions in Poland and I am very proud of these activities. The effects can be seen among young creators. They will have it easier than we had in this respect. I am extremely pleased that through our common effort we are raising the royalties from digital use. In this field, we may pride

ourselves on considerable increases: currently, this amounts to 13,8 % of the total collection. In the fight for the DSM Directive, ZAiKS was one of the most active organizations in Europe. We have been consistently advocating for author's rights. Together with our members we clashed against GAFA lobbyists and despite serious adversities, together with all of you, we managed to convince Europe to adopt measures favoring creativity. Fortunately, the Polish government's challenge of the DSM Directive has been rejected by the CJEU, which allows us to project an even more optimistic future regarding the income from online exploitation.

The pandemic was not yet over for good when, on 24 February 2022, Russia invaded the entire Ukraine. We knew that we had to act with solidarity and utmost engagement to provide aid to Ukrainian creators and their families. During the first days of the war, ZAiKS allocated 250,000 Euro to assist authors from Ukraine. The next step was to launch together with CISAC the "Creators for Ukraine" fund. I give my special thanks to CISAC and the entire international creative community for helping us to provide the aid. Without you this would not have been possible. The aid process will take a long time: the war is still raging, and when it is over there will come a time for reconstruction. Stay with us. Together we can do more.

FINANCES

Krzysztof Lewandowski, CEO of ZAiKS

The years 2019 – 2021 were an extraordinary time for the Society of Authors ZAiKS. 2019 marked the beginning of the second centenary of the history of ZAiKS, but then in 2020 the pandemic suddenly changed the social and business reality.

3



Photo by Karpat&Zarewicz

In the current reality, it is worth referring to the year of 2021 in the context of the last three years. From a business perspective, the years 2019 – 2021 were above all a very demanding and changeable time. For one thing, 2019 was a record-setting year in terms of collection and distribution of royalties, considering the challenges of the subsequent years including the outbreak of the COVID-19 pandemic in 2020. As we all know, the impact of the pandemic on the collective management of copyrights or, more broadly, culture – as a whole sector – was devastating. Rightsholders were affected by a sudden drop of income. Concerts, theatre plays, and other cultural events were being cancelled, and the future seemed very unpredictable. The whole world succumbed to uncertainty about what tomorrow might bring.

From a business perspective, the years 2019–2021 were above all a very demanding and changeable time. For one thing, 2019 was a record-setting year in terms of collection and distribution of royalties.

In the face of these challenges, ZAiKS immediately changed its work mode to remote working in a manner that would maintain the continuity of all business–operational processes. Also, the safety of authors as well as employees and licensees was (and still is) our highest priority. Simultaneously, we also prioritize our financial results, ensuring income, which constitutes means of subsistence for individual creators in these uncertain times. Here, a mention must be made about the transfer of ZAiKS's funds to carry out additional distributions. This way, a record amount of royalties was distributed in 2020, i.e. 460,751,346 PLN.

Unfortunately, since it is mathematically impossible to continue dividing more royalties than have been collected (which we all regret!), in 2021 an amount of 313,139,856 PLN was distributed. Nonetheless, a special attention should be paid to digital specific types of exploitation and their growth potential. The establishment in 2018 of the Department for Internet, later converted – through the addition of further processes necessary for fully handling this field of exploitation – into the Department of Digital Licensing and Distribution, brings the results that were expected. The income from online exploitation increased between 2018 and 2021 by over 500%, i.e., from 10,008,058 PLN to 50,349,589 PLN.

And we have even further reaching plans regarding the development of this field! We also pay special attention to results from public television. In the years 2018–2021 an increase of 152.2% was noted, i.e., from 41,697,563 PLN (2018) to 63,459,764 PLN (2021). This increase was determined by the state subsidy for public television, but thanks to the effort of the Department of Central Licensing (TV, Radio, Mechanical Rights), the rightsholders represented by ZAiKS could also partially count among the subsidy's beneficiaries. It is important to notice the drop in advertising income from both public and private TV in Poland. Despite this negative trend, we maintain stable income from these fields of exploitation, or even notice an increase. The COVID pandemic had

152%

income increase from public television in the years 2018–2021

Income for Internet exploitation increased between 2018 and 2021 by over

500%

Stable administration costs

16,41%

(6% reduction during pandemic)

the greatest negative impact on revenues from concerts, cinemas, and theatres. A reduction in the collections from concerts was noticeable: from 47,985,308 PLN (2019) to 20,549,693 PLN (2021). Some small consolation can be taken from the fact that initially a greater decrease was expected but thanks to the extraordinary efforts made by ZAiKS's field structures a much greater result was achieved than planned. The reconstruction of the stage entertainment sector after the pandemic will take a long time. In this regard, we are counting on both, supporting measures foreseen in the initiatives (and budget) of the European Union, as well as aid programs of the Polish government. We, the creative sector, associated in trade organizations, such as CISAC and GESAC, must be vocal.

It is extremely important for any collective management organization to be able to justify its activity and costs, and to keep them at a low level. Also, due to optimization measures undertaken during the last three years, we managed to increase our efficiency regarding the collective licensing of rights, which resulted in the fall of the average sum of administration deduction from 17.45% to 16.41%.

Even though 2022 seems like a promising year, due to the COVID pandemic and the lifting of legal restrictions or total bans on the collection of royalties in some fields of exploitation, all the activities of ZAiKS's licensing and distribution departments will now focus on increasing the income for our rightsholders. This year will also be devoted to the development of relevant ideas and implementation of necessary technologies with a view to maximize the optimization of processes and further increasing the efficiency.

This year will also be devoted to the development of relevant ideas and implementation of necessary technologies with a view to maximising the optimization of processes and further increasing the efficiency of relevant organisational units responsible for collective management of copyrights.

WE ARE HERE FOR THE CREATORS



WE SHARE EXPERIENCE

ZAIKS is the organizer of innovative creative ventures for young, passionate people who under the guidance of professionals want to improve their artistic skills. Both editions of the Songwriting Camp music workshops and the latest undertaking "TekstMisja" workshops were dedicated to text writing in order to offer young artists unique educational activities.



CULTURAL EVENTS

We support hundreds of artists and cultural events. Big and small. In all corners of the country.

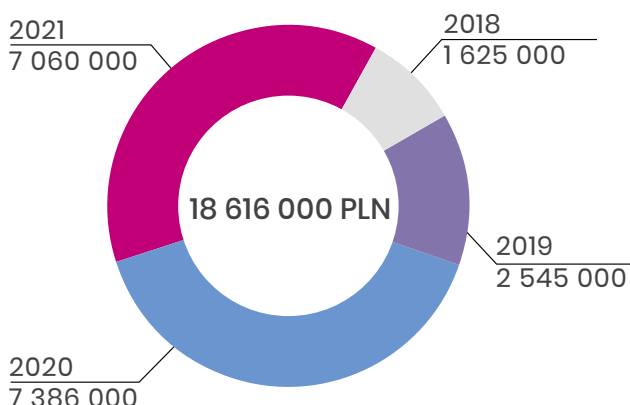
FUND FOR THE SUPPORT OF CREATIVITY

The Creativity Support Fund was established in 1970 and since then it supports the creativity of authors and co-finance cultural events promoting Polish creativity.

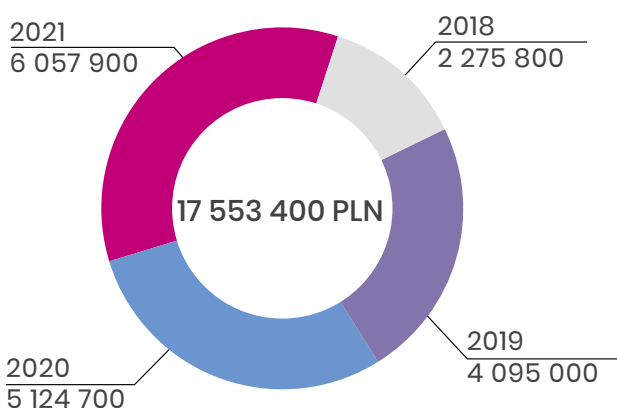
Between March 16, 2020 and December 31, 2021, when the Fund operated in an extraordinary manner due to the pandemic, 2,849 scholarships were awarded and 959 subsidies, allocating a total of PLN 24,575,600 for this purpose.

It was possible thanks to the six special resolutions undertaken by ZAIKS authorities in order to allocate funding for scholarships and subsidies.

THE TOTAL AMOUNTS OF SCHOLARSHIPS PAID OUT BY ZAIKS (IN PLN)



THE TOTAL AMOUNT OF GRANTS PAID OUT BY ZAIKS (IN PLN)



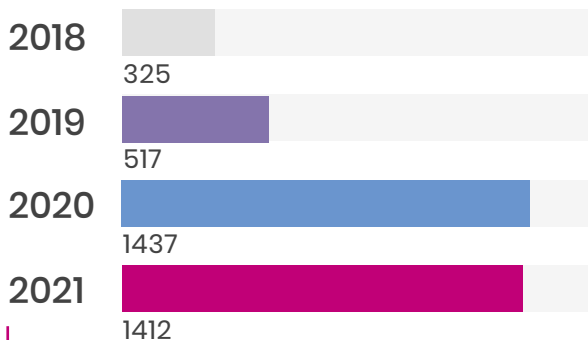
It is worth remembering that cultural work is part of social communication. This is our final horizon, conditioning the state of social consciousness, influencing the model of living with culture and satisfaction in a wise and dignified life. The Fund for the Support of Creativity is also an important system tool that allows us to show our subsidies as own contribution to obtain public subsidies (state and local) – sometimes in a much higher amount.

Jerzy Kornowicz
PRESIDENT OF COUNCIL OF THE FUND
FOR THE SUPPORT OF CREATIVITY

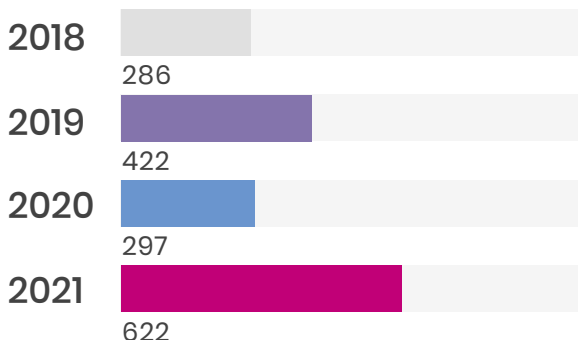
7

THE NUMBER OF PAID SCHOLARSHIPS AND GRANTS

SCHOLARSHIPS



GRANTS



ZAIKS IN NUMBERS

371

million PLN collection
in 2021 12% growth YoY



Every year
we distribute
between 300 and

400
million PLN

We protect

60

million foreign and
national works



In Poland
we represent over

4,5
million

foreign authors
and publishers

We represent
more than

27
thousand

Polish authors and
publishers



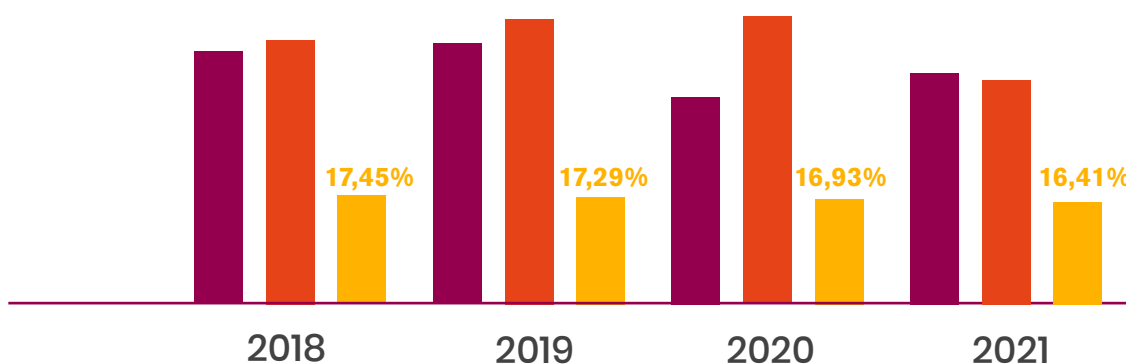
REVENUES IN 2021 GROUPED BY THE SOURCE OF COLLECTION

ROYALTIES COLLECTED, DOCUMENTATION IN PROGRESS (NOT COMPLETED)

Collection income grouped by the source of collection	Amounts PLN	Share in collection	
Radio and TV broadcast	187 564 002	50,6%	📺
Public performance and background music	66 715 696	18,0%	🎵
Internet	43 895 314	11,8%	☁️
Retransmission	41 932 489	11,3%	📡
Phonography and Videography	14 397 554	3,9%	🎧
Stage performances	6 409 168	1,7%	🎭
Screening in cinemas	3 607 804	1,0%	🎬
Private copying	6 003 877	1,6%	📄
Other	438 825	0,1%	
Total	370 964 729	100%	

COLLECTION AND DISTRIBUTION OF ROYALTIES (IN PLN)

9



COLLECTION	404 821 865	417 058 474	331 640 826	370 964 729
DISTRIBUTION	423 362 529	456 204 811	460 751 346	359 650 485
DEDUCTIONS	76 072 513	70 705 282	66 053 216	66 509 851
AVERAGE RATE OF DEDUCTIONS	17,45%	17,29%	16,93%	16,41%

GROWING ONLINE COLLECTION

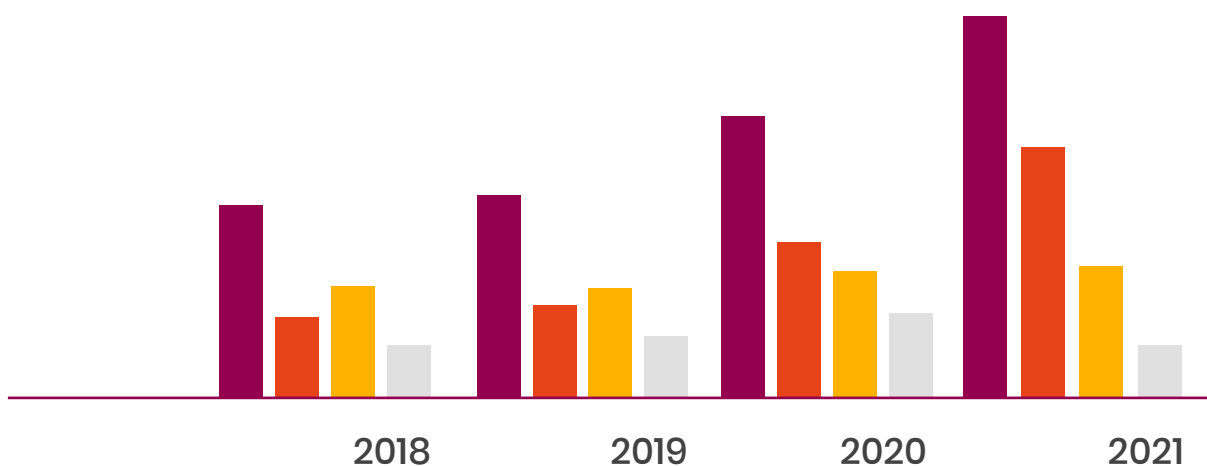
ROYALTIES COLLECTED, DOCUMENTATION COMPLETED

INDICATOR	2018	2019	2020	2021
COLLECTIONS (MILLIONS PLN)	10,0	15,9	32,5	50,4
YEAR ON YEAR % INCREASE	5%	59%	104%	55%
INCREASE BY VALUE (MILLIONS PLN YEAR ON YEAR)	0,5	5,9	16,6	17,9
SHARE OF ONLINE COLLECTION IN THE TOTAL COLLECTION OF ZAIKS	2,6%	3,8%	9,1%	13,8%

LICENCING AGREEMENTS

NUMBER OF AGREEMENTS FOR ONLINE EXPLOITATION

10

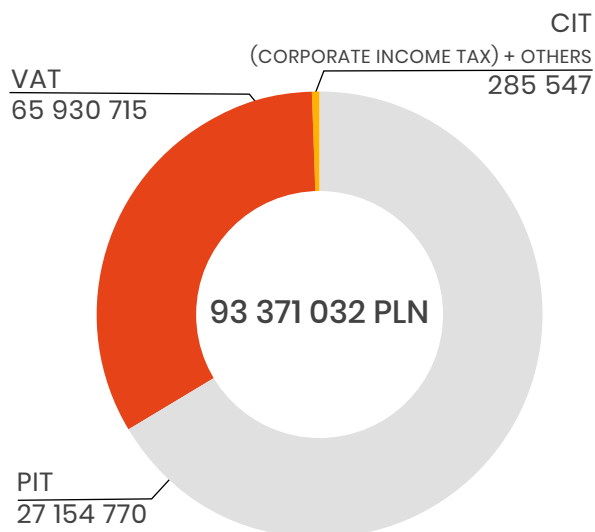


TOTAL	507	534	742	1 006
ONE – OFF AGREEMENTS	212	245	409	659
LONG-TERM AGREEMENTS	295	289	333	347
ONLINE LICENSING (E-LICENCES)	138	161	222	252

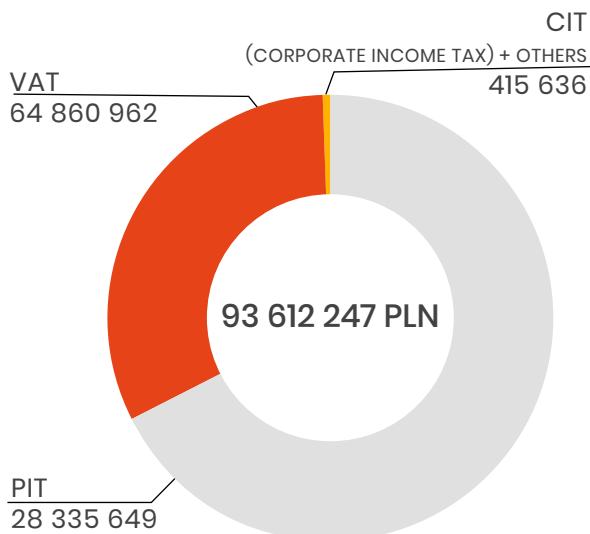
ZAiKS – A RELIABLE TAXPAYER

ZAiKS conducts financial settlements with the tax administration in accordance with the applicable law. Thus, we are in full compliance with our tax obligations.

2018

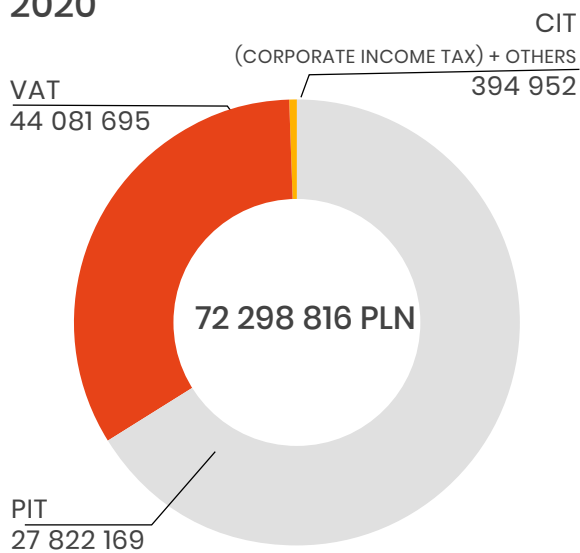


2019

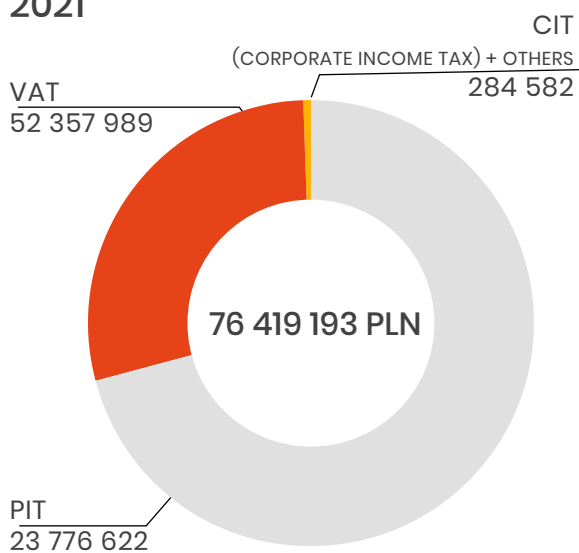


11

2020



2021



In
2020

the record amount
of **460 751 346 PLN** in
authors' remuneration
was distributed

Additional
distributions
amounted to 22 491
528 PLN in 2018 and 36
699 979 PLN in 2019.
In 2020 rightsholders
received over 66
million PLN and in 2021
over 45 million PLN.



Some effects of
the pandemic
are postponed
in time and they
remain visible in 2021.
However the results
from 2022 should
be showing a clear
improvement.

12

AUTHORS AND PROTECTION OF THEIR CREATION

NUMBER OF POLISH AUTHORS WHO ENTRUSTED THEIR WORKS WITH ZAIKS IN A GIVEN YEAR





152,2%

increase in public television revenues from the amount of 41 697 563 PLN in 2018, to the amount of **63 459 764 PLN** in 2021

13,8%

Online collections in the total collection of ZAiKS has increased to 13,8 % in the last 4 years

Advances granted:

2018 – 7 353 141 PLN

2019 – 7 241 200 PLN

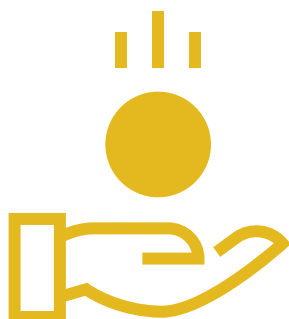
2020 – 10 107 179 PLN

2021 – 7 863 040 PLN

As of 31 December 2021, ZAiKS had 2822 members, including **1696 ordinary members** and **1126 extraordinary members**.

x2

The value of online collection in 2020 has doubled compared to 2019



500%

increase in online collection. From 10 008 058 PLN in 2018 to **50 349 589 PLN** in 2021

13

Every year, we provide authors with millions of remunerations in PLN that are due to them. As an association, we run a wide range of social activities for the benefit of our members. We are also one of the largest patrons of culture in Poland.

ZAiKS – A PATRON OF CULTURE

During the years 2018-2021
The Fund For The Support
Of Creativity provided
creators with

35 849 400 PLN



NUMBER OF SCHOLARSHIPS PAID OUT BY ZAIKS

NUMBER OF GRANTS PAID OUT BY ZAIKS



ZAiKS – A GUARDIAN OF CREATORS

In 2018-2021 ZAiKS provided for
social, educational and cultural
purposes a total funding of:

67 969 788 PLN



Digital ZAiKS

We live in a world in which a large part of our activity moves to the digital universe or is dependent on this universe to some extent. ZAiKS is building further elements of its Internet office to handle the needs of creators and adding modern tools to cooperate with leading content distribution platforms – both streaming and video on demand.



Zaloguj się –

Jesteś autorką / autorem

Zarejestruj utwór

Zadbaj o swoje prawa autorskie

Wiecej →

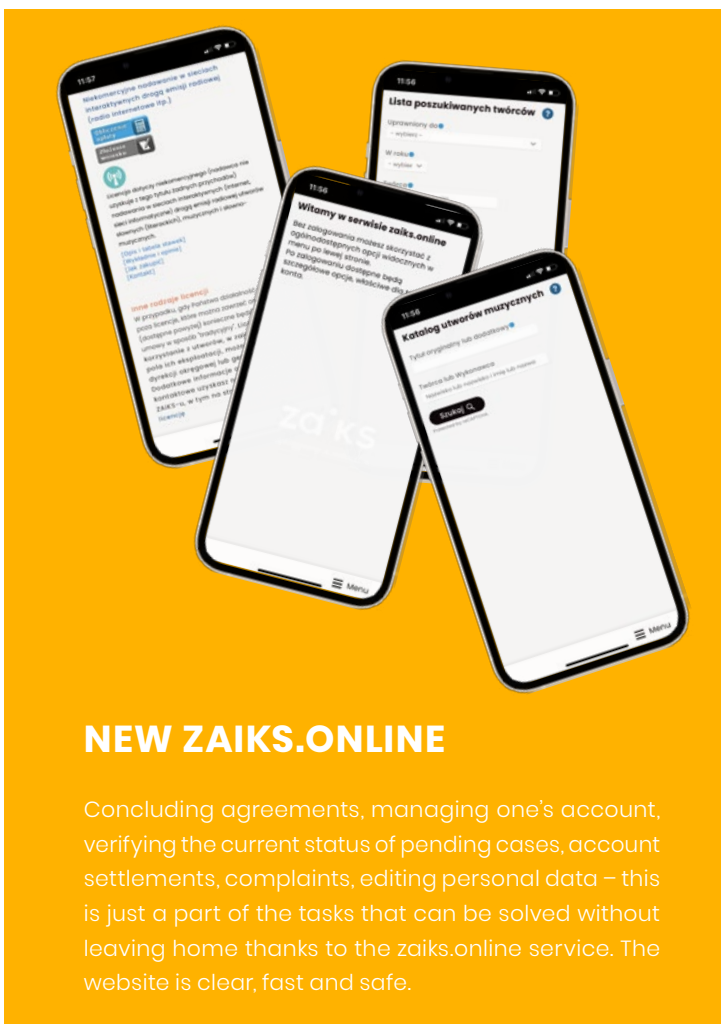
Skorzystaj z pracy twórców

Czym jest licencja

Uzyskaj licencję

Więcej →

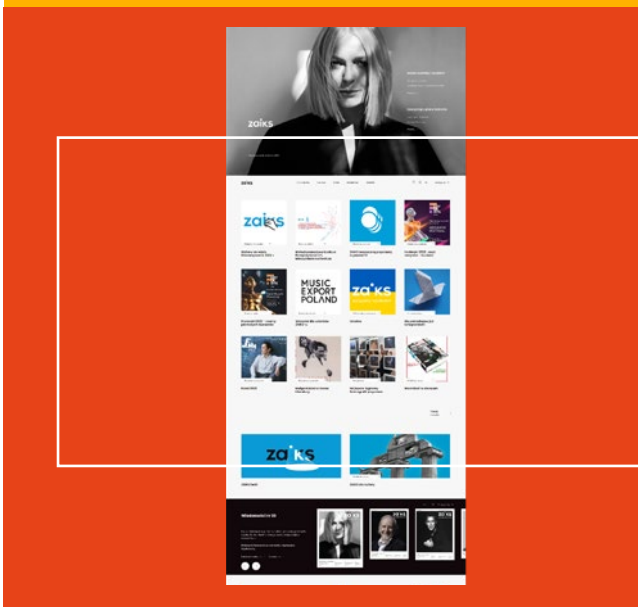
zaiks



NEW ZAIKS.ONLINE

Concluding agreements, managing one's account, verifying the current status of pending cases, account settlements, complaints, editing personal data – this is just a part of the tasks that can be solved without leaving home thanks to the zaiks.online service. The website is clear, fast and safe.

Digitalization is a very broad term. Ranging from communication, through financial transactions, up to virtual office functionalities – in every such aspect ZAIKS has done considerable work. It has become a tech organization – programmers, information architecture specialists and network technology experts are working to protect creators' rights.



NEW ZAIKS.ORG.PL WEBSITE

The new ZAIKS website makes it easier for authors and users to find information. The site boasts a clear information architecture, advanced technologies and modern design.

ZAiKS HAS BECOME A TECH ORGANIZATION

Digitalization is a very broad term. Ranging from communication, through financial transactions, up to virtual office functionalities – in every such aspect ZAiKS has done considerable work. It has become a tech organization – programmers, information architecture specialists and network technology experts are working to protect creators' rights.

ZAiKS created a system that cannot be bought, an entirely proprietary mechanism for settling accounts with the biggest providers of digital content.

INTEGRATION WITH ISWC

The ongoing integration of our systems with ISWC considerably increases the quality of the data processed in usage files.

We believe it is a useful tool from CISAC, which is implemented for the benefit of our members, thanks to improved and consolidated documentation and distribution operations.

ZAiKS MATCHING TOOL

ZAiKS put emphasis on developing the ZMT automatic identification system (ZAiKS Matching Tool). It searches works in the work database and the database of registrations of foreign works made by music publishers. ZMT is integrated with several distribution systems in order to carry out an initial, fully automatic identification of usage files provided by users of musical works, e.g. radio-TV broadcasts, internet uses.



CONVENIENT AND SAFE WAY OF VERIFYING AND CONFIRMING IDENTITY

The mojeID (myID) service implemented in zaiks.online is a convenient and safe way of verifying and confirming identity. With its help a number of tasks, which earlier required people to appear at ZAiKS's offices in person and bring their identity document, can now be completed online. mojeID uses a number of safety levels in order to protect personal data and a multi-step verification process. In the case of very sensitive data, additional security mechanisms are applied. The transmission of data takes place by means of encrypted digital channels, and it will be the responsibility of Krajowa Izba Rozliczeniowa (KIR) – the operator of the Elixir system.



ON-LINE SUPPORT

The system for accepting applications to the Fund for the Support of Creativity is now almost entirely handled through the Internet. Result? Since April 2021, we received 2330 online applications.



NO PIANO SCORE REQUIREMENT

A good example of how technology can act for the benefit of creators is the new system feature which allows to register works without the necessity to provide a so-called piano reduction, i.e. sheet music for the piano. An audio file will be sufficient.



fot. bartekmuracki.com

ZAiKS welcomes publishers

The extension of full ZAiKS membership to music publishers, made possible by the act on collective management adopted in 2018, is without doubt a breakthrough moment in our over one hundred year-long history. But also, not entirely new because already before World War II the name of our organization was the Association of Authors, Composers and Publishers ZAiKS. The participation of publishers in ZAiKS's activity was for many years made impossible by legal regulations but, as we can all see, we have a long and good tradition of cooperation, which we would now like to lean on.

Even during the time when the law did not foresee the possibility for publishers to join ZAiKS, we took care to maintain the best and closest relations. This was possible through the assistance of the Publishing Commission, which was established by ZAiKS to improve cooperation and had its place in the statutes of the Society.

Due to COVID-19 pandemic, we have been waiting for the first elections to ZAiKS's governing bodies in which publishers are able to fully participate and become elected to the Management Board, Advisory Council, Audit Committee and Arbitration Board. ZAiKS's statute empowers music publishers with privileged position 20% of all votes at General Assembly.

Music Publishers have influence on the Society's entire activity. With the help of their knowledge and experience, we will be able to do even more for music and culture. Our aim is for the creative sectors of the economy to develop even more dynamically in a safe and stable legal environment. Together we have to ensure not only to provide authors with even better financial conditions but to also to increase their role in society so that both creators and their audiences can derive the most emotion and satisfaction from culture.

The ambition and goal that ZAiKS set out for itself over a hundred years ago is to be the unifying center of the Polish creative community. The inclusion of music publishers in this process is the natural consequence of acknowledging the role they play for the music industry. Together we can offer even greater assistance to Polish culture.

ZAiKS, a safe haven in the pandemic

166
MILLION PLN
for aid measures during
the pandemic

When the pandemic started, we had to act quickly. We focused on minimizing red tape and speeding up the review of applications so that the financial aid provided by ZAiKS would reach creators in crisis situations as quickly as possible.

HOW WE HELPED

When helping authors during the time of the pandemic, we strived to compensate, even to a small extent, for the lack social security for artists in Poland. A systemic solution of this matter is urgently needed, especially in a time when the creative sector has not yet come out of the pandemic crisis.

- We have always provided financial assistance but before the pandemic such aid was requested by up to one or two creators per week. Due to the pandemic, the need for such assistance became considerably greater. Throughout the entire pandemic, we assigned a total of over 3.6 million PLN for this aim – this sum significantly exceeds financial aid amounts spent during the last dozen years or so.
- Advances on future income (amounting to no more than half of the royalties obtained in the previous year) are also no novelty at ZAiKS, but the scale of their application increased: in 2020 – we paid out 10 million PLN in advances, in 2021 – over 7.8 million PLN, and in the first quarter of 2022 – 7 million PLN. We reviewed applications in a mere few days.
- Our Fund for the Support of Creativity provides aid to creators and cultural institutions. Authors may apply for scholarships for creative projects and organizers of cultural events – for subsidies. During the pandemic, the aid amount financed by the Fund reached unprecedented heights of 25 million PLN.
- Even though the work was carried out remotely, the distribution of royalties went on without interruptions, and in the case of some types of exploitation the process could be accelerated. Moreover, thanks to additional distributions creators also received 66 million PLN in 2020 and 45 million PLN in 2021.
- In the years 2020–2021, we earmarked over 2 million PLN in order to provide financial aid to the eldest members of the Society in the pre-Christmas period. The assistance went to persons over 70 years of age.

za'ks

Contact us:
international@zaiks.org.pl