

TO
GETHER

TOGETHER

LET'S MAKE

MUSIC

HAPPEN

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SACEM

IN 2019-2020

Music accompanies us throughout our lives and Sacem has been supporting those who create it for 169 years. 176,150 authors, composers and publishers trust Sacem to manage their authors' rights.

As a voice for creators and a trusted partner for music broadcasters, Sacem strives to promote all genres of music.

Sacem is a non-profit organisation that contributes to the vibrancy and influence of creative work across the world, with day-to-day support for cultural and artistic projects.

In 2019, Sacem saw strong growth in the collection and distribution of royalties, but 2020 has been marked by the health crisis and its severe economic consequences for our society.

Solidarity and a sense of community, which form the basis of the collective management model, have proven, in these difficult times, to form a solid and effective foundation upon which to build a response to the troubles our authors, composers and publishers are going through. These values give us strength as we shape a new future.

Together, let's make music happen!

KEY DRIVERS

1. **To collect and distribute royalties** for authors, composers and publishers of music; dubbers and subtitlers; poets; comedians and author-directors.
2. **To protect and defend** our members, their rights, their interests and our repertoire.
3. **To offer our members individual support** for everything related to social protection and professional training.
4. **To dedicate ourselves to sustainable creation** through cultural activity in France and across the globe.

KEY FIGURES

6,720

new authors, composers and publishers joined Sacem, which counts 176,150 members from 168 different nationalities

2M

works generated royalties

311,000

creators from around the world benefited from royalties distributed by Sacem¹

68.671

trillion streams were processed

¹ Sacem collects the authors' rights for French and international works played in France and its overseas territories. It then distributes royalties to its members and to authors, composers and publishers from other authors' societies the world over.

CONTENTS

► **Oxmo Puccino**
Songwriter, performer

A FEELING OF COMMUNITY

INSPIRED THE FOUNDING OF SACEM AND HAS EXPRESSED ITSELF THROUGHOUT OUR ORGANISATION'S HISTORY

The collective management model

By bringing together 176,150 authors, composers and publishers, along with their works, Sacem has created an interface that allows 500,000 music broadcasters to go to just one place for permission to use music in return for paying authors' rights (royalties).

As a non-profit society, Sacem is not allowed to put savings aside or turn a profit. All of our resources are dedicated to distributing royalties, helping finance cultural projects, and contributing financially toward a secure future for creators.

IN 2019:

Breakdown of annual revenue allocated by Sacem to its member authors, composers and publishers.



- Royalties
- Social allocations
- Cultural funds (25% from private copy levies)

We distribute royalties equitably, with 79% allocated according to the actual dissemination of works, 10% according to survey, and 11% by taking normal consumption patterns into account. 85% of the funds collected are distributed; the remaining 15% goes toward funding our operations.

SOLIDARITY:

ONE OF SACEM'S CORE VALUES

It means counting on one another to get through the difficult period ahead.

Since 1851, and going strong today

- Together, the founders built a model based on equality.
- In the 1950s, the creation of the *Comité du Coeur* strengthened the social and solidarity side of our mission by offering aid and support to songwriters and composers in distress.
- In March 2020, at the start of the health crisis and its related economic turbulence, we created a plan with emergency measures to come to the aid of authors, composers and publishers in difficulty.

3,000

requests for aid and exceptional royalty advance were made by authors, composers and publishers who are members of Sacem between March and June 2020. According to a member survey, **8 out of 10** are interested in financial aid for the year 2021.

IN 2019

€33.4M

dedicated to social work

► **Polo & Pan**
Songwriters, performers

SOLIDARITY FOR A BETTER TOMORROW

WORKING TIRELESSLY

TO FIND NEW SOURCES FOR AUTHORS' RIGHTS AND TO FURTHER DEVELOP OUR DIGITALISATION

Livestreams

Distributions from livestreams were designed to respond to new methods of broadcasting in the context of the health crisis. Sacem was the first authors' society in the world to set up such a remuneration system, which is based on contracts already signed with the YouTube, Facebook, Instagram and Twitch platforms.

Royalty distribution

The year 2019 marked a new milestone in the distribution of digital rights, with the first ever Facebook distribution.

And for the past four years, we have been paying out royalties as soon as broadcast programmes are processed, and royalties collected. The acceleration of these distributions and their increased traceability requires the permanent development of new information technology tools.



Our partners

Understanding our partners and their difficulties meant keeping an ongoing dialogue open with our 500,000 clients and suspending royalty collection when their premises were closed. Building on that, we were helping our clients in their efforts to recover from the crisis by extending credit equivalent to the duration of the lockdown and by softening deadlines for royalty payments.

Aid granted by Sacem was also maintained for the vast majority of cancelled events.

Scène française

In support of our members and French performing artists, we launched the #ScèneFrançaise initiative, a movement for solidarity and responsibility with respect to culture that is "made in France." Audiovisual media, Internet platforms, broadcasters and other music-industry players were invited to promote and disseminate French works to the general public across all channels so French artists could benefit from the rights linked to such broadcasts.



It's about uniting all cultural actors behind a sustainable model where collective management will continue to protect us.

And creating partnerships that bring together authors, composers and publishers and those who distribute their creations.

WITH

65

local branches throughout France, we know our partners and their activities (background music, concerts, shows, cinemas, festivals, clubs).

740,400

contracts with 500,000 highly diverse clients

Aya Nakamura
Songwriter, performer

SOCIAL RESPONSIBILITY

FOR A SOCIETY THAT IS BOTH LOCAL AND INTERNATIONAL...

We have a social responsibility toward our partners and a duty to protect our members.

At the national level, we have been fighting, together with professional organisations, to defend the status of authors and their pensions. We participated with them in the construction of the National Music Centre.

We will continue these efforts in 2020, first and foremost by reaching out to decision-makers and public opinion to ensure that our members' professions are taken into account in national recovery plans.

The European Union remains an invaluable protective framework in an increasingly uncertain world. Two fundamental directives were adopted on April 17th 2019: the modernisation of copyright in the digital single market and the rules governing copyright and related rights applicable to online retransmission and direct injection. Both represented a decisive step in defending the rights of creators and publishers.

...TOGETHER LET'S MAKE MUSIC HAPPEN

Our new identity conveys our values more than ever.

Music has never been more present in our lives

But for songwriters, composers and music publishers, the competition has never been so fierce, and sources of revenue are increasingly uncertain.

Yet we need them more than ever. The music they create lifts us up, carries us away and soothes us. It brings us together and binds us, on many levels. It defines eras and can sometimes profoundly transform society.

Sacem accompanies those who create music:

- By helping these creators to emerge, live and reinvent themselves, throughout their careers, thanks to the collection and redistribution of royalties.
- By developing mutual aid and social protection programmes dedicated to them.
- By fostering cultural vitality across France and around the world.



A unifying flag, to reaffirm our long-standing values and our commitment to rally, support and protect authors, composers and publishers.

OUR BUSINESS IS DIGITAL AND IS CONSTANTLY CHANGING...

We have embarked on profound transformations that are bearing fruit today.

Digitalisation as a solution to performance and recovery

Our investments in digital technology have risen 84% since 2013. These investments have demonstrated their critical importance during lockdown. Thanks to the efficiency of our IT tools, 95% of Sacem's employees were able to work remotely. We ensured business continuity, in particular the distribution of royalties.

Our information systems are essential in supporting the economic recovery and the collection of royalties.

IN 2019



New applications are primarily developed in the cloud, like our data analysis platform (Data Lake).



1 PETABYTE
This is the number of bytes stored in our information systems. We've surpassed the one quadrillion byte (or 1,000 terabyte) storage mark.

THE VIRTUOUS CIRCLE OF ONLINE COLLECTIONS



L'Impératrice ◀
Songwriters, performers

...THROUGH INNOVATION

Our efficiency generates new contracts and added value for our members.

Mandates from international publishers and a new contract

Strengthening our international leadership in digital, we signed new mandates in 2019 with Strictly Confidential and Because. These mandates entrusted to us by international publishers come on top of similar deals with the likes of Impel, Wixen, Pen music, Nadada, Socan, Warner Chappell, Music Sales et Universal Music Publishing International.

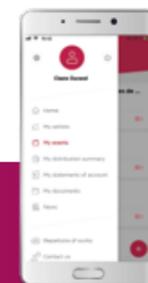
Sacem represents, through its own repertoire and those of its partners, one of the largest catalogues in the world. We signed our first agreement with Amazon Prime Video.

NUMBER OF STREAMS OR DOWNLOADS PROCESSED BY SACEM IT (TRILLIONS)



The Sacem app

It makes life easier for authors and composers by digitalising the registration of setlists and concert or show dates. It guarantees the rapid processing of data for the distribution of royalties and enhanced traceability.



260
contracts signed with online music services in 2019, including 38 with international platforms

12,200
authors, composers and publishers have downloaded the app

3,800
show dates declared each month through the app

PRESIDENT'S STATEMENT



“Guaranteeing authors, composers and publishers the possibility to be paid for this work means giving them the freedom to create, and the grace to move us with works of great diversity. It also means making the creative industries a beneficial sector for everyone – an economy that reaches beyond our borders and creates jobs and generates activity.”

Bruno Lion,
President of the Board of Directors 2019–2020

The months of confinement and the crisis we are going through have proven once again that culture and the arts play a vital role in our individual development, our collective well-being and our social cohesion

“Without music, life would be a mistake, a fatigue, an exile,” Friedrich Nietzsche warned at the very end of the 19th century.

Music makes us thrill; it nourishes our creativity and imagination at the same time as it opens us up to others and to the world. And yet, it is not just the fruit of the talent and imagination of passionate creators, but also – and above all – the result of their work! Guaranteeing authors, composers and publishers the possibility to be paid for this work means giving them the freedom to create, and the grace to move us with works of great diversity. It also means making the creative industries a beneficial sector for everyone – an economy that reaches beyond our borders and creates jobs and generates activity.

However, the year 2019 demonstrated the extent to which keeping authors' rights alive remains a struggle. We achieved historic victories, with the adoption of the European Directive on Copyright in the Digital Single Market, but also those on direct injection broadcasting and audio-visual media services. They were the result of a long battle that Sacem, our sister societies and all the representatives of authors, composers and publishers across Europe, were forced to fight against one of the largest lobbying forces ever deployed: that of the new giants who do not seek to act in the service of society (no matter what they say), but rather to strengthen their own economic and commercial interests. We have fought this battle with determination, alongside our partners, because we are convinced that collective management is the only model that allows creators to organise effectively and make a sustainable living from their work. In France, we brought the voices of authors, composers and publishers to our institutions and political decision-makers, in particular with the creation of the Centre National de la Musique, pension reform, the publication of the Racine report, the debates on the audio-visual law, and the transposition of the EU directives.

For Sacem, 2019 was a constructive year during which our society continued its transformation while remaining faithful to its primary mission: attaining record levels of royalty collection and distribution. €854.8 million was

distributed to 311,000 rights holders worldwide. Fifteen years ago, we processed five million pieces of information a year to pay music creators. In 2019, we processed 68 trillion. These staggering figures illustrate the profound transformations our authors' society is undergoing and the exponential volumes of data it has to deal with in order to remunerate our members, ever more precisely and fairly, each time their works are exploited. Among the major French private organisations – of which Sacem is a member, even though it pursues a mission of public interest – how many can boast of having committed themselves so deeply to the shift to digital, by digitising their skills and activities? Probably not many.

Our efforts to redouble our activity and strengthen our performance in the service of creators have obviously been challenged by the planetary storm that is Covid-19. The health crisis has hit culture with unprecedented violence, more so than any other sector. Music was the first sector to be locked down, with the ban on public gatherings at the end of February, and it will be one of the last to be revived. So many songwriters, composers and music publishers have been hit with an immediate, massive and lasting loss of income. The risk they face boils down to this simple and frightening reality: within a few months, they may simply be unable to create anymore. In the end, all our cultural diversity could collapse like a house of cards. For a culture-oriented country like

France, this is not just an economic problem, it's a real national emergency – it calls into question the future of our model and our attractiveness.

Sacem, a partner of creators since its founding, mobilised and stepped up immediately to protect them. From the very beginning of the lockdown, we got organised to guarantee the continuity of our operations in support of members caught up in the economic storm: this is what enabled us, notably, to ensure the essential royalty distributions of April and July. Then, as the crisis set in, we launched a €43 million emergency response plan, one of the first and most robust in Europe. We had two main objectives: to provide rapid assistance to those in the most urgent need, and to secure our members' income for the long term. In concrete terms, we launched 3 complementary actions: a relief fund for people who can no longer meet their basic needs, exceptional royalty advances, and an initial realignment of our support to prepare for the recovery. At the same time, we continued to adapt, setting up a remuneration plan specifically for livestreaming to support artists who were coming up with novel ways of meeting and exchanging with their audiences. We also initiated and carried out the #SceneFrançaise operation to encourage broadcasters to programme works made in France and to raise awareness among the general public that their consumption of cultural content could be powerful in a context where live music was at a standstill. Media organisations and citizens alike: everyone can pitch in, thanks to authors' right, the powerful tool that turns listening into remuneration. Each of us has our own role to play.

As I write this, activity in the music business is starting up again, albeit too slowly – and not for everyone. For many creators, the strongest financial impact will be felt in the royalty distributions for the year 2021. While it is now a given that culture will be included in the national reconstruction plan, we will remain extremely vigilant and mobilised so that music and our members obtain

significant resources and are not – ever – forgotten during the recovery period. The commitments the government made must be fulfilled very quickly, in an ambitious and transparent way.

You can obviously count on the total commitment of Sacem's Board of Directors in our country's effort to succeed in this historic rendezvous with the future of its music industry. We will continue to be the voice of authors, composers and publishers, tirelessly explaining the intricacies of their professions and raising the alarm over the “blind spots” in public policies that do not sufficiently protect them. In a recent survey of 5,500 members on their situation before and after Covid and their expectations, 64% of our members stressed that one of their greatest difficulties – even in normal times, outside of the current crisis – remains “ignorance and a lack of understanding” of their professions. So we still have a long way to go! Our future rights will depend on how well we explain our industry now.

In the thick of this battle, the collective management model has proved its worth. As we deal with the fallout of the crisis, authors' right will be as critical a prerequisite as it ever was. At the heart of this project that we present to all our partners: Together, let's make music happen!

Bruno Lion,
President of the Board of Directors 2019–2020

64%

of our members stressed that one of their greatest difficulties remains “ignorance and a lack of understanding” of their professions¹

¹ According to the survey conducted among 5,500 members between April and June 2020.

AN INTERVIEW WITH JEAN-NOËL TRONC, CEO OF SACEM



“We will continue our fight to defend creators and the collective management model. We are convinced that it is the most effective bulwark against the risk of the collapse of the music industry.”

Jean-Noël Tronc,
CEO of Sacem

HOW DO YOU LOOK BACK AT 2019?

In 2019, our development picked up speed on every level. We continued to transform our society and make strategic investments to best meet our members' expectations. We processed more than 68 trillion data points for the distribution of rights for music on the Internet alone, which is six times more than in 2018. Our authors' society demonstrated its attractiveness on the international stage, securing prestigious new mandates with the music publishers Strictly Confidential and Because, adding to a long list of labels that put their trust in Sacem: Wixen, Pen Music Group, Nadada, Socan, Warner Chappell, Music Sales and Universal Music Publishing International. At the national level, our regional network also demonstrated its strength and its ability to forge partnerships with cultural and economic players in all territories. In particular, we signed an agreement with the French mayors' association and launched a call for proposals around musical events in small villages. By reorganising our teams and creating a department specifically dedicated to member relations, we put our members at the heart of everything we do, improved the quality and efficiency of our services and our response, stepped up the pace of our distributions and deployed new online services like the ability to declare set lists through our mobile application.

WASN'T 2019 ALSO A YEAR OF STRUGGLE?

2019 was marked by a historic victory in Europe. In the spring, the adoption of the directive on the modernisation of copyright in the digital single market and the directive on the regulation of retransmission and direct injection represented fundamental advances for authors' rights. These victories would never have been possible without the collective mobilisation and the intense battle we fought alongside our sister societies and the professional organisations that represent authors, composers and publishers throughout Europe. At the national level, we worked to advocate for the rights of authors, composers and publishers with the public authorities, notably in the context of the creation of the Centre National de la Musique, pension reform, the Racine report and the audio-visual law. In the face of increasingly fierce competition and growing uncertainty about revenue sources, we relied on our collective strength to protect, defend and promote the careers of creators and publishers and make people aware of their circumstances. It's a battle that has to be fought every minute of every day.

HOW HAS SACEM'S OPERATIONAL PERFORMANCE PROGRESSED IN RECENT YEARS?

The Sacem of today is nothing like it was just a few years ago. Five years of successful transformation have strengthened our performance and transparency.

In the seven years between 2012 and 2019, our collections increased by 28.9%, and we have been able to maintain control of our costs, which have increased mainly due to IT investments – the key to Sacem's modernisation. Starting in 2012, we reversed the downward spiral of previous years, when expenses were rising as collections fell. Since 2015, excluding IT, our expenses have been stable, and have even decreased if you take inflation into account. Sacem currently distributes 85% of the rights it collects.

Our operating cash flow has gone from 10 months' worth in 2012 to 7.7 months' worth in 2019 thanks to measures we have put in place. Undistributable funds have decreased by 35% in four years. Despite a decline in staff numbers, our teams have risen to the challenge of handling ever more data, clients, new forms of music exploitation, new members and new works.

2020 HAS BEEN AN EARTHQUAKE FOR THE CULTURAL SECTOR, WITH ACTIVITY GRINDING TO A SUDDEN AND LASTING HALT. WHAT HAS BEEN THE IMPACT FOR SACEM MEMBERS?

Right from the start of the lockdown, together with the Board of Directors, we began assessing what the crisis meant for authors, composers and publishers: a tremendous double blow in terms of loss of revenue. Like many others, our members suffered a loss of revenue during the lockdown, with the cessation of commissions and artistic projects. But the drop in royalties will be felt mainly in 2021. The cancellation of concerts, the closure of public places that play music for several months, the fall in advertising revenue for the media, sales of CDs or devices subject to private copying levies, as well as the effects of the global health crisis on rights income from abroad – all this will lead to a considerable loss of income from authors' rights, 12 to 18 months from now. We estimate that the overall drop in royalty income will be €250 million for 2020, 23% under our collection forecasts. By comparison, this would take us back to 2012 levels.

HOW DID YOU RESPOND TO THE ENORMITY OF THIS CRISIS?

Faced with this dramatic situation, we very quickly set up a crisis management system with a dedicated action plan and a business continuity committee. We focussed on securing the distributions of April 6 and July 6, 2020, and remaining available to all our members, our music-using customers and the cultural project leaders we support. We suspended billing for hundreds of thousands of clients who had to close: cafés, shops, discotheques and other venues, which usually bring music to life on a daily basis across France. Then, on March 26, we launched a raft of emergency measures for our members, one of the very first and most ambitious plans of its kind in Europe. We put €43 million on the table, taken from our cash flow and cultural action resources, to respond to particularly dire situations through direct aid and to secure our

members' income over the long term through exceptional advances, the repayment of which will only start in 2022 and can be spread over 5 years. We also increased the creative support programme for music publishers by €1 million.

At the same time, we embarked on a plan to reduce Sacem's operating costs: faced with the difficulties of our members, it is our responsibility to identify costs that can be cut and follow through with them. We set up an employee furlough plan, and the Executive Committee and I have decided to reduce our salaries by an equivalent percentage out of solidarity.

Finally, throughout the crisis, we have carried out intensive awareness campaigns for political decision-makers to ensure that authors, composers and publishers are taken into account in any national reconstruction and recovery plans. With the #Scènefrançaise campaign, we also called on the media to commit to broadcasting more French-produced music, and made the French people aware of the role they can play in the service of artists by listening to these works.

WILL THE LOSSES HAVE A HEAVY FINANCIAL IMPACT?

The drop in collections will have a severe impact on Sacem's operating income for 2020 and over several years. Fees on royalties, which finance 70% of our budget, are falling by the same amount as our collections. Sacem is a not-for-profit company, which can neither put money aside nor make a profit. In other words, there is no "war chest" Sacem could draw from to deal with the crisis. We are doing everything we can to limit the impact of the crisis on authors, composers and publishers by implementing a broader savings plan, which will result in a restructuring project to be launched in the coming months. We're going to try and save more than €12 million in management costs, which will reduce the operating budget deficit from €40.8 million to €28.8 million.

SO 2020 WILL BE A YEAR FULL OF NEW CHALLENGES TO FACE AND BATTLES TO BE WAGED TO PROTECT OUR AUTHORS, COMPOSERS AND PUBLISHERS...

As the leading private financier of music in France, Sacem has a unique responsibility. We will continue our fight to defend creators and the collective management model. We are convinced that it is the most effective bulwark against the risk of the collapse of the music industry.

At the national level, we will work with the Centre National de la Musique to coordinate efforts on behalf of the authors, composers and publishers who are at the heart of the music ecosystem.

From the exploitation of musical works, to the development of young talent or underexposed genres – all of these facets take on a particular resonance because of the crisis. We will continue to work on every front when it comes to protecting the status of authors. The European Union also remains an essential protective framework in an increasingly uncertain world. It is up to us to weigh in to ensure that streaming platforms are better regulated, and that authors' rights and the collective management model are upheld and strengthened.

At Sacem, the coming years will bring much more than a return to equilibrium after the storm. We will renew our resolve to constantly improve, in the service of our members and those who bring creation to life by presenting their work to the public.

Jean-Noël Tronc,
CEO of Sacem

OUR FIVE-YEAR STRATEGY

MAXIMISE AUTHORS' RIGHTS (ROYALTIES)

WHAT SETS SACEM APART:

1

Approachable and proactive

Committed, transparent and available for everybody.



2

Digital

Innovating and evolving for our members.



3

360° perspective

Reinforcing our position, at the heart of collective management in France.



4

International

Increasingly competitive and attractive.



5

Flagship

Protecting the French model for authors' rights and collective management.



For authors, composers and music publishers and for Sacem, competition has never been so fierce, with sources of income so uncertain. Today we have to confront economic models that represent alternatives to collective management – and to authors' right. Our best response to these challenges lies in the constant adaptation of our model and the

affirmation of our collective force. This is the strategic direction the board of directors has chosen. Its plan aims to strengthen Sacem's role as an industry flagship, reinforcing digital development along with its proactive, global, 360-degree approach – in the service of all our authors, composers and publishers.

2019 HIGHLIGHTS

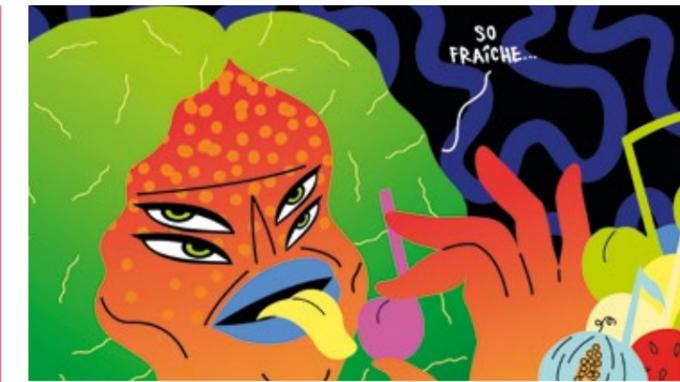
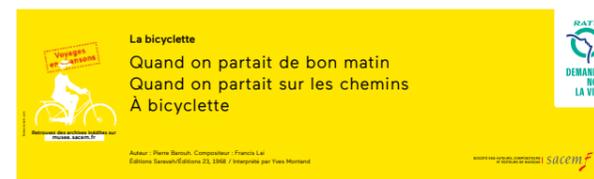


Coachella: French creation in the spotlight

For its 20th edition, the American festival Coachella put twelve French artists and groups on the programme. It was an excellent illustration of international prestige for French creators, thanks to authors, composers and music publishers.

Traveling to music

Lyrics under the cobblestones... A first. RATP (the Paris transport authority) and the Sacem Museum formed a partnership to offer a travelling exhibition of song lyrics... The bright yellow posters were displayed on the platforms and in the trains of the Paris Métro for three months. Sacem's Memory and Heritage Commission, made up of authors, composers and publishers, proposed some sixty works on the theme of travel, and RATP made the final selection.



Electronic music: Sacem joins AFEM

Sacem became the first collective management organisation to join forces with AFEM (Association for Electronic Music), confirming its commitment to electronic music. The move came after the creation of the Electronic Music Factory, a site for resources and documentation, and the launch of DJ Monitor, a suite of automatic identification tools for tracks played in festivals and clubs. Sacem was also behind the French Electronic Lab, and supported the exhibition dedicated to Electronic music at the Philharmonie de Paris and the creation of an all-female "So Fraîche" float at the Technoparade.



MARCH

Copyright Directive: a landmark development

The spring of 2019 marked the end of an unprecedented battle waged by authors, composers and publishers. The Copyright Directive was adopted on March 26 after an unprecedented mobilisation of authors, their professional organisations and all the artists who united under the Creators For Europe banner in the campaign against the giant Internet platforms. The text guarantees better remuneration for authors. Around the same time, on March 28, the European Parliament also adopted the "Cable and Satellite" Directive, which makes broadcasters and programme distributors responsible for clarifying the method of authors' remuneration. Scheduled for 2020, the transposition of these two directives into French law is an essential step, as is the transposition of the Audiovisual Media Services Directive, which lays the foundations for new regulation that will promote better exposure of European creation on digital platforms.



APRIL

MAY

Composers on the Croisette

Like every year in May, Sacem was in Cannes to accompany composers of music for selected films and to organise professional meetings with them. Through its aid programmes, Sacem supported and accompanied eleven films in the selection this year. Because the composer is the third author of a film, alongside the scriptwriter and the director. Sacem is committed to promoting music on screen at the heart of this beautiful international cinematographic event. In 2019, Sacem paid tribute to Bertrand Tavernier for his work in promoting composers and organised a masterclass with Marc Marder. Sacem was also a partner of Talents Cannes Adami.



JUNE



The online museum blows out its first candle

The Sacem Museum opened its virtual doors in June 2018. One year later, 318,500 visitors had discovered the exhibitions, articles, tributes, podcasts and 10,000 original archives, all of which can be accessed free of charge. For its birthday, the museum served up an exhibition on French Metal, from the heart of Hellfest in Clisson, France.

My project on stage!

Committed to supporting cultural vitality throughout France, Sacem created a new programme designed to encourage creative and musical initiatives in the smallest towns and villages. "Musical Towns - My Project Takes the Stage" is a programme set up for villages and towns of up to 5,000 people, for associations, cafés, restaurants, cultural youth groups... A call for submissions was launched in the fall for projects planned for 2020.



318,150
PEOPLE VISITED
SACEM MUSEUM

2019 HIGHLIGHTS



Hollywood: A refreshed Colcoa festival

For the first time, the Colcoa festival, the French film festival held annually in Hollywood, took place in September. The reformatted festival now offers three competitions devoted to cinema, television and short films. Created and organised by the Franco-American Cultural Fund, of which Sacem is a co-founder, Colcoa is the largest international event devoted to French cinema.



Benjamin Garzia



Thomas Lacôte



Yves Chauris



Prix Symphoniques Sacem

Strongly committed for many years to the contemporary music sector, Sacem contributes to composers' career development and the promotion of their repertoires. For the first time, Sacem awarded its Prix Symphoniques at La Scala in Paris, for the opening of the festival "Aux Armes, Contemporains!".

George Enescu Prize: Dahae Boo
Francis and Mica Salabert Prize: Pierre Chépélov
Hervé Dugardin Prize: Yves Chauris, Thomas Lacôte and Benjamin Garzia (joint winners)

A diversity prize

Sacem's sense of social responsibility was rewarded at the fourth annual "Top 10 des recruteurs de la Diversité" awards. The prize recognized Sacem's commitment to the fight against discrimination, notably through its recruitment of candidates from the least privileged territories. Sacem will continue to implement HR policies that are proactively inclusive and grounded in equality.

SEPTEMBER

OCTOBER

NOVEMBER



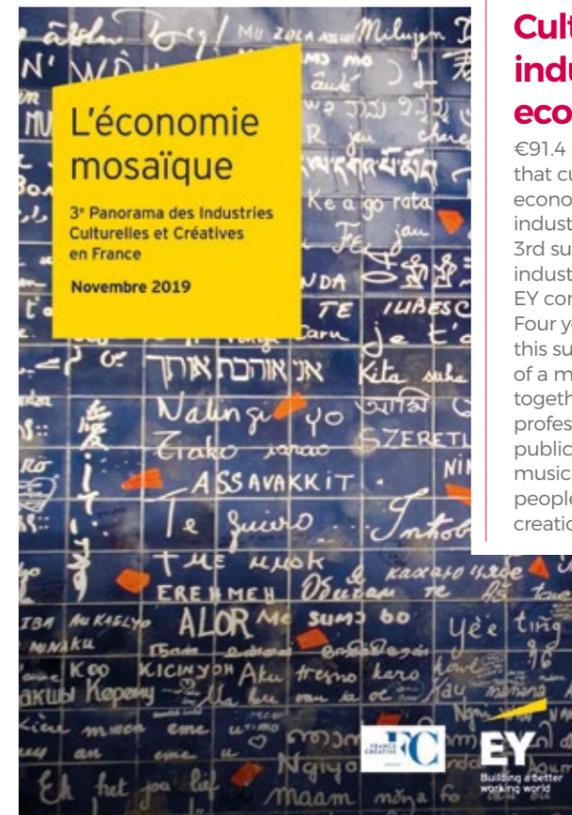
The Music Factories go back to school

The Fabriques à Musique (Music Factories) returned once again to primary schools, middle schools and high schools in France and the Overseas Territories for the 2019-2020 school year. From contemporary and electronic music to film scores, Chanson Française and jazz, students met with songwriters and composers to discover the process of artistic creation. In 2019, 230 classes participated in the programme. Among them were five middle school classes that participated in the Fabrique Electro programme. They joined a European cooperative project called "Future Songwriting." This programme, led by Finland, includes several other European countries such as France, Germany, Spain, Hungary and the United Kingdom and aims to compare the different methods of music learning and to deploy the INTO¹ method.



Paul Cohen Scali named Chief Information Technology Officer

Paul Cohen Scali joined Sacem in October 2019 as Chief Information Technology.



Cultural and creative industries: a diverse economic mosaic

€91.4 billion. That is the value that culture contributes to France's economy, twice as much as the car industry. The figure was unveiled in the 3rd survey of the cultural and creative industries in France, published by the EY consultancy firm for France Créative. Four years after its previous publication, this survey reveals the transformations of a mosaic economy that brings together more than six hundred professions in three hundred thousand public and private enterprises. The music industry alone employs 256,957 people in France, a 21.2% gain in job creation from 2013 to 2018.



Crowdfunding music

Banque Populaire's foundation joined Mise en oeuvre(s), a crowdfunding programme in support of contemporary music. In partnership with Proarti, the leading platform for crowdfunding for artistic creation and cultural discovery, Sacem and the Banque Populaire foundation offer much more than just financial support. The winners receive support from Proarti to help them build their strategy and offer them personalised coaching.

¹ This method, developed by the INTO School team, composed of award-winning Finnish educators and composers, aims to strengthen students' artistic and cultural development by giving them an active role as creators of music. As part of the program, teachers will be trained in the INTO method and will use iPads equipped with the Garage Band application in the creative process with their students.

2019 HIGHLIGHTS

TOGETHER LET'S MAKE MUSIC HAPPEN!

On December 2nd, during its Grand Prix ceremony, Sacem unveiled its new visual identity. Its logo carries a purple flag that reaffirms Sacem's collective purpose: to rally, support and protect authors, composers and publishers in all their diversity. This new identity reflects the values that Sacem embodies and its unfailing commitment to the service of creators and creativity. Sacem's approach includes all of its partners – those who use its repertoire, disseminate it and contribute to its influence, so that all of us, with one voice, can proclaim: "Together, let's make music happen!"



DECEMBER

2019 Sacem Grands Prix

On December 2nd, Sacem awarded its Grand Prizes at an exceptional ceremony at the Salle Pleyel in Paris, hosted by comedian Bérengère Krief. The authors, composers and publishers who took home prizes reflect the vitality and diversity of our music scene. A choral group from Bondy, a suburb northeast of Paris, opened the evening, highlighting the worthy educational goal of making musical instruction available to all.



centre national de la musique

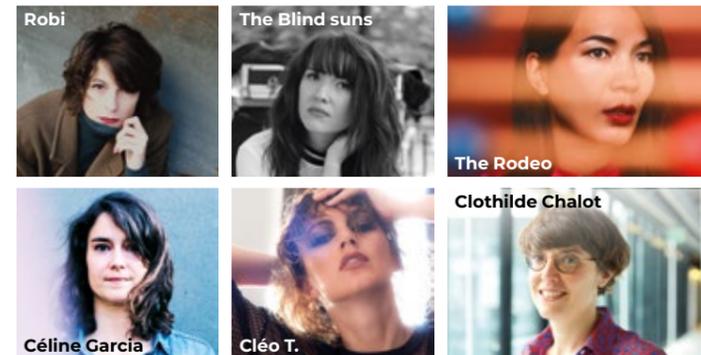
A National Music Centre comes to life

After years of reflection and months of preparation, the Centre National de la Musique was born on January 1st, 2020. Chaired by Jean-Philippe Thiellay, the CNM brings together several key players in the music industry, including historic structures like the Bureau Export, the Centre d'Information et de Ressources pour les Musiques Actuelles (IRMA) and the Fonds pour la Création Musicale (FCM), partly co-financed by Sacem. Authors, composers and music publishers expect it to fully embrace creation in all its diversity, and the economy around it. Alongside the other professional organisations that represent musical creators, Sacem made several proposals, including the establishment of a tax credit for music publishing, the creation of a support fund for creators and increased resources for export.

JANUARY 2020

Keychange: Supporting underrepresented artists and innovators

Among the 650 applicants, 37 emerging artists (songwriters-composers-performers) with distinctive and original talents, along with 37 innovative professionals in music R&D, were selected to participate in the pioneering international Keychange 2020 program, which seeks to empower talented underrepresented genders with training, mentoring, and network support. France, represented by Sacem, the Bureau Export and the MaMa Festival, revealed its three artists and three innovators who will benefit from a solid programme of support, mentoring and professional development.



FEBRUARY 2020

Contemporary music under one roof

Reinforce the resources allocated to contemporary music by creating a strong, representative and unified structure: this was the objective of the Sacem and the Ministry of Culture, so they decided to bring together three structures that they co-finance: Centre de Documentation de la Musique Contemporaine (CDMC), Musique Nouvelle en Liberté (MNL) and Musique Française d'Aujourd'hui (MFA). The new centre that will bring them together is a real flagship that represents all the components of contemporary music.



Making music in the workplace

Sacem and Réseau Entreprendre joined forces to develop projects to encourage the creation and practice of music in the workplace: company choirs, songwriting, creative workshops.



Avignon: creative residencies

Firmly committed to promoting its repertoire for young listeners, Sacem and the Festival OFF d'Avignon formed a partnership to set up creative residencies.



Bringing in younger audiences

The Biennales Internationales du Spectacle de Nantes (BIS) and Sacem renewed their Scène Sacem BIS project with, for the first time, a programme entirely dedicated to young audiences.

MANAGEMENT REPORT

Our operations

Established in 1851, Sacem is a private, non-profit, non-trading entity managed by its members – mainly creators and music publishers.

Our role is to negotiate with users, and to collect and accurately distribute authors' rights to our members when their work is available publicly. For example, through audio-visual media, concerts, festivals, the Internet, cinemas, nightclubs and shops, or reproduced through, for example, digital files, CDs, DVDs or video games. We also manage the collection and distribution of royalties to members of other similar French and international organisations that have given Sacem a mandate to represent them.

Support, protect and defend

Our business operations involve supporting creative people, protecting their repertoires and defending their interests both nationally and internationally. Sacem is a member of various international organisations working for the rights of creative people and the protection of copyright, including the International Confederation of Societies of Authors and Composers (Cisac), the International Office of Mechanical Publishing (Biem), and the European Consortium of Societies of Authors and Composers (Gesac). In France, we work alongside other industry groups lobbying for similar rights, and strive to deliver the best quality of services and support for our members.

We also play a crucial role in the sustainability of musical and cultural creativity. For over fifty years we have been implementing a range of cultural development programmes, encompassing all the richness and diversity of cultural creativity. Our activities include supporting creative careers, encouraging the renewal of repertoires, facilitating the distribution of creative output and helping young professionals get a start in the business. Cultural aid activity has taken on a new elan since 1985, when the private copy levy system was implemented. This, in addition to the aid programmes in place since the 1960s, allowed Sacem to support 2,665 projects representing every genre in 2019.

BOARD OF DIRECTORS FOR 2019-2020

 Chair Bruno Lion, publisher	 Vice-chair Richard Seff, author	 Vice-chair David Séchan, publisher	 Vice-chair Arnold Turboust, composer
 Treasurer Thierry Communal, publisher	 Deputy treasurer Patrick Sigwalt, publisher	 Secretary general Elisabeth Anaïs, composer	 Deputy secretary Thierry Perrier, author
 Director Frédérique Allie, author	 Director Vanessa Bertran, author	 Director Frédéric Doll, author	 Director Brice Homs, author
 Director Gilles Amado, writer-director	 Director Anne Dorr, writer-director	 Director Wally Badarou, composer	 Director Dominique Dalcan, composer
 Director Dominique Pankratoff, composer	 Director Laurent Petitgirard, composer	 Director Nicolas Galibert, publisher	 Director Caroline Molko, publisher

Governance

Founded and managed by its members – authors, composers and publishers of music, dubbing and subtitle writers, poets, stand-up comedians and writer-directors – Sacem operates as a cooperative.

Elected by the Sacem General Assembly, the Board of Directors is made up of six songwriters, six composers and six music publishers (one-third renewable each year in June), as well as a writer-director as a permanent member and a writer-director as a substitute. The Board of Directors makes all decisions essential to the efficient operation of Sacem. It appoints the CEO, who manages the society and is responsible for implementing the policies defined by the board.

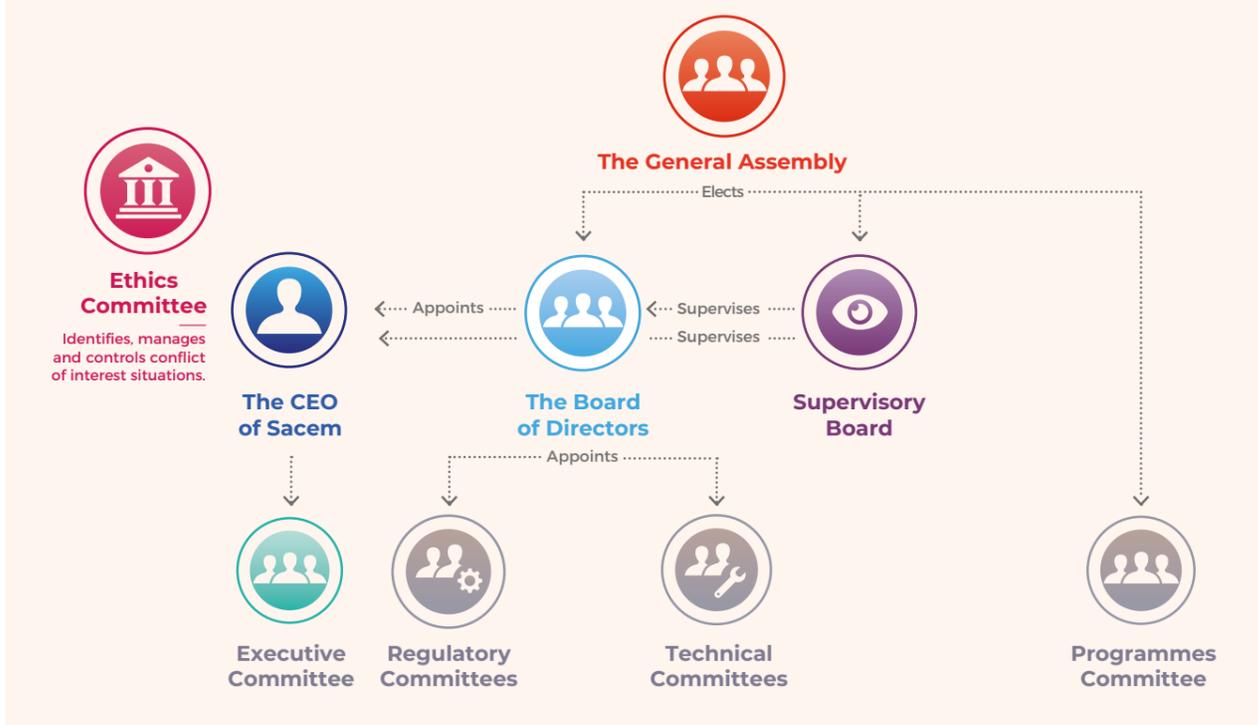
Since 2017, Sacem has put in place the following arrangements:

- 1 Authors, composers and publishers have a greater involvement in the decision-making process with a reinforcement of the powers of the General Assembly
- 2 The Supervisory Board, made up of Sacem members, oversees the activities of the Board of Directors and the CEO
- 3 The Ethics Committee, chaired by an independent third party, aims to prevent and manage conflicts of interest
- 4 Sacem is reinforcing measures intended to provide more transparency and better information for its members.

OUR MEMBERS ENSURE THAT SACEM IS RUN TO HIGH STANDARDS OF GOVERNANCE AND TRANSPARENCY

160 members representing 176,150 creators and publishers across our various boards and committees

How Sacem is run



MANAGEMENT REPORT

Supervision

Few private companies undergo such regular, detailed review. Multiple examinations of Sacem management operations guarantee efficiency and transparency.

YEARLY EXTERNAL CONTROLS:

- Auditor
- Permanent Auditing Committee for Collective Management Societies
- Ministry of Culture
- Detailed report on sums from the private copy levy used for Cultural Action

INTERNAL CONTROLS:

- Board of Directors
- Supervisory Board
- Ethics Committee
- Transparency Report
- Auditing and Internal Control Department
- Committees

Members



Sacem currently has 176,150 members in France and throughout the world – up from 169,385 in 2018. Membership comprises 169,630 creators and 6,520 publishers.



Its members include songwriters, composers and publishers; writer-directors; poets; dubbing and subtitle authors; and comedians and comedy writers, among others. An indication of our appeal is that 6,720 new members joined in 2019.



With 21,350 foreign members from 168 different countries, Sacem is the world's most internationally diverse authors' society.

MEMBERS' ONLINE SERVICES

96,100 Sacem members have their own space on the sacem.fr website and use the various online services.

- Consulting account statements.
- Consulting broadcast data on works with the context in which they are exploited: 9,000 connections per month.
- Tool for claiming works that have been unidentified during the process of distribution.
- Registering works online: over 11,000 each month (+10% in 1 year).
- Registering events and setlists/ playlists (works performed in concert): 90% are now registered online.
- Catalogue: in this service, members have access to all the works they registered.
- Access to Sacem PLUS: a service of exclusive offers and advantages to all members. 50 offers and advantages are proposed in the fields of music and creation.
- 'History of my distributions,' with graphic visualisation of royalty payments over several years.
- 'Summary of my distributions': dynamic overall presentation of royalty payments.
- 'My detailed distributions': presentation of royalty payments work-by-work with an unprecedented level of detail: more than 17,600 connections per month.



Blick Bassy
Songwriter, performer

176,150

Sacem members

6,720

New members joined Sacem in 2019. Among them were 773 foreign members, with 89 nationalities represented.

Collections

INTERNATIONAL

Collections from outside France reached record levels in 2019, thanks to the performance of our catalogue and our international development efforts (e.g. the tracking of our works' usage abroad).

Sacem collects royalties for its members worldwide through 168 agreements signed with 117 foreign societies. Moreover, in some territories, such as Luxembourg, Lebanon, French Polynesia and Monaco, Sacem signs contracts either directly or via its local structure with music broadcasters, from whom rights are collected and then distributed to members. In countries with which Sacem has agreements, it is that country's authors' society that agrees on contracts and collects royalties on Sacem's behalf, before subsequently transferring the relevant royalties to Sacem for the repertoire that it represents.

Sacem, in turn, distributes to its members. This type of agreement is often reciprocal, with each society taking responsibility for the other's rights within their respective jurisdictions. This is still the dominant and prevailing model, except in the specific case of multi-territory Digital Service Providers for which each CMO (Collective Management Organisation) collects only the rights linked to the exploitation of its own repertoire.

OUR CLIENTS

Our clients have free and legal access to 150 million works across all genres in Sacem's worldwide repertoire. By paying authors' rights, clients keep musical creation alive and contribute to the industry's sustainability.

150

MILLION
WORKS REPRESENTED
BY SACEM THROUGHOUT
THE WORLD

MANAGEMENT REPORT

▶ **Youn Sun Nah**
Songwriter, performer



Thanks to its own repertoire and those of its partners, Sacem represents one of the largest catalogues in the world – this puts us in a position to best serve the interests of our members.

LICENCES

Audiovisual – TV, radio, cable, satellite, broadband, and SVoD – is the second source of revenue. This year reflected streaming's dominance in France, as well as in a large and growing part of the world. Sacem collects royalties directly from streaming services, resulting in 30% growth of its online income. Numerous agreements with the media and video-on-demand (VoD) platforms, as well as legislation for private copying, have made it possible to reach high collection levels. In the online sector, Sacem has attracted prestigious new contracts such as Strictly Confidential and Because, which have joined Impel, Music Sales, Universal Music Publishing, Wixen, PEN Music, Socan and Warner Chappell. Through its own repertoire and those of its partners, Sacem represents one of the largest catalogues in the world, an essential position for promoting the best interests of its members. Many contracts were renewed in 2018 with digital music and audio-visual platforms. In 2019, Sacem signed an agreement with Amazon Prime Video.

PRIVATE COPYING

Since it was adopted in France in 1985, the private copying levy has made it possible to compensate for the loss of revenue suffered by creators as a result of the legal exception that allows private copies to be made of their works. The Private Copying Commission, of which Sacem is a member, voted for an impressive number of new tariffs, applied from October 1st 2018, for phones, tablets, external hard drives, TV/multimedia boxes and cloud-based NPVRs. The private copying levy is of crucial importance – it helps guarantee cultural diversity and our country's artistic vitality.

The cultural aid payments are broken down among four legal categories: aid for creation and production, aid for the realisation of live performances, aid for the training of artists (authors, composers and performers) and aid for artistic and cultural education.

OUR REGIONAL NETWORK

Our extensive regional network is one of our most valuable assets in terms of delivering the very best for our members. We have teams on the ground throughout France and overseas – comprising six regional offices and more than 60 local offices. This allows us to maintain close relationships with our regional customers and members and ensures accurate and efficient collection.

By being in close touch with the people who are playing music and thus driving sustainable creativity, we are able to feel the pulse of the music business, sense the direction the economy is heading, and anticipate the issues that music creators and publishers will be faced with. This prepares us to best serve the interests of our members by adapting quickly to changing markets and circumstances.

SACEM PRO: A CUSTOMER SERVICE OFFERING

In April 2016, Sacem successfully launched Sacem Pro, an offering for Sacem customers that includes:

- **Advice:** Three guidebooks available in digital form or hard copy to assist customers in using the repertoire. Focusing on music, their purpose is to help non-professional customers organise concerts and other musical events or set up a sound systems on professional premises.
- **Discounts:** 86 partners offer customers help in areas such as setting up background music on their professional premises, renting or buying equipment, soundproofing an establishment, finding musicians or technicians, promoting their events and setting up a ticket office.



▶ **PNL**
Songwriters, performers

95 COUNTRIES

FROM WHICH SACEM HAS
A PRESENCE THROUGH
168 AGREEMENTS SIGNED
WITH 117 FOREIGN SOCIETIES

MANAGEMENT REPORT

MAXIMISATION OF RIGHTS

SACEM'S NETWORK IS MADE UP OF

60+

local offices in mainland France and overseas

620+

co-workers

A MORE DIGITAL RELATIONSHIP

160,500

client accounts on sacem.fr

67,000

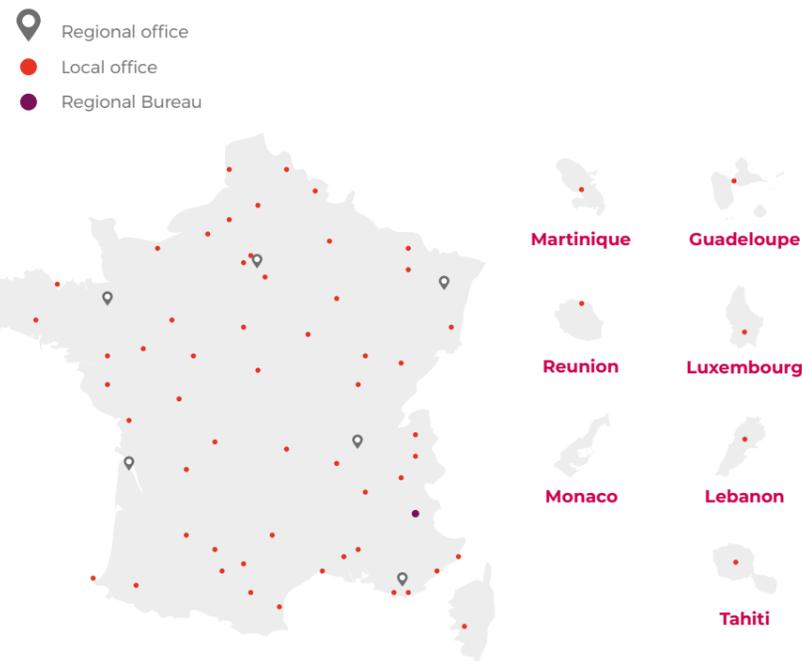
contracts signed online

130,000

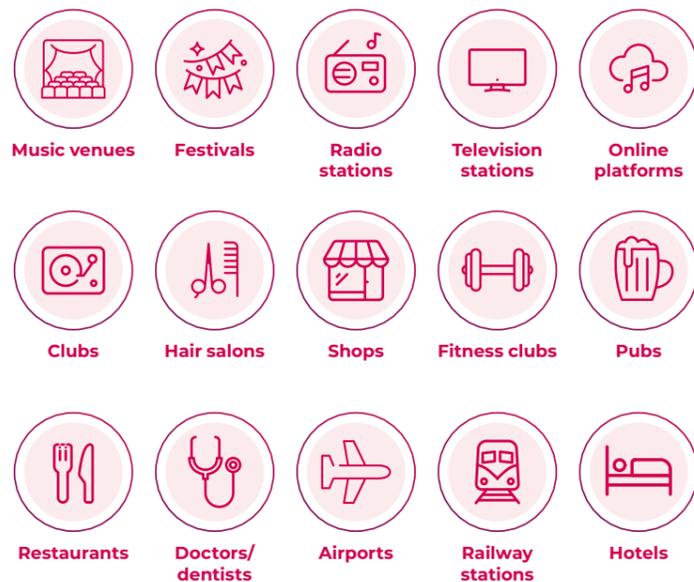
choose online billing

€12.4M

funds collected online



OUR CLIENTS



WE HAVE LICENSED
500,000

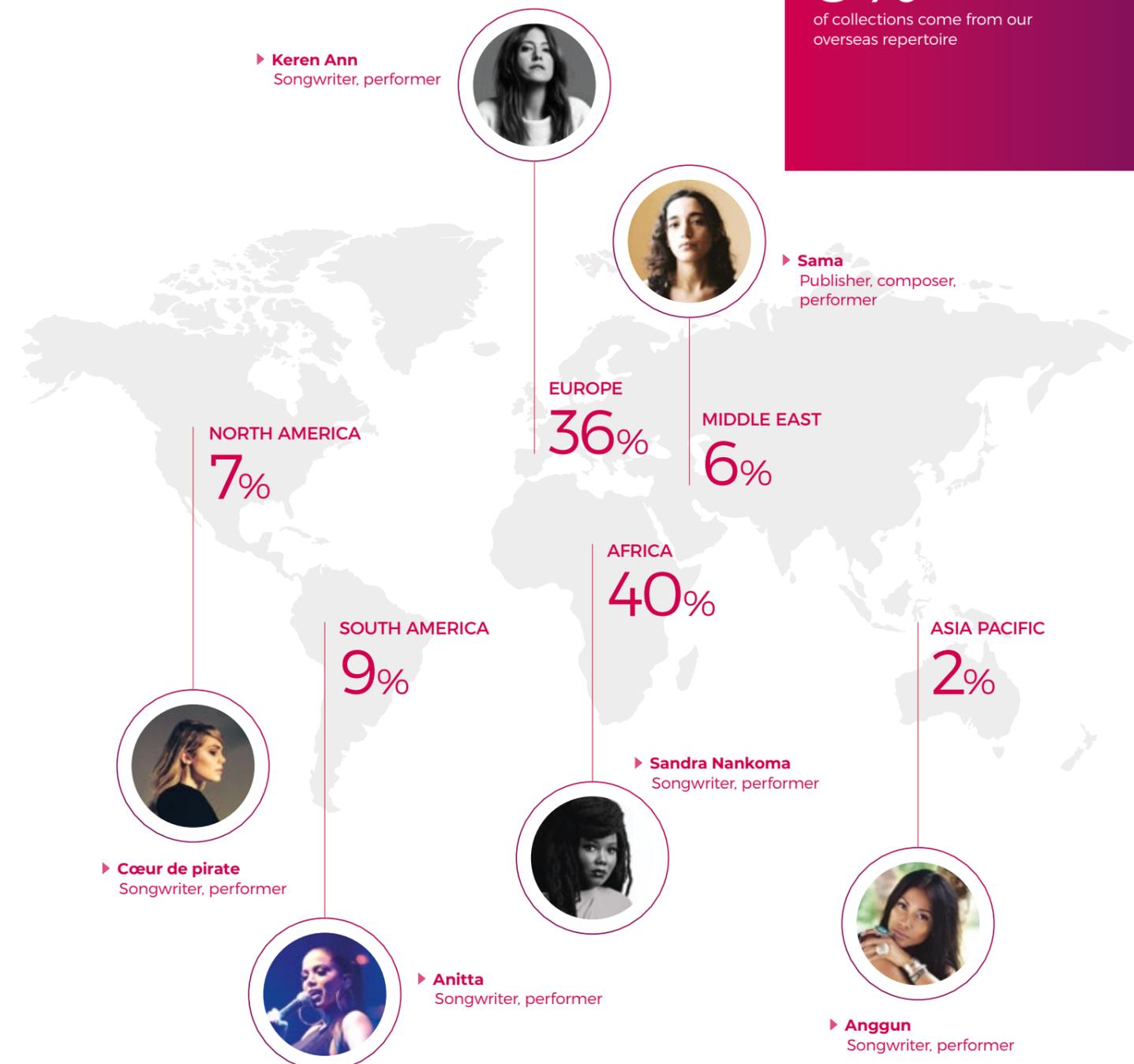
HIGHLY DIVERSE CLIENTS

GLOBAL REPERTOIRE

Non-French Sacem members

8%

of collections come from our overseas repertoire



MANAGEMENT REPORT

Repertoire

We represent, manage and protect 150 million works throughout the world and across the range of creative genres. This repertoire is expanding every day - in 2019, 2.4 million new works were added, 255,800 by Sacem members. Through the mandates entrusted to us by international publishers, Sacem also processed the registration of 566,000 additional works.

AUDIOVISUAL

- Music for the moving image (films, television, series, animated films, advertising...)
- Musical illustrations of programmes
- Musical documentaries
- Musical videos

CONTENT

- Lyrics
- Poems
- Humour
- Dubbing
- Subtitles
- Sketches

MUSIC

- Chanson
- Electronic music
- Rap, RnB
- Contemporary classical music
- Jazz
- Young audience
- Traditional music
- World music
- Metal

Mandates

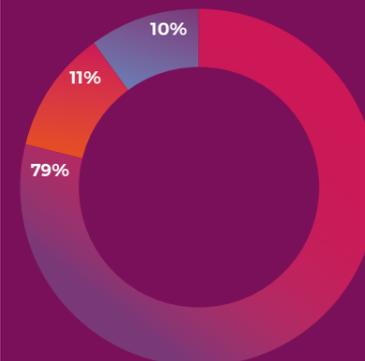
We also collect royalties for:

- Performers and producers of music, audio-visual works, visual arts and writing via Copie France (Private Copying).
- Performers (members of the Adami and Spedidam collective management organisations) and record producers (SCPP and SPPF) for the broadcasting of their works in public places such as shops, hotels and restaurants.
- Authors of the performing arts, audio-visual works (members of SACD), multimedia works (members of Scam) and graphic and plastic arts (members of ADAGP) for part of media broadcasting of the works concerned (especially audiovisual).
- International music publishers (Universal Music Publishing, Warner Chappell Music, Wixen Music Publishing, Inc. Sharandall Music, The Music Goes Round Publishing, PEN Music Group, Impel, Strictly Confidential et Because) for part of the digital use of their international repertoires.
- Canadian creators in Europe - since 2016, Sacem has represented the repertoire of SOCAN exploited by DSPs in Europe.
- Phono-mechanical rights on physical products (CDs, DVDs, BRs) distributed by European Universal Music subsidiaries.

Distribution

79% of authors' rights are distributed work-by-work in order to reflect, as much as possible, the detail of music broadcasting programmes. This accuracy is the result of the considerable technological innovation and expertise needed to process large volumes of data, while at the same time providing reliable documentation.

ACCURACY AND EFFICIENCY



- Work-by-work
- By taking into account consumer habits
- By surveys

The rules of distribution are available on sacem.fr

Cultural aid

In addition to its rights collection and distribution activities, Sacem provides strong cultural support for musical creation, live performances, and the training and professionalisation of creators, both in France and internationally.

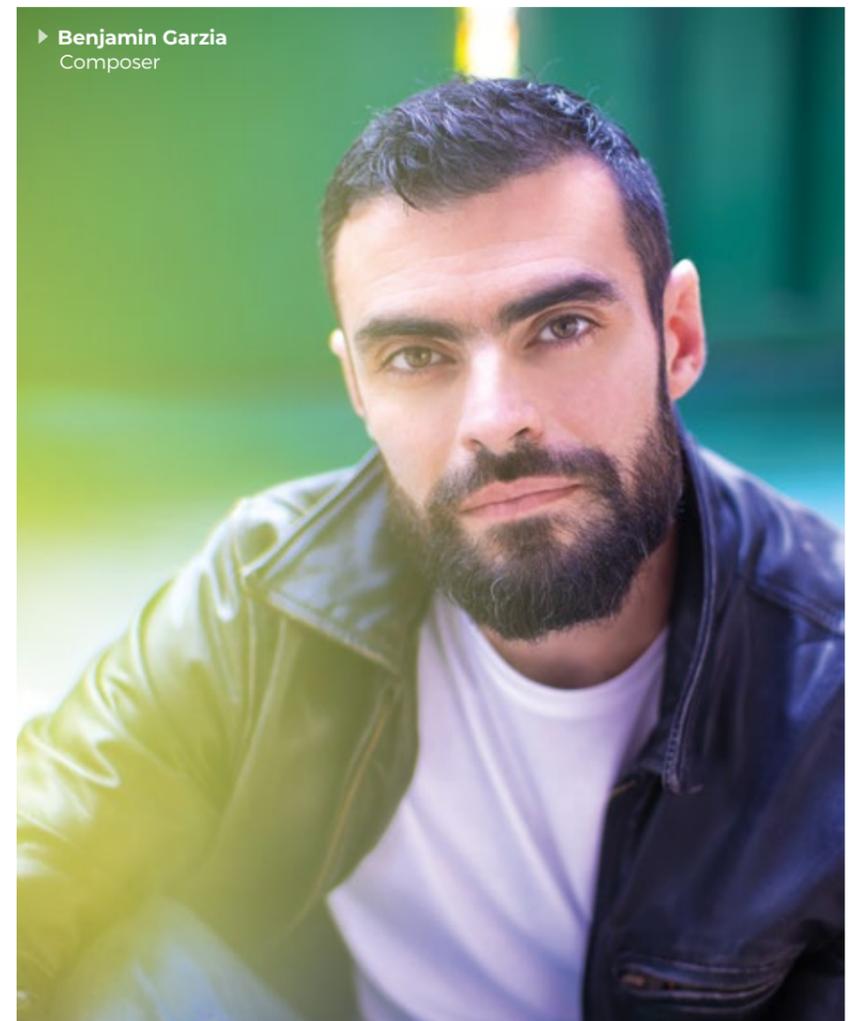
Through its expertise, networking and financial support, Sacem assists authors, composers, and publishers, as well as the venues, festivals or producers who programme these artists, and therefore ensure the dissemination of their works.

Sacem's financial aid covers all the stages of a career or a project, from assistance to self-production. Budgets have been significantly increased this year to move toward paperless operations, and to support to residences, festivals, venues, ensembles and musical groups, among so many other efforts. Publishing development aid offers a whole range of financing to support the publishers in their efforts to develop artists and to enhance heritage.

Urban music, electro, contemporary classical music, creative jazz, young audience, pop, rock, world music, poetry, comedy, etc. This cultural action covers all the repertoires managed by Sacem, with particular attention paid to genres suffering from underexposure in the media or evolving in a structurally deficient economic model, such as contemporary classical music, creative jazz or works for young audiences.

This action is managed both nationally and also through a decentralised budget, closer to the territories and actors in the field, handled by Sacem's regional network.

2,665
CULTURAL AND ARTISTIC
PROJECTS SUPPORTED IN 2019



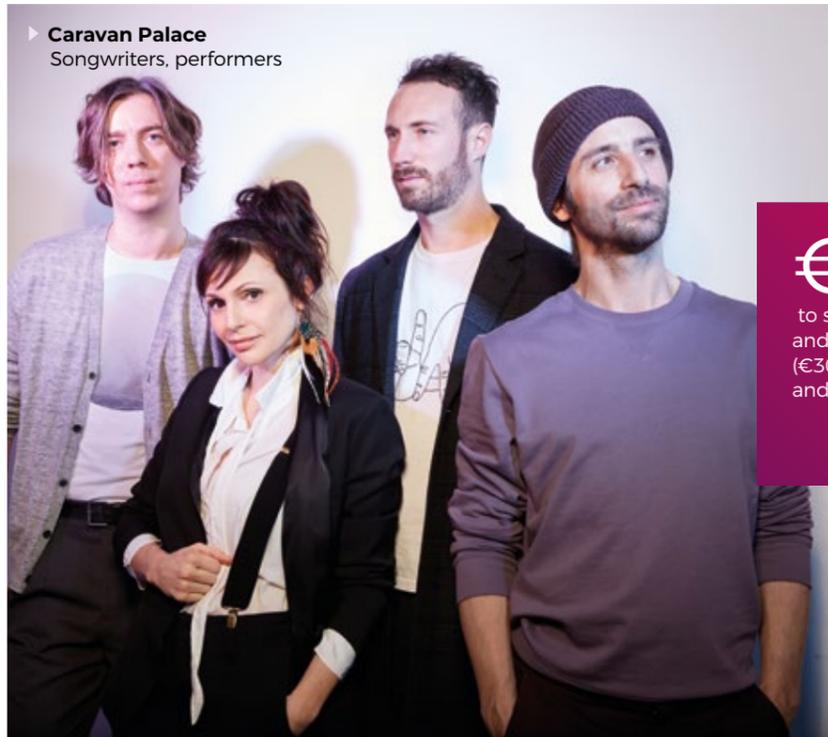
► Benjamin Garzia
Composer

As a major actor in the audiovisual sector, Sacem also plays a decisive role in the field of music for motion pictures, through aid for the creation of original music, in all formats, from short films to features. Encouraging new writing, Sacem supports innovative and transmedia projects while paying particular attention to initiatives to enhance heritage through its support for musical documentaries and new channels of dissemination. Finally, the training and professionalisation of composers is an important part of

Sacem's role, through the funding of residencies, master classes, and professional meetings organised with a network of leading audio-visual festivals.

In the field of humour, Sacem carries out specific support activities, aiming in particular at musical humour and support for the projects of comedians in the early stages of their careers, especially through close work with festivals, where the mission of identification and professionalisation is decisive at the beginning of their careers.

MANAGEMENT REPORT



► **Caravan Palace**
Songwriters, performers

€32.4M

to supporting 2,665 cultural and artistic projects directly (€30.2 million private copying and €2.2 million equity).

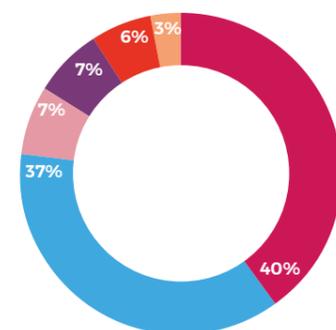
Lastly, artistic and cultural education is an essential part of Sacem's cultural action, with the aim of placing creators at the centre of activities, in all times and places of daily life.

In 2019, Sacem committed €32.4 million to supporting 2,665 cultural and artistic projects directly. This amount also includes a number of initiatives to promote and defend authors' rights and the professionalisation of creators.

This investment comes from both private copying (€30.2 million) and equity (€2.2 million).

To strengthen its cultural activities, Sacem works closely with other cultural funders, including local authorities and business foundations, as well as alternative financing stakeholders, to continue to support the financial risks taken by the sector's artists and actors. These investments cover ambitious projects for creation, programming, development, innovation or artistic writing, and thereby solidify the ecosystem of creation.

CULTURAL AID 2019



- Promotion of live performance
- Creation and production
- Optimisation activities and other voluntary aid
- Operating costs
- Artist training
- Cultural and artistic education

Social responsibility

Choosing music or writing as a career means opting for passion. But making a living through words and notes can be a challenge - and while the precariousness and volatility of any career has grown in recent years, the profession of author or composer has by its very nature always had its share of uncertainty.

That's why Sacem's members have throughout its history instilled within the society a strong sense of social responsibility and have worked hard to create and strengthen a model that takes care of creators throughout their lives.

Unwavering commitment and dedication to the protection of its members are at the heart of Sacem's identity. We have always been committed to working to develop greater professionalism and recognition for creators, to promote and defend their status and to guarantee the highest quality and most complete social protection.

Sacem works for its members in all areas of social activity:

- Through its own internal initiatives:
 - Provident Fund (with the Mutual aid allowance scheme - RAES)
 - Solidarity Fund (mutual assistance, emergency aid, death benefits)
 - Comité du Cœur, an association created and supported by the members of Sacem, which helps authors and composers in distress
- By ensuring a close relationship with external social organisations, even participating in their governance:
 - Agessa (Authors' Social Security Management Association)
 - IRCEC Pension Fund (with the two supplementary pension plans, RAAP and RACL)
 - Afdas, which manages authors' training funds

The initiatives and activities it has set up and developed demonstrate Sacem's strong commitment to supporting its members. They are a very concrete reflection of the spirit of solidarity of songwriters, composers and music publishers.

It is the members themselves who actively contribute to supporting and sustaining creators and their work, through the statutory deductions for social and cultural services (€35.2 million in 2019), and through their contributions to social organisations and their donations to the Comité du Cœur.

Sacem is constantly working to develop and strengthen its social and professional activities. Accordingly, in 2017, it embarked on a major reform of its old-age security programme (RAES), with a view to extending its benefits to as many of its members as possible. It has also defined and launched a new programme to support professional development. This programme aims to enable creators who do not have access to the legal right to funding to take training courses selected for their quality and professional interest.

Sacem also launched a health coverage support programme in 2018 for its American resident members.

Sacem's objective is to better support its members by meeting their specific needs at each stage of their professional development.

Solidarity and concern for the protection of its members are at the heart of Sacem's identity.



► **Florentine Mulsant**
Author, composer

MANAGEMENT REPORT

GLOBAL IT EXPENSES

€51.1M

of which €22.6 was counted as investment

Information systems

Sacem continues to overhaul its IT systems in order to improve its competitiveness and provide more efficient tools for members and clients. It is working on service optimisation for both the process component and the user experience. We are adapting our digital tools (Internet, mobile apps, social networks, etc.) to the needs of our audiences. URights enables the management of the exponential volume of online music and video data exchanges and improves the identification of the rights associated with these operations.

Sacem's research & development policy is designed to enhance the value of works in the repertoire and maximise authors' rights. It is particularly focussed on blockchain and artificial intelligence. Sacem also is helping develop schools and start-ups in partnership with other CMOs (Collective Management Organisations).

Major IT projects reinforce Sacem's strategic axes, and revolve around the following topics:

- Continuation of the overhaul of computerised processing of rights and distribution channels.
- Finalisation of the online processing chain with the "URights" solution and the upcoming integration of VoD (video on demand) and SVoD (subscription video on demand).
- Implementation of advanced solutions for management of the relationship between members and clients.
- Transformation of the information system into a cloud platform, open to the outside, capable of instantaneously orchestrating flows and interactions with its ecosystem.
- Construction of a new operational model in order to deliver projects faster, bringing more value.

Human resources

With 1,317 employees at the end of 2019, Sacem's teams are organised around its "core business" activities: management of members (admission, deposit of works, distribution, etc.), collection of dues (regional network, licences, international, etc.), and support services (legal, IT, finance, HR, communication, cultural action, etc.). The teams are spread over 65 locations in France (mainland France and Overseas territories). The human resources policy supports Sacem's strategy, concentrating its efforts on the organisation of work (development of trades and organisations, modernisation of information systems, etc.), professional training, and relying on a sustained social dialogue.

Finally, the HR strategy is continuing with its active CSR (Corporate Social Responsibility) policy and is planning new key actions in terms of professional equality and diversity.

In 2018, a major company agreement was signed with all the unions on the development and reconfiguration of the annual and monthly remuneration structure. In particular, it aimed to improve support for the implementation of France's new pay-as-you-go income tax on 1st January 2019.

During the lockdown period, teams carried out their missions from their homes, managing exceptional aid measures and ensuring that our members and clients could continue their activities.

Legal framework

Sacem's operations are subject to the Code of Intellectual Property and to a range of internal and external controls. At the European level, a 2005 recommendation on copyright management led to a fragmentation of repertoires, forcing online music platforms to multiply requests for authorisation of their activities.

The increased complexity of the market is partly responsible for the Directive on Collective Management adopted in 2014 and transposed into French law by the Act of 22 December 2016. This directive primarily reflects a desire to improve the governance and transparency of national and other European rights management organisations by strengthening disclosure requirements and control of their activities by the rights holders. These provisions - already widely adopted in France - will enable greater harmonisation of the rules across all the European rights societies.

For collective management organisations in the music industry, and therefore for Sacem, the Directive also aims to facilitate the delivery of multi-repertoire and pan-European licenses for the use of online music works. Through various specific initiatives, Sacem has campaigned for many years to improve the market for online music, whether through national licenses to operate online rights, multi-territory licenses to use entire repertoires, management mandates for international publisher accounts or through the Armonia platform developed in partnership with other European authors' rights organisations.

1,317

permanent employees - 58% women

94

young students joined Sacem on professionalisation contracts

78

trainees welcomed

88/100

Gender Equality Index

► **Moonlight Benjamin**
Songwriter, performer



FOCUS ON SACEM'S BUSINESS MODEL

CASH INFLOWS

COLLECTIONS

€1,119.2M

SACEM

RESOURCES

€166.0M

DEDUCTION FOR ADMINISTRATION COSTS
€133.7M

UNDISTRIBUTABLE
€32.2M

NET NON-RECURRING INCOME
€0.4M

FUNDS FOR DISTRIBUTIONS: €953.7M

DISTRIBUTION FOR RIGHTS HOLDERS

€854.8M



SOCIAL AND CULTURAL

€47.3M



25% PRIVATE COPYING

€22.6M



VARIANCE OF SUSPENSE ACCOUNTS & NET RESULT RESERVE

€29M

85.2%
DISTRIBUTABLE COLLECTIONS

Our business model explained

The graph opposite shows how the cash in-flows (collections) balance with cash out-flows (attribution to rights holders from distribution and social and cultural services), in addition to the legal resources to 25% (Private Copying). The necessary processes carried out by Sacem to deal with distribution calculations generate suspense accounts in Sacem's financial statements.

When a line from a programme transferred by the clients cannot be matched to a registered work from the works database, the distribution IT systems generate suspense accounts to keep the money due for these lines on hold. Over three years the calculations are processed again to pay the rights holders as soon as the programme is updated, manually corrected, or as the work is registered late. But after three years, the remaining amounts in suspense accounts are accounted for as resources to finance costs, in conformity to Sacem's statutes.

These amounts, called undistributables, do not include undistributables linked to Private Copying rights as stated by French law (Intellectual Property Code).

These amounts are transferred as resources to Cultural Aid through the legal 25% Private Copying. In addition to these undistributable amounts, the net expenses are also financed through deductions for administrative costs. These deductions are calculated as a rate on amounts input to distribution calculations. The rates chart is validated by the Board of Directors and depends on the type of uses. For instance, the different rates used for the General Rights collected by Sacem's regional network show four levels based upon the actual costs for collection and distribution; while the rate used for BIEM/IFPI record producers' contracts reflects the Cannes agreements signed by many European CMOs. These rates can be updated as needed by decision of the Board in their assignment to check the statutes rule to keep a cumulated net result around 0 (+/-5% of actual expenses of the year) as for a non-profit company like Sacem.

COLLECTIONS

€1,119.2M

FUNDS FOR DISTRIBUTION

€953.7M

COLLECTION

Fully committed to increasing the value of its members' rights, Sacem relies on a solid and efficient regional network, innovative IT systems and cutting-edge technologies. Collection revenue surpassed €1.1 billion (+5% compared with 2018). Including mandates managed by Sacem, collection income surpassed €1.5 billion.

GENERAL RIGHTS (REGIONAL NETWORK)



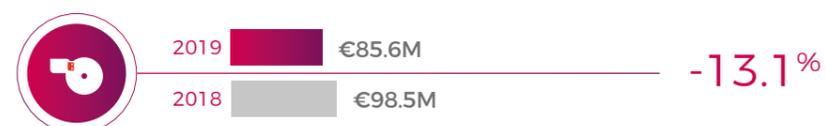
TV/RADIO (INCLUDING TV OPERATORS)



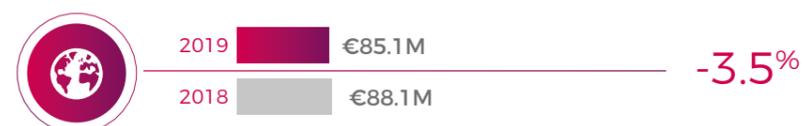
ONLINE (MUSIC AND VOD/SVOD)



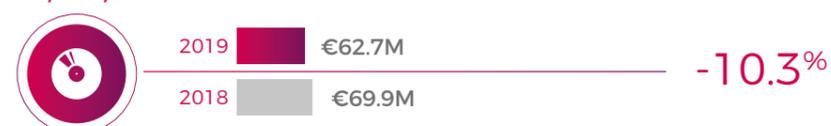
PRIVATE COPYING



INTERNATIONAL



CD/DVD/BR



OTHER MANDATES



SACEM AUTHORS' RIGHTS COLLECTIONS 2019

€1,119.2M
2018: €1,066.5M

TOTAL SACEM COLLECTIONS (INC. MANDATES) 2019

€1,512.6M
2018: €1,501.6M

DISTRIBUTION

Sacem works tirelessly to optimise the distribution of royalties and invest substantially in support of creation, guiding creators and promoting their work. The result: funds distributed rose 2.2% in 2019 from 2018.

FUNDS FOR DISTRIBUTION



M€	2019	2018
Sacem members	581.6	541.2
Mandators (managed by Sacem)/other collecting societies	273.2	220
Social & Cultural programmes	47.3	42.8
Cultural projects (25% PC)	22.6	28.5
Variance of suspense accounts & net result reserve	29.0	100.6
Sub-total	953.7	933.2
Variance of suspense accounts on mandates		3.8
Other mandators/other collective societies and mandators	391.9	396.4
Total distributable including mandates	1,335.1	1,333.5

TOTAL SACEM DISTRIBUTABLE FUNDS (INC. MANDATES) 2019

€1,335.1M
2018 : €1,333.5M

The percentage of collected authors' rights that we distribute to our members is among the highest in our industry. Our members are our lifeblood, and we are dedicated to ensuring that each one receives the best possible return for their creativity.

OTHER MANDATES



OPERATIONS



	2019	2018
Personnel expenses	139.2	137
Other operating expenses	48.2	46.6
Net amortisation and provision	19.8	17.1
Other income	-29.7	-32.6
Total operating costs	177.5	168.1

Most of our expenses relate to our staff and systems. Sacem has some of the most knowledgeable and experienced people in our industry, supported by advanced technology and cutting-edge processes.

FINANCIAL PERFORMANCE (COMBINED ACCOUNTS)

Consolidated collections rose 0.7% over 2019, exceeding €1.5 billion. This performance is mainly due to Sacem's own collections, which grew by nearly €52.6 million over the year, essentially due to the extremely strong growth of the online segment (see 1.2).

Since 2012, collections have been rising by 3% per year, while expenses have increased by 2.1% per year. The latter increase is due solely to IT investments. Since 2015, excluding IT, expenses have been stable – indeed they have even fallen in inflation-adjusted terms.

Sacem always endeavours to distribute rights as accurately as possible, generally based on detailed programmes submitted by its clients. The objective is to attribute in the fairest possible way, the amounts collected, to the works used and their beneficiaries. If the work is not identifiable, we keep on suspense accounts the rights related to the mismatched data between programmes and the works (incomplete programmes, unregistered works).

Sacem invests in IT resources and human resources to improve the quality of data for the following quarters, by improving programmes and by manually identifying the works.

1.1 KEY CONSOLIDATED FIGURES

M€	2019	% of collections	2018	% of collections	Var	Var%
Collections	1,512.6	100.0%	1,501.6	100.0%	11.0	0.7%
Sacem	1,119.2	74.0%	1,066.5	71.0%	52.6	4.9%
Mandates & Other	393.5	26.0%	435.1	29.0%	-41.6	-9.6%
Net expenses to be financed through deductions	-177.5		-168.1		-9.4	5.6%
Operating expenses	-207.2	13.7%	-200.7	13.4%	-6.5	3.2%
Other operating income	2.9	-0.2%	4.6	-0.3%	-1.7	-37.0%
Interest and other income	27.1	-1.8%	27.8	-1.9%	-0.7	-2.4%
Net non recurring income	-0.4	0.0%	0.2	0.0%	-0.6	-348.8%
Distributable royalties	1,335.1	88.3%	1,333.5	88.8%	1.6	0.1%
Variation in distribution reserves	-18.5	-1.2%	-104.5	-7.0%	86.0	-82.3%
Variance on the reserve of net result	3.6		0.2		3.4	1,977.8%
Variance on the suspense accounts	-22.0		-104.7		82.6	-78.9%
Distribution	-1,316.7	87.0%	-1,229.0	81.8%	-87.6	7.1%
In favour of Sacem members	-628.9	41.6%	-584.1	38.9%	-44.9	7.7%
Distribution to Sacem members	-581.6		-541.2		-40.4	7.5%
Social and cultural programmes	-47.3		-42.8		-4.5	10.5%
In favour of other collecting societies or mandators	-665.1	44.0%	-616.4	41.1%	-48.7	7.9%
Mandators (by Sacem) incl. other CMOs	-273.2		-220.0		-53.2	24.2%
Mandators (by SDRM) incl. other CMOs	-2.5		-3.5		1.0	-29.1%
Other Mandators	-389.4		-392.9		3.5	-0.9%
In favour of cultural aid projects (25% Private copying levy)	-22.6	1.5%	-28.5	1.9%	5.9	-20.7%
Surplus / Deficit	0		0			

1.2 CONSOLIDATED AND STATUTORY COLLECTIONS

M€	2019	2018	Var	Var%
Sacem	1,119.2	1,066.5	52.6	4.9%
General rights (regional network)	334.0	319.2	14.8	4.6%
TV/Radio (including TV Operators)	320.7	313.0	7.7	2.5%
Online (music and VoD/SVoD)	231.1	177.8	53.3	30.0%
Private Copying	85.6	98.5	-12.9	-13.1%
International	85.1	88.1	-3.1	-3.5%
CD/DVD/BR	62.7	69.9	-7.2	-10.3%
Other Mandates	393.5	435.1	-41.6	-9.6%
Private Copying non-Sacem repertoire	187.2	213.6	-26.4	-12.4%
Other mandates & miscellaneous	206.3	221.5	-15.2	-6.9%
TOTAL	1,512.6	1,501.6	11.0	0.7%

The collecting operations managed by Sacem and its employees can be divided into two categories:

1. Sacem collections

Royalties relating to Sacem's repertoire (contribution of Sacem members), to the repertoires of foreign collective management organisations with a reciprocity mandate, or to some mandates as described above. These collections showed growth in 2019 (+5%: €52.6 million vs 2018).

The growth registered by Online collections (music and VoD/ SVoD), (+30%, +€53.3 million vs 2018), validates Sacem's massive investment policy in this market segment, particularly regarding the URights project. It confirms that online business will be an essential driver of growth for the next few years.

General rights collections posted 4.6% growth (+€14.8 million vs 2018).

Concerning Sacem's private copying repertoire, the rights are over €85 million.

2. Mandates

Royalties relating to mandates granted to Sacem by the following:

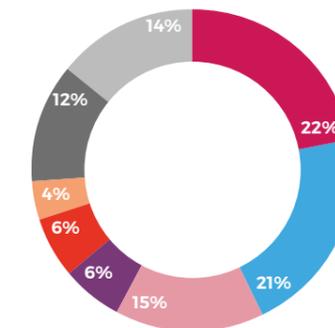
- French collective organisations benefiting from Private Copying (both authors' and neighbouring rights).
- French collective organisations commissioning Sacem with the collection of a part of their neighbouring royalties.
- French collective organisations commissioning Sacem with the collection of a part of their TV/ Radio royalties.

Collections from mandates and others decreased by - €41.6 million, or - 9.6%, mostly due to private Copying non-Sacem repertoire - €26.4 million.

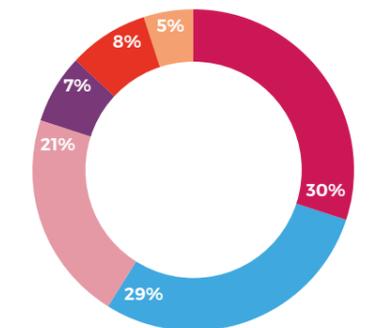
Revenue breakdown by sector

These figures show the growing importance of the online segment in Sacem's portfolio. It represented 21% of revenue in 2019, vs 17% in 2018. This growth is expected to continue in the future.

COMBINED FIGURES - SACEM



STATUTORY FIGURES - SACEM



COMBINED FIGURES - MANDATES AND OTHERS

- Private Copying non-Sacem repertoire (2018: 14%)
- Other mandates & miscellaneous (2018: 15%)

FINANCIAL PERFORMANCE (COMBINED ACCOUNTS)

1.3 NET EXPENSES

M€	2019	2018	Var	Var%
Personnel expenses	-139.2	-137.0	-2.2	1.6%
Other operating expenses	-48.2	-46.6	-1.6	3.4%
Depreciation and amortization	-19.8	-17.1	-2.7	16.0%
Operating expenses	-207.2	-200.7	-6.5	3.2%
Other operating income	2.9	4.6	-1.7	-37.0%
Net financial income	27.1	27.8	-0.7	-2.4%
Net non-recurring income	-0.4	0.2	-0.6	-348.8%
Net expenses	-177.5	-168.1	-9.4	5.6%
Net expenses ratio	-11.7%	-11.2%		

Operating costs are controlled, and investments strongly focused.

To meet the challenges of competition and globalisation, we are striving to make sure that our society can, technologically speaking, increase its processing capacity and become more efficient (thanks to URights for the online segment). With this in mind, IT investments have increased by half since 2013.

Our cost structure is as follows:

- 70% of expenses are personnel costs that remain very stable over time.
- 20% are other recurring operating expenses (mission costs + overheads, etc.) and they also are very stable over time.

- 10% of current expenditure is related to our IT investments and the transformation of the company (its processes and the evolution of its business model). These investments are the main source of variation in expenses.

1.4 INFORMATION ON THE COSTS RELATED TO SOCIAL AND CULTURAL SERVICES (EXCLUDING THE 25% FROM PRIVATE COPYING RESOURCES)

Sources of income and uses of funds (for social and cultural aid)

M€	2019	2018	Var	Var %
Collection of royalties attributed to social and cultural aid (1)	47.3	42.8	4.5	10.5%
Collection of royalties attributed to Optimisation Funds (2)	1.4	1.9	-0.5	-24.3%
Other sources of income (accruals)	3.1	2.0	1.1	56.8%
Total revenues	51.9	46.7	5.2	11.1%
Contingency Funds	31.5	30.7	0.7	2.4%
Solidarity Funds	1.9	1.8	0.2	8.5%
Voluntary Cultural Aid – Optimisation Funds (2)	1.4	1.9	-0.5	-24.3%
Voluntary Cultural Aid – Non-Optimisation Funds (3)	0.4	0.3	0.1	33.2%
Total expenses	35.2	34.7	0.5	1.6%
Surplus for the fiscal year	16.6	12.0	4.6	38.5%

Sacem's Articles of Association provide for the possibility of contingency, solidarity and assistance action in favour of its members and the payment of services in the framework of social aid. The financing of social and cultural aids is mainly done via:

(1) The collection of certain royalties calculated as a percentage of the collections net of deductions withheld from royalties to finance operating expenses; this percentage cannot statutorily exceed 10%. The average deduction rate as a percentage of collections is around 5.8%.

(2) The collection of royalties intended for Optimisation Funds, i.e. direct aid given to certain members via the mark-up of royalties which they have been paid. These Optimisation Funds support:

- Jazz improvisers
- Young pop authors and composers
- The royalties generated by public performances or the recent recording of symphonic music, electroacoustic music, poetry, etc.
- Composers and publishers of soundtracks for audiovisual documentaries

In addition to the Optimisation Funds, there are other 'voluntary' cultural aid resources, i.e. outside the scope of the legal 25% Private Copying levy (see 1.5).

(3) Voluntary cultural aid payments outside Optimisation Funds are mainly comprised of promotions for the broadcasting of music in French regions, support for artists wishing to self-produce their music, endowments to the winners of certain awards such as the Sacem Grands Prix, etc.

1.5 FUNDS FOR CULTURAL SERVICES – SO-CALLED 25% PRIVATE COPYING RESOURCES

Sources of income and use of funds (25% Private Copying levy for cultural aid)

M€	2019	2018	Var	Var%
Collection of royalties attributed to cultural aid projects (1)	22.6	28.5	-5.9	-20.7%
Financial sources of income	0.2	0.5	-0.2	-48.5%
Total revenues	22.8	29.0	-6.1	-21.2%
Aid for creation and production (2)	11.1	9.4	1.7	18.0%
Aid for live performances (2)	12.3	11.1	1.2	10.7%
Aid for training artists (2)	1.7	1.6	0.1	7.2%
Aid for artistic and cultural education	0.9	1.1	-0.2	-16.6%
Fund for the Creation of Music (FCM) (3)	1.6	1.6	0.0	0.0%
Franco-American Cultural Fund (FACF) (4)	0.6	0.6	0.1	8.8%
Overhead expenses	2.3	2.2	0.1	2.4%
Total expenses	30.5	27.6	2.9	10.6%
Surplus for the financial year	-7.6	1.4	-9.1	-642.1%

Cultural aid disbursed by Sacem is financed partly by the budgets allocated to voluntary aid and partly by the sources of income provided for by Article L. 324-17 of the Intellectual Property Code.

(1) These collections correspond to the rights collected from the private Copying and legally attributed to cultural aid.

(2) The cultural aid payments are broken down between four legal categories as defined in Article R. 321-6 of the Intellectual Property Code, i.e. aid for creation and production, aid for the promotion of live performances and aid for the training of artists (authors, composers and performers) and as defined in Article L. 324-17 of the Intellectual Property Code, i.e. aid for artistic and cultural education.

(3) The subsidy paid to the Fund for the Creation of Music (FCM), an initiative financed by all the collective societies active in the musical field, can also be added to these disbursements.

(4) The Franco-American Cultural Fund (FCFA) was created in 1996 to promote the cinematic arts on both sides of the Atlantic and to encourage dialogue between professionals in both countries. FCFA is financed via the 25% Private Copying levy, in agreement with the American professional guilds representing audio-visual creators (DGA, WGAW and MPA).

The Cultural Action department has increased sources of income over the last two years, therefore funds used for cultural aid increased from €27.6 million in 2018 to €30.5 million in 2019.

The main fields that benefited from these additional sources were:

- Funding in favour of young audiences or community actions;
- Funding for editorial pre-production;
- Activities in defence of authors' rights (for example, the fight against piracy);
- Funding for live performances in music festivals;
- Funding for developing French music around the world (touring abroad).

TRANSPARENCY REPORT

The transparency report was prepared in accordance with Article R321-14 of the Intellectual Property Code.

1. Accounts for the 2019 financial year
Sacem accounts for the year ending 31/12/2019 and auditor's report on the year's accounts (available on sacem.fr).

2. Report on the year's activities
Report from the manager for the 2019 financial year (available on sacem.fr).

3. Number of refusals to grant operating licences in accordance with the provisions of paragraph 3 of article L. 324-7 and main categories of reason for refusal
Sacem did not refuse any authorisations during the 2019 financial year.

4. Description of the collective management organisation's legal and governance structure
A non-trading company governed by articles 1832 et seq. of the Civil Code and the provisions of Title II, Book III of the French Intellectual Property Code (CPI).

The Society is governed by a Board of Directors; the 19 members and substitute member are elected by the General Assembly.

The Board of Directors appoints a Chief Executive Officer who is the manager of Sacem.

The activities of the Board of Directors and the Chief Executive Officer are supervised by the Supervisory Board; its 6 members are also elected by the General Assembly.

5. List of legal entities controlled by the organisation in accordance with article L. 233-16 of the French commercial code, including total capital, proportion of capital held, year-end results for the last financial year, and net and gross carrying amount of shares held
See Appendix 15 of the financial statements.

6. Total amount of remuneration paid during the previous year to (a) the persons mentioned in paragraph 1 of article L. 323-13 and (b) members of the Supervisory Board, along with other benefits granted to them

See Appendix 12 of the financial statements.

7. Amount of revenue from the exploitation of rights, broken down by category of rights managed and type of use, and amount of income from investing this revenue with details on how this income is used

Collections (M€)	2019 Total
Voluntary collective management	1,033.6
General rights (Regional network)	334.0
TV/Radio (including cable and satellite operators)	320.7
Online	231.1
International	85.1
Phono/Video	62.7
Mandatory collective management	85.6
Private copying	85.6
Total	1,119.2

Categories of rights and types of use¹.
Sacem manages two categories of rights:

- Rights managed legally by collective management
- Rights managed voluntarily by collective management

Types of use depend on the sector of activity.

The amount of financial revenue (€25.4 million) is deducted from management fees.

8. Financial information on the cost of managing rights and other services that the organisation provides to rights holders:

a) Total amount of operating and financial costs broken down by category of rights managed; where costs are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate them is also given;

Costs (M€)	
Net operating and personnel expenses	125.4
Other operating expenses	52.3
Charges for provisions and depreciation	19.8
Other income	-2.9
Financial result	-25.4
Extraordinary result	0.4
Net costs	169.6

The breakdown of costs by category of rights consists of separating the costs of voluntary collective management from the costs of compulsory collective management. For the second category, Sacem essentially manages the distribution of funds. The cost of distributing compulsory collective management is marginal compared to the cost of voluntary collective management.

b) Amount of operating costs and financial expenses corresponding solely to the management of rights, broken down by category of rights managed, highlighting the amount of management fees deducted or offset from revenue from the exploitation of rights or income from investing this revenue; where the costs are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate them is also given;
Cf. 8a)

c) Amount of operating and financial costs relating to services other than rights management, including social, cultural and educational services;
The amount of operating costs relating to cultural and educational services as provided for in article L 324-17 of the CPI is €2.3 million.

d) Types of resources used to cover the amounts;
Operating costs for rights management are funded as follows:

Resources (M€)	
Deductions on rights	129.3
Variation of deductions on rights pending allocation	4.4
Non-apportionables	32.2
Net resources	166.0
Surplus/Deficit	-3.6

The shortfall for the financial year is offset against the carry-over of the surplus from the previous financial year of €9.5 million. The surplus at 31.12.2019, €5.9 million, is the first resource of the management account for the following financial year, unless the General Assembly decides to allocate it following a proposal by the Board of Directors; a decision that can only be taken if the management account balance and Sacem's continued activity are guaranteed.

The amount of operating costs relating to cultural and educational services (see c) is financed by the amounts under article L 324-17 CPI.

e) Amount of deductions made from revenue from the exploitation of rights, broken down by category of rights managed and type of use, and purpose of the deductions;

Financing of costs (M€)	
Usage type	Deductions on rights Current activity
Voluntary collective management	123.2
TV/Radio (including TV Operators)	52.4
General rights (Regional network)	47.5
International	4.3
Online (music and VoD/SVoD)	16.2
CD/DVD/BR	1.8
Other	1.1
Legal collective management	6.1
Private copying	6.1
Total	129.3

These deductions cover costs incurred by collection and distribution activities.

f) Percentage of the cost of rights management and other services provided by the organisation to rights holders relating to revenue from the exploitation of rights for the relevant financial year, by category of rights managed; where the costs are indirect and cannot be attributed to one or more categories of rights, an explanation of the method used to allocate them is also given;

The average percentage is 15.1%, calculated according to the method that appears in annex 17-2 of the Sacem accounts.

Providing a breakdown of the rights by category is not economically viable due to the marginal cost of mandatory collective management.

The full transparency report will be available on sacem.fr after the Sacem General Assembly.

¹ Definitions according to rule no. 2017-07 of 01/12/2017 issued by the French accounting standards authority

Statutory auditor's report on the transparency report

FOR THE YEAR ENDED DECEMBER 31, 2019

Statutory auditor's certificate on the information provided for in 1°, 7° to 10° of II and III of Article R. 321-14 of the Intellectual Property Code communicated in the annual transparency report provided for in Article L. 326-1 of the aforementioned code

TO THE ANNUAL GENERAL MEETING OF SACEM

In our capacity as the statutory auditor of your company SACEM and in application of Articles L. 326-8 and R. 321-14-IV of the Intellectual Property Code, we drew up this certificate on the information provided for in 1°, 7° to 10° of II and III of Article R. 321-14 of the Intellectual Property Code communicated in the annual transparency report provided for in Article L. 326-1 of the aforementioned code for the financial year ending December 31, 2019.

This information has been established under the responsibility of your Manager from the accounting books used in the preparation of the annual accounts of your company for the year ended December 31, 2019 and the internal management data of SACEM related to the accounts. It is our role to certify this information.

The transparency report has been approved by your Board of Directors.

As part of our statutory audit mission, we audited the annual accounts of your company for the financial year ended December 31, 2019. Our audit, carried out in accordance with the professional standards applicable in France, was intended to express an opinion on the annual financial statements taken as a whole, and not on specific items of these accounts used for the determination of this information. Therefore, we have not performed our audit tests and our samplings for this purpose and we express no opinion on these items taken alone.

We performed all of the procedures that we considered necessary in accordance with professional guidance issued by the French Association of Independent Auditors (Compagnie nationale des commissaires aux comptes) relating to this assignment. This work, which constitutes neither an audit nor a limited examination, consisted, on a test basis or through the use of any other selection methods, in:

- obtaining an understanding of procedures put in place by SACEM to produce the information provided for in 1°, 7° to 10° of II and III of Article R. 321-14 of the Intellectual Property Code communicated in the annual transparency report provided for in Article L. 326-1 of the aforementioned code;
- carrying out the necessary reconciliations between this information and the accounting from which it derives and checking that they are consistent with the elements used as basis for the preparation of the annual financial statements of SACEM for the year ended December 31, 2019;
- verifying the consistency of this information with the internal management data of SACEM related to the accounts;
- checking the arithmetic accuracy of the information produced;
- assessing whether this information achieves fair representation.

On the basis of the work that we performed, we have no comment to make on the information provided for in 1°, 7° to 10° of II and III of Article R. 321-14 of the Intellectual Property Code communicated in the annual transparency report provided for in Article L. 326-1 of the aforementioned code.

This certificate serves as a special report within the meaning of Articles L. 326-8 and R. 321-14 IV of the Intellectual Property Code.

Paris, April 25, 2020

French original signed by

Didier KLING
The Statutory auditor CRCC of Paris

This is a free translation into English of the Statutory Auditors' certificate on the information provided for in 1°, 7° to 10° of II and III of Article R. 321-14 of the French Intellectual Property Code communicated in the annual transparency report provided for in Article L. 326-1 of the aforementioned code, issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Sacem
225, Avenue Charles de Gaulle
92521 NEUILLY SUR SEINE

Income and expenses statement

AT 31 DECEMBER 2019

	In €000	
	2019	2018
Operating income		
Other operating income	13,136	12,907
Deductions	178,349	175,428
Reversal of provisions	561	244
Transfer of expenses	3,192	1,820
Total I - operating income	195,238	190,400
Operating expenses		
Purchases and other external expenses	50,630	47,409
Taxes and duties	6,667	6,529
Personnel expenses	138,541	136,453
Amortisation and depreciation	18,109	17,080
Net provisions	2,230	195
Other operating expenses	3,146	3,256
Total II - Operating expenses	219,323	210,922
Operating result (I - II)	-24,085	-20,523
Financial income		
From shareholdings	4,970	4,256
Interest and related receivables	25,436	25,550
Total III - Financial income	30,406	29,807
Financial expenses		
Interest and related receivables	0	0
Total IV - Financial expenses	0	0
Financial result (III - IV)	30,406	29,807
Net income from ordinary activities (I - II + III - IV)	6,321	9,284
Non-recurring income	285	4,595
Write-back of amortisation in the field	93	3,715
Total V - Non recurring income	285	4,595
Non recurring expenses	707	4,378
Total VI - Non recurring expenses	707	4,378
Non-recurring result (V - VI)	-421	218
Total income (I + III + V)	225,930	224,802
Total expenses (II + IV + VI)	220,030	215,300
Excess of management levies at 31 December	5,900	9,502

Balance sheet

AT 31 DECEMBER 2019

Assets	In €000			
	Gross	Amortisation and depreciation (to be deducted)	2019 Net	2018 Net
Fixed assets				
Intangible assets:	178,113	112,165	65,949	60,193
Concessions, patents, licences, brands, processes, software	154,626	112,165	42,462	42,586
Advance payments and instalments	23,487	0	23,487	17,607
Tangible assets:	128,989	84,216	44,772	42,733
Land	15,938	0	15,938	14,057
Buildings	52,515	36,226	16,289	16,864
Other tangible assets	60,197	47,991	12,206	11,458
Advance payments and installments	340	0	340	355
Investments:	34,846	75	34,771	32,858
Shareholdings	10,645	0	10,645	10,645
Long term receivables from investments	16,744	0	16,744	14,969
Loans	6,563	0	6,563	6,642
Other financial assets	894	75	819	602
Total I – fixed assets	341,948	196,456	145,492	135,784
Current assets				
Receivables:	481,071	2,367	478,705	393,418
Clients and related accounts receivables	241,072	0	241,072	235,592
Other receivables:				
Members	32,017	2,367	29,650	31,832
Other operating receivables	3,990	0	3,990	4,348
Miscellaneous receivables	203,992	0	203,992	121,647
Transferable security investments	840,598	0	840,598	907,572
Available funds	204,188	0	204,188	158,191
Total II – current assets	1,525,857	2,367	1,523,490	1,459,181
Accruals and deferred income				
Miscellaneous advance expenses	4,188	0	4,188	5,089
Insufficiency of levies	0	0	0	0
Total III – accruals and deferred income	4,188	0	4,188	5,089
Total assets (I+II+III)	1,871,993	198,823	1,673,170	1,600,054

Balance sheet continued

AT 31 DECEMBER 2019

Liabilities	In €000	
	2019	2018
Equity		
Capital	13,213	13,156
Total I – Equity	13,213	13,156
Provisions		
Provisions for contingencies and expenses	3,150	2,971
Total II – Provisions	3,150	2,971
Debt		
Bank loans and debts	51	110
Sundry debts	1,210,247	1,139,960
Deposits received (gifts and bequests)	3,723	3,641
Collections to be distributed	959,531	896,483
Users – foreign societies	5,123	5,545
Non-paid notified rights	200,902	194,768
Members	40,969	39,523
Trade payables and related accounts	12,640	15,174
Tax and social security debts	70,222	69,338
Other debt	11,165	12,266
Excess of the social aid of members' fund	322,221	305,575
Cultural aid (25% Private Copying levy)	24,361	32,002
Total III – Debt	1,650,907	1,574,425
Accruals		
Excess of management levies at 31 December	5,900	9,502
Total IV – Accruals	5,900	9,502
Total liabilities (I + II + III + IV)	1,673,170	1,600,054

Notes to the statutory financial statements

ACCOUNTING RULES AND PRINCIPLES

Sacem's annual financial statements are prepared in accordance with French legal provisions, in particular Regulation No. 2014-03 of the French Accounting Standards Authority (Autorité des Normes Comptables) relating to the Plan Comptable Général, and are up to date with the various supplementary regulations on the date of preparation of the said annual financial statements, in particular ANC Regulation No. 2016-07 of December 26, 2016 and ANC Regulation No. 2018-02 of July 6, 2018.

Since the 2018 financial year, Sacem has also applied the new ANC regulation n°2017-07 of 1 December 2017 relating to the harmonisation of accounting rules and the presentation of summary documents from collective management organisations for copyright and related rights. (Regulation approved by order of 26 December 2017 published in the Journal Officiel of 30 December 2017).

In addition to the information provided for in ANC Regulation No. 2014-03 on the general accounting plan, the annex to the annual financial statements includes the new information mentioned in Articles 131-2 to 131-8 of the new regulation.

The general accounting conventions have been applied, in compliance with the principle of prudence, in accordance with the basic assumptions whose purpose is to provide a true picture of SACEM's assets and liabilities, financial position and results:

- Continuity of operations
- Consistency of accounting policies from one year to the next
- Independence of fiscal years
- Materiality

The basic method used for valuing balance sheet assets is the historical cost method.

MAIN ACCOUNTING RULES AND METHODS

a and b. Intangible assets and tangible fixed assets

An intangible asset or tangible fixed asset is recognised as an asset when the following conditions are simultaneously met:

- It is probable that the entity will receive the related future economic benefits
- Its cost or value can be measured with sufficient reliability

a bis. Intangible fixed assets

Software is recorded at acquisition cost or, when created internally, at production cost when it can be measured with sufficient reliability.

Depreciation is calculated on a straight-line basis between 2 and 9 years depending on the probable period of use.

b bis. Tangible assets

Tangible fixed assets are valued at their acquisition cost (purchase price and incidental expenses). Since the 2013 financial year, it was decided to enter the costs related to the acquisition of fixed assets on the assets side of the balance sheet and to depreciate them over the duration of the corresponding asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset:

- Buildings 30 years
- Fixtures and fittings 3, 5, 10 or 20 years
- Transport equipment 5 years
- Office furniture and equipment 3, 5 or 10 years
- Computer equipment 3 or 5 years

Equipment, the unit value of which is less than €500 excluding VAT, is recognised as an expense for the financial year.

a and b ter. Inventory value of fixed assets

At each closing, the society assesses whether there is any indication of impairment of tangible and intangible assets. Indications of impairment are obsolescence, physical deterioration, significant changes in the mode of use, and other external indications.

If this is the case, the Company determines the present value of these assets and compares it to their net book value to calculate any impairment.

The present value is the higher of current market value vs. usage value.

c. Financial fixed assets

Financial fixed assets are shown in the balance sheet at their acquisition cost. If their present value is lower than the acquisition cost, an impairment loss is recognised.

d. "user" receivables

Receivables are recorded at their nominal value. They correspond to invoices for rights issued to users.

Receivables presenting a risk of irrecoverability are not subject to depreciation, since royalties are only transferred to the rights holders after they have been collected in advance.

Thus, in the event of irrecoverability, a reduction in receivables is recorded as an asset, offset on the liabilities side by a reduction in the item "fees notified to users but not paid", with no impact on the management account.

e. "Member" receivables

A provision is set aside each year for member accounts that are in deficit and present a risk of non-payment through the absence or insufficiency of royalties. This provision amounted to €2,366,779 at the end of December 2019.

f. Other receivables

Other receivables are recorded at their nominal value.

Receivables are written down, where appropriate, by means of a provision to take into account any collection difficulties that may arise.

g. Investment Securities

The portfolio consists primarily of bonds, negotiable debt securities and capitalisation contracts that are readily convertible to a known amount.

Investment securities are recorded in the balance sheet at their original value.

Sacem's general investment policy has always been based on the principle of the security of invested capital.

As part of this approach to ensure the security and quality of its investments, Sacem has always refrained from making arbitrages, keeping the securities until maturity in order to always be able to benefit from the capital guarantee.

Consequently, this portfolio is presented as cash and cash equivalents and no impairment is recorded on the basis of market prices at the end of the year.

For information, potential capital losses on investments as of 31 December 2019 amount to €5,216,723, with potential capital gains at €38,485,492.

h. Provisions

Sacem recognises the following provisions on the liabilities side of the balance sheet:

- The "Medals for Work" provisions: the Medals for Work reward seniority of service to the Sacem. Their award is accompanied by the payment of a bonus for 20 and 30 years of seniority. The provision is determined using the "projected unit credit" method.
- Other provisions correspond to specifically identified risks and charges.

Provisions for liabilities and charges are established in conformity with CRC regulation 2000-6 on liabilities. A provision is recognised when the society has an obligation to a third party resulting from a past event, and it is probable or certain that it will result in an outflow of resources to the third party, and the amount can be reliably estimated.

i. Exceptional results

Income and expenses that are not, by their nature, occurrence or materiality, part of the ongoing activities of Sacem are recorded as extraordinary income and expenses.

j. Off-balance sheet commitments

The liability for "End-of-career benefits" is determined using the "projected unit credit method".

SIGNIFICANT EVENTS OF THE FINANCIAL YEAR

a. Continued implementation of the Urights platform

In 2016, Sacem and the IT services company IBM entered into a ten-year strategic agreement to develop a global copyright management platform for online music.

This tool improves the identification of rights attached to works exploited online and optimises data analysis and the recognition of authors' works.

This application makes it possible to track contractual relations, pricing and invoicing, along with the monitoring of collections to speed up distribution in the context of the increasing volume of contracts managed, data to be processed, and collections to be distributed.

The platform was put into service in the second half of 2018 with an eye to the gradual transfer of the contracts managed in this new platform.

Deployment continued during the 2019 financial year with the implementation of a new version and the introduction of new functionalities.

b. Private copying collections

Following the recommendations from the supervisory commission for collective management organisations for copyright and related rights, rights from private copying levies, collected and remitted by Copie France, are now recorded gross in Sacem's collections. As a result, all collection and distribution costs are now borne by Sacem.

c. Review and valuation by components of recent property holdings

Sacem has reviewed its approach by land and construction components for the office acquisitions made in 2016 in Lyon, Reims and Lieusaint, as well as in 2019 in Rueil-Malmaison.

The analysis carried out made it possible to retain a share of 25% for land and 75% for construction.

This breakdown by component was thus applied to the net book value at 31 December 2018 for the former acquisitions and the purchase value mentioned in the notarial deed for Rueil-Malmaison.

This led to a reversal of previous depreciation on land for €93,359, recorded as extraordinary income in the accounts for the year.

In addition, a reclassification of €1,231,969 was made between the buildings and land headings for acquisitions prior to the financial year.

Buildings are depreciated on a straight-line basis over their residual life, on the value retained for the construction.

Notes to the statutory financial statements continued

d. Valuation of personnel costs relating to IT developments

Expenses associated with the production phase of IT developments (i.e. organic analysis/detailed design, programming/codification, tests and test sets, documentation required for use) are composed of external and internal costs, using both external service providers and internal company employees.

With regard to internal costs related to personnel directly contributing to the production of these IT developments, a study was carried out over the financial year with a follow-up by management control in order to evaluate them. On the basis of these estimates, it was decided to recognise the corresponding costs in the accounts.

Thus, the IT staff directly involved in the production of IT developments have been reassigned to them on the basis of time spent and an average daily rate grid charged according to qualification.

Four profiles were selected (research developer, operations developer, project manager, manager).

Over the financial year 2019, four projects gave rise to the reallocation of €1,116,000 in personnel costs incurred by the company, which were recorded under "assets in progress" in the balance sheet and under "capitalised production" in the income statement (see annex 6-5). These costs are recognised as development work progresses.

e. Reporting and collection of artists' and authors' dues and contributions

Article 23 of the Social Security Financing Act for 2018 provided for the transfer of the collection of artist-authors' contributions and fees, starting from 2019 income, from Agessa (Association for the Management of Authors' Social Security) and MDA (Maison des Artistes) to the URSSAF network.

An agreement was signed in July 2019 between ACOSS (Agence centrale des organismes de sécurité sociale) and Sacem relating to the declaration and collection of social insurance contributions, the general social contribution, contributions for the repayment of the social debt, and the professional training contribution, deducted from the amounts of royalties paid to authors for whom France is declared as their tax residence.

ACOSS also mandates Sacem to ensure, on behalf of ACOSS to the users of its repertoire, the collection of the broadcasters' contribution as well as the professional training contribution owed by the broadcasters.

These amounts are based on the amount of gross royalties (excluding taxes) collected by Sacem from the broadcaster/user of its repertoire whose tax residence is in France.

In return for this mandate, Sacem charges management fees of 3% of the amount of the corresponding contributions collected on behalf of ACOSS. This invoicing amounted to €242,726 for the year 2019.

f. Mandate signed with Scam

In return for the mandate signed in June 2019 between Sacem and Scam, Sacem receives a remuneration of €325,000 (excl. tax) for participation in the management costs of the mandate relating to the "Media" and "Videograms-Phonograms" operations.

g. Implementation of pay-as-you-earn income tax regime

In order to comply with the obligations of the tax authorities, Sacem effectively implemented, as of January 1, 2019, the withholding of income tax at source on salaries paid to employees and allocations due to members.

Sacem has complied with the French Accounting Standards Authority (Autorité des Normes Comptables) regulation no. 2018-02 of July 6, 2018 by adapting its accounting plan to account for this withholding.

h. Workplace agreements

In April 2019, Sacem signed an agreement with the trade unions on the creation of a Time Savings Account (Compte Épargne Temps) allowing employees to accumulate and use days not taken according to the conditions defined in this agreement. The agreement is for a period of three years.

The deal was therefore recognised in the financial statements for the year. The rights acquired and recorded at the end of the period in the 2019 financial statements represent a debt of €285,177 including social security charges.

The incentive agreement currently in place was renewed for the next three years.

In addition, Sacem decided to use the option offered by the 2020 Social Security Financing Law to pay out an exceptional "purchasing power bonus."

Its amount was set at €800 for a full year on a full-time basis, for employees having received in 2019 a gross salary of less than 1.5 times the minimum wage, and €500 for employees having received in 2019 a gross salary of between 1.5 and 2 times the minimum wage.

The amount paid out totalled €188 446.

i. Sacem Polynesia

Sacem and SDRM (Société pour l'administration du droit de reproduction mécanique) created, by a constituent general meeting on 5 March 2018, a civil company on Polynesian territory called "Sacem Polynesia", of which they are the two partners (75 % for Sacem and 25 % for SDRM).

The purpose of Sacem Polynesia is the exercise and administration, in French Polynesia, of all copyrights relating to the public performance, public representation or reproduction of protected works belonging to the repertoire of its members and of the societies that have given the members a mandate to collect in French Polynesia.

Of Sacem's 2019 collections, €1,125,247 were from Polynesia.

POST-CLOSING EVENTS

Financial income takes into account the exceptional deterioration in stock market prices between the closing date of the financial year on 31 December 2019 and the date of preparation of the annual financial statements. Indeed, given the exceptional situation at the beginning of 2020, Sacem decided to revise downward the value of all financial products whose liquidation is subject to certain market conditions. In this context, the total amount of financial income has been revised from 29,558 k€ to 25,436 k€, i.e. a reduction of 4,122k€.

The Coronavirus health crisis that we are currently experiencing has an impact on the organisation of Sacem's activity, both internally and in its relations with its stakeholders and members.

Following the government's adoption of emergency measures to stem the spread of the Covid-19 virus, Sacem made every effort to ensure the operational continuity of its services and to continue to take concrete action to support its members.

All departments have arranged to ensure the continuity of activities and services to our members with the implementation of the Business Continuity Plan, and in particular by working from home.

Since the duration of the health crisis is unknown, its effects are not yet measurable at the time of writing this commentary on the 2019 financial statements; it is also not possible to estimate its consequences on the 2020 financial year and for the members.

The complete financial statements and their appendices are available on sacem.fr after the annual Sacem general meeting.

Statutory auditor's report on the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2019

TO THE SACEM GENERAL ASSEMBLY

1. Opinion

In compliance with the assignment entrusted to me by your shareholders' meeting, we have audited the accompanying SACEM financial statements for the year ended December 31, 2019. These financial statements were approved by the Board of Directors on 16 April 2020 on the basis of the information available at that date, in the context of the evolving health crisis linked to Covid-19. In our opinion, the financial statements give a true and fair view of the financial position and assets and liabilities of the society as of December 31, 2019 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

2. Basis for the opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France.

We believe that the information we have collected is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are set out in the section "Auditor's Responsibilities Relating to the Audit of the Financial Statements" of this report.

Independence

We conducted our audit in accordance with the independence rules applicable to us for the period from January 1, 2019 to the date of issuance of our report and, in particular, we did not provide any services prohibited by the Code of Ethics of the Statutory Auditors.

3. Justification of the assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters which, in our professional judgment, were of major importance for the audit of the annual financial statements for the year.

These assessments were made in the context of our audit of the annual financial statements taken as a whole, prepared in accordance with the conditions described above, and in the context of the formation of our audit opinion expressed above. We do not express an opinion on individual items in these financial statements.

- Your society, as a collective copyright management organisation, administers these rights within the framework of legal and voluntary management. To this end, it collects from users the royalties relating to the exploitation of works due to rights holders, in particular its members, and to other collective management organisations, to which it applies deductions to cover its management, social, cultural and educational costs. As part of our assessments of the accounting treatment of these transactions, we verified the appropriateness of the accounting principles applied, particularly with reference to Article 621-11 of the general chart of accounts relating to the accounting treatment of these transactions in accordance with Article L.324-9 of the French Intellectual Property Code, and we ensured that they were correctly applied.

- The first paragraph of the note "Item 1 – Accounting rules and methods" in section "III – Post balance sheet events" of the notes to the financial statements sets out the methods for determining certain financial income when they are subject to market conditions. Our work consisted of reviewing the management's assessment of the criteria for the implementation, the associated calculations, and to verify the appropriateness of the accounting treatment and the information provided in the appendix.

- The note "Element 8 – financial commitments" in the annex mentions end-of-career payments to employees amounting to €15.4 million as of 31 December 2019 and lays out the methods of the evaluation of this commitment. Our work consisted of examining the data used, assessing the assumptions made and verifying that the aforementioned note to the annex provides adequate information. In general, we have verified the appropriateness of these estimates.

4. Verification of the management report and other documents sent to the members

In accordance with professional standards applicable in France, we also performed the specific verifications required by law.

We have nothing to report with respect to the fair presentation and the conformity with the financial statements of the information given in the management report of the Manager dated April 16, 2020 and in the other documents addressed to the members with respect to the financial position and the financial statements. With respect to events that occurred and information known subsequent to the closing date of the financial statements relating to the effects of the Covid-19 crisis, management has informed us that they will be reported to the General Meeting called to approve the financial statements.

It should be noted that our verifications relating to the transparency report referred to in Article L326-1 of the French Intellectual Property Code and addressed to the members are the subject of a certificate drawn up pursuant to the provisions of Articles L.326-8 and R.321-14 IV of said code, which is separate from this report.

5. Responsibilities of management and those charged with governance in relation to the annual accounts

Management is responsible for the preparation of financial statements that present a true and fair view in accordance with the accounting rules and principles applicable in France and for implementing the internal control procedures it deems necessary to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, it is the responsibility of the management to assess the company's ability to continue as a going concern, to present in these accounts, where appropriate, the necessary information relating to the ability to continue as a going concern and to apply the appropriate accounting policy, unless the company is to be wound up or cease trading.

The annual financial statements were approved by your Board of Directors on April 16, 2020.

6. Responsibilities of the statutory auditor in relation to the audit of the annual accounts

It is our responsibility to report on the financial statements. Our objective is to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement.

Reasonable assurance represents a high level of assurance, but does not guarantee that an audit conducted in accordance with professional standards of practice will consistently detect any material misstatement. Misstatements may arise from fraud or error and are considered material when it is reasonable to expect that they could, individually or in the aggregate, influence the economic decisions that users of the accounts take on the basis of the accounts.

As specified by article L.823-10-1 of the French Commercial Code, our mission of certification of the accounts does not include guaranteeing the viability or the quality of the management of your society.

Within the framework of an audit carried out in accordance with the professional practice standards applicable in France, the Statutory Auditors exercise their professional judgment throughout the audit.

Furthermore:

- The auditor identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, defines and performs audit procedures to address those risks, and obtains audit evidence that it considers sufficient and appropriate to provide a basis for its opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error because fraud may involve collusion, falsification, willful omission, misrepresentation or circumvention of internal controls.
- It seeks an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls.
- it assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the information about them provided in the financial statements.

- it assesses the appropriateness of Management's application of the going concern accounting policy and, depending on the information collected, whether or not there is any significant uncertainty related to events or circumstances that could call into question the society's ability to continue as a going concern. This assessment is based on information gathered up to the date of its report, it being nevertheless recalled that subsequent circumstances or events could jeopardise the continuity of operations. If the auditor concludes that there is a material uncertainty, he or she draws the attention of the readers of his or her report to the information provided in the annual accounts about that uncertainty or, if that information is not provided or is not relevant, he or she writes a qualified certification or a refusal to certify.
- it assesses the overall presentation of the annual accounts and evaluates whether the annual accounts reflect the underlying operations and events in such a way as to give a true and fair view.

Paris, April 25, 2020

French original signed by

Didier KLING
The Statutory auditor CRCC of Paris

This is a free translation into English of the Statutory Auditors' certificate on the information provided for in 1°, 7° to 10° of II and III of Article R. 321-14 of the French Intellectual Property Code communicated in the annual transparency report provided for in Article L. 326-1 of the aforementioned code, issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Sacem
225, Avenue Charles de Gaulle

92521 NEUILLY SUR SEINE

Glossary

	Definition
ADAGP	French society of Authors of Visual Arts
ADAMI	Collective management organisation for the rights of performers
AFDAS	Training organisation for songwriters and performers
AGESSA	Authors' Social Security Management Association
ANC	French Accounting Standards Board
API	Application Programming Interface
Armonia	First pan-European hub for licensing online services
BIEM	International organisation representing mechanical rights societies
CISAC	International Confederation of Societies of Authors and Composers
CMO	Collective Management Organisation
CPI	French Intellectual Property Code
Copie France	Collective management society that collects private copying levy
DGA	Directors Guild of America
DSP	Digital Service Provider
FACF	Franco-American Cultural Fund
FCM	Musical Creation Fund
General rights	Authors' rights collected in France by the Sacem regional network (concerts, shows, background music, nightclubs, cinemas, etc)
GESAC	European Grouping of Societies of Authors and Composers
GDPR	General Data Protection Regulation
IFPI	International Federation of the Phonographic Industry
IRCEC	Supplementary pension institution for education and creation
MPAA	Motion Picture Association of America
MPA	Motion Picture Association
NPVR	Network Personal Video Recorder
Private Copying	Private Copying is a system which allows private individuals to copy works for their own private use, while remunerating creators
RAAP	Regime for professional artists and authors
RAES	Sacem Mutual Assistance Allowance Scheme
RACL	Regime for lyrical authors and composers
SACD	French Society of Dramatic Authors and Composers
SCAM	French Civil Society of Multimedia Authors
SCPP	Society for the collection and distribution of recorded-music producers
SDRM	French Collecting Society for Mechanical Reproduction Rights for Authors, Composers and Publishers
SPEDIDAM	Society for the collection and distribution of artists' and performers' rights
SPPF	Society for the collection and distribution of independent recorded-music producers
SVoD	Subscription video on demand (SVoD) refers to a service that gives users unlimited access to a wide range of programmes for a monthly flat rate
VoD	Video-On-Demand, which allows consumers to select and watch the video content they want, when and where they want
WGA	Writers Guild of America
WGAW	Writers Guild of America West

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