

Anti-Fraud Policy

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1. Introduction

This Anti-Fraud Policy sets a course of action for Clients and End Users of our platform and services, and defines the actions taken and the consequences of fraudulent behaviour.

Specifically, the purpose of this Policy is to provide:

- A clear definition of what is considered as “Fraud”.
- A summary of the End User’s responsibilities in avoiding fraud-related activities.
- Guidance to all parties involved as to action which should be taken when there is a strong suspicion or evidence of fraudulent activity.
- Protection to right holders in circumstances where they may be penalized as a consequence of fraudulent activities.

This document is intended to provide guidance and should be read in conjunction with:

- The Terms of Service (the contract signed between the Client and SonoSuite)
- The Privacy Policy.
- The Terms of Use.

2. Definitions

Client: Is the person or legal entity that has entered into a contractual relationship with SonoSuite for the use of the SonoSuite platform. The Client is ultimately responsible for all Admin Accounts and their management.

Admin Account: Any account with Administrator privileges in the platform.

End User: Is the person or legal entity that has entered into a contractual relationship with the Client for the use of the platform, accepting the Terms of Use and providing content that will be made available on DSP.

End User Account: Accounts owned and/or created by End Users.

DSP: Digital Streaming Platforms (such as Spotify, Apple Music, Tidal, etc.) or any other channel connected to the SonoSuite Network.

MDFS: Monetization through Digital Fingerprinting Systems (i.e. YouTube Content ID, Facebook Rights Manager, among others).

Fraud: Any activity contrary to the Law, the DSP Policies and/or our own. Particularly, but non-exclusively, the following activities will be categorized as Fraud:

- The unauthorized exploitation of material protected by Copyright;
- The infringement of any Law that regulates the ownership of legal right holders;
- The use of any artist, band or label names or artwork in a misleading way, which may create confusion or false expectations related to content which is served to consumers by DSP (i.e., spam, misleading content, fake artists);
- The use of automated, digital bots or other means to “click” on royalties-generating links pretending to be consumers (artificial streams), producing unnatural and irregular incomes;
- The upload of low audiovisual quality content, distorted music, silenced songs, or any other deceptive material;

Royalties: Economic income/revenue generated after the rightful exploitation of any repertoire.

Strike: A strike is a warning applied to any account that violates industry best practices, DSP guidelines and/or our Anti-Fraud Policy. They are separated into three tiers (strike 1, 2 and 3), and applied cumulatively with the particularities displayed in Section 4.2. Strike Policy.

3. State of Affairs

Fraud in all its forms is not tolerated when using our services. This is because when fraud occurs:

- It is not just a loss for Us and the DSP, but ultimately to content creators, damaging their reputation and reducing the royalty pool which is made available by the DSPs to financially compensate creators for a legitimate, commercial use of their work.
- It may have a major impact on our reputation, our contracts with DSP and therefore again on the End Users using our Services.

Our objective is to detect, prevent and whenever possible eliminate any fraudulent usage of our Services. Any indications of fraud will be rigorously investigated and dealt with in a firm and controlled way.

3.1. What DSP are doing about it

Most DSP use a mix of algorithms and human resources to scan the content uploaded into their repository to avoid potential fraud, unauthorized and/or artificial streams and abusive use of their service. Once they have identified fraudulent activity they take down the content and inform Us about the case, reserving the right to withhold from future payments any amounts generated from suspicious or illegal activities.

3.2. What We are doing about it

We are actively taking action in the following fields:

- Monitoring historic sales data to combine this with other information in order to detect potentially irregular activities.
- Content uploaded into our platform is fingerprinted and matched against several databases to avoid multiple uploads of the same song, uploads of white noise, empty songs, copyrighted materials and any unauthorized type of content.
- Our Quality Control processes are designed to track down the use of assets or metadata that could potentially result in musical spam (repeated submissions), misleading content, copyright infringement and any other type of irregular activity.

3.3. How We deal with Fraud

- In case we detect or have strong suspicions of any unauthorized activities by a specific account, We will apply our Strike Policy, as displayed in Section 4.2., which could ultimately result in blocking the involved account from accessing our service.
- Revenues received in connection with activities violating the Terms of Use, this Anti-Fraud Policy and/or the DSP guidelines may be blocked and retained by DSP.

3.4. The consequences of a Fraudulent use of Our Platform or Services

- If an End User is deemed breaching the Terms of Use and/or the Anti Fraud Policy, we will have the right to unilaterally ban the End User from our services.
- Any amounts due to an End User from any DSP derived from any fraudulent or unauthorized use of the service may be recouped by withholding such amounts from future payments due to that same End User.
- To the extent any fraudulent and/or infringing activities are determined to be caused by the End User's actions, the End User will be held responsible for any costs incurred by us or our providers (including legal fees and expenses) in connection therewith. These costs, in addition to other remedies, may be deducted from any future payments.

4. Severity, Strike Policy and Account Blocking

4.1. Severity

Either during our QC processes, the sales confirmation process or through notifications received from DSP and/or third parties, we may detect fraudulent content, activities and/or accounts. Once detected, these issues are classified into four categories:

- F0: Critical issues related to an Account.
- F1: Issues related to Artificial Streams.
- F2: Issues related to Copyright, Intellectual Property or Trademark.
- F3: Issues related to Abusive Usage of MDFS.

F0 Critical issues related to an Account.

Particularly, but non-exclusively, we will categorize as F0 the following:

- An account profile contains fake, or deliberately incomplete information, unauthorized content and/or information that belongs to a third party.
- Repeated, inconsistent IP activity versus declared country or address of origin on any given Account Profile.
- To present false ID documents or music licenses as well as deceptive, suspicious documents of any kind.
- Any other evidence that an End User is deliberately trying to avoid proper identification or validation of identity or address.
- Any evidence of the End User having been involved in irregular activities in the past.

Any account committing F0 will be permanently blocked, with the consequences displayed in Section 4.3. Blocked Account Policy.

F1: Issues related to Artificial Streams.

Particularly, but non-exclusively, we will categorize as F1 the following:

- Repertoires generating a considerable number of streams and/or views and, subsequently, revenues in a short period of time without a minimum, credible background to support it.
- Any suspicious uplift in sales without corresponding numbers or facts to support it.
- To hire shady promotion services in order to generate streams, views and/or followers in an artificial manner (bot-generated).

F2: Issues related to Copyright, Intellectual Property or Trademark.

Particularly, but non-exclusively, we will categorize as F2 the following:

- Whenever an impersonation of any artist, recording company, unauthorized use of trademarks, distinctive signs, song or album titles, etc., is confirmed.
- A release containing copyrighted material from a rights-holder who did not grant distribution permission to that end.
- Whenever a copyright infringement notification from a DSP and/or any third party is received in relation to a content that has been sent to DSP.
- We receive an infringement claim from the original rights-holder or his/her representative.

F3: Issues related to Abusive Usage of MDFS

Particularly, but non-exclusively, we will categorize as F3 the following:

- The insertion of an original content within or among a third party's original copyrighted content, with the intention of taking advantage of such content's popularity, in order to generate higher income.
- Any sudden, suspicious uplift in sales related to MDFS, without proper historical consistency or plausible reason.

Whenever We, at our sole discretion or through notifications received by DSP and/or third parties detect any of these issues on any account, our Strike Policy will be triggered, as described in Section 4.2.

Problematic Content

In addition to the severities displayed above We may proceed to brand as Problematic Content the following:

- Offensive/Abusive/Defamatory/Obscene/Pornographic content.
- Nazi propaganda, Hate content, Terrorism apology.
- Cultural Sensitivities.
- Repeated submissions/flooding.
- Generic or Fake artists.
- Generic content with low editorial value.
- Public Domain.
- Poor quality sound recording/artwork.

This will trigger the appliance of our Strike Policy, when pertinent and with the consequences displayed below.

4.2. Strike Policy

In case We detect F0, F1, F2, F3 and/or Problematic Content issues in an Account, a strike is applied to the account and additional actions may be required, such as:

- Completing the information details in their "My Account" profile section.
- Sending Us a copy of an identification document (passport or national ID) as well as right holding evidence.
- In most cases, We may also request artist profiles, website URLs, social media profiles, as well as any information from the artist in order to contrast this with sales and/or identification data.

If upon request: a. our notice is deliberately ignored, b. the requested information is not provided within 3 working days (counting from the day the notice is sent) and/or c. the infringing or unauthorised activity is confirmed, a strike will be permanently applied to the account, which will have the following consequences:

- Takedown of the problematic content.
- Since strikes are cumulative penalties, if a third strike is reached, the account will be permanently blocked, with the consequences displayed in the following Section.

4.3. Blocked Account Policy

As previously displayed, whenever any violation of our Terms of Use, this Anti-Fraud Policy and/or the agreements we have with DSP happens, the involved account will be blocked.

This will have the following implications:

- Its entire catalogue will be taken down.
- Blocked accounts will not be able to access the platform and, therefore, use our services.
- The royalties accrued and pending settlement up to and from the time the possible breach

arises shall be subject to retention and escrow until the parties inform SonoSuite that they have resolved the dispute or breach detected. After five years (5) from the last action aimed at resolving the dispute that the parties have taken with SonoSuite's knowledge, SonoSuite shall give the respective deposits (or escrow) the destination provided for by Spanish Law.

- In a context of a dispute, the disputing parties shall inform us about the result of the dispute, so we can determine what amounts should be returned to them, including incurred expenses or economic claims, penalties or compensations determined by Law. Once this process has concluded, and the escrow period has passed, any remaining funds will be released (if claimed).

5. Takedowns

We will initiate takedowns of any fraudulent content found in any account, according to section 4. Severity, Strike Policy and Account Blocking.

We, at our sole discretion, may also initiate takedowns for the entire repertoire of any account involved in irregular activities.

Please also note that any content detected as infringing or content guidelines will be taken down proactively by DSP at their sole discretion.