



STRONGER TOGETHER



ANNUAL REPORT
AND ACCOUNTS 2020



Music accompanies us throughout our lives and Sacem has been supporting those who create it for 170 years. 182,520 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, in all their diversity.

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.



OUR MISSIONS

To collect and distribute royalties



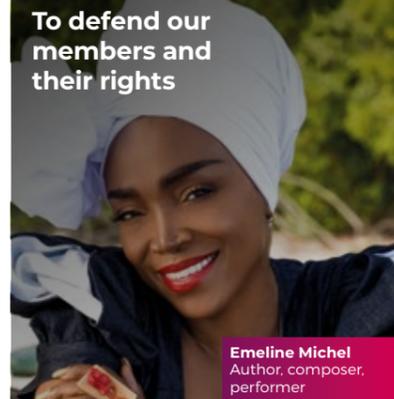
Pomme
Author, composer, performer

To offer our members support in their careers



Damso
Author, composer, performer

To defend our members and their rights



Emeline Michel
Author, composer, performer

To dedicate ourselves to diverse and sustainable creation



Cécile Bernier
Publisher

KEY FIGURES 2020

153

million works represented by Sacem throughout the world.

332,000

authors, composers and publishers around the world benefited from royalties distributed by Sacem¹.

96.925

billion streams were processed by Sacem.

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.



By bringing the music scene to an extended standstill, the crisis has accentuated the fragility of authors, composers and music publishers, while accelerating and intensifying profound changes, such as the explosion of streaming. In this unprecedented context, collective management has proved to be more useful than ever when it comes to keeping creation alive.

Jean-Noël Tronc
CEO of Sacem

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CREATIVITY IS ESSENTIAL IN TIMES OF CRISIS

Culture has never been so important in our lives. Artistic creations unite and uplift us. They create a common heritage and are at the heart of the social bonding that we missed so much in 2020.

Every day, more and more women and men around the world seek access to culture, to cultural works, but also to become creators themselves.

MUSIC IN THE LIVES OF THE FRENCH

57%

French people listen to music every day, a figure that has practically doubled in a decade¹.

CREATORS ARE YOUNGER — AND MORE NUMEROUS

6,650

new authors, composers and publishers per year (+63% compared to 2015).

18%

of Sacem members are under 25 (2015: 9%).

¹ 50 years of cultural habits in France. Ministry of Culture, 2018.



Our brains and our psychological lives have an absolute need for music. When people couldn't see each other, let alone touch each other, sound was the only thing that had the power to bridge distances and unite groups much larger than those that share a language. We expressed a need to connect through sound.

Emmanuel Bigand
Emmanuel Bigand, neuroscience researcher, Université de Bourgogne



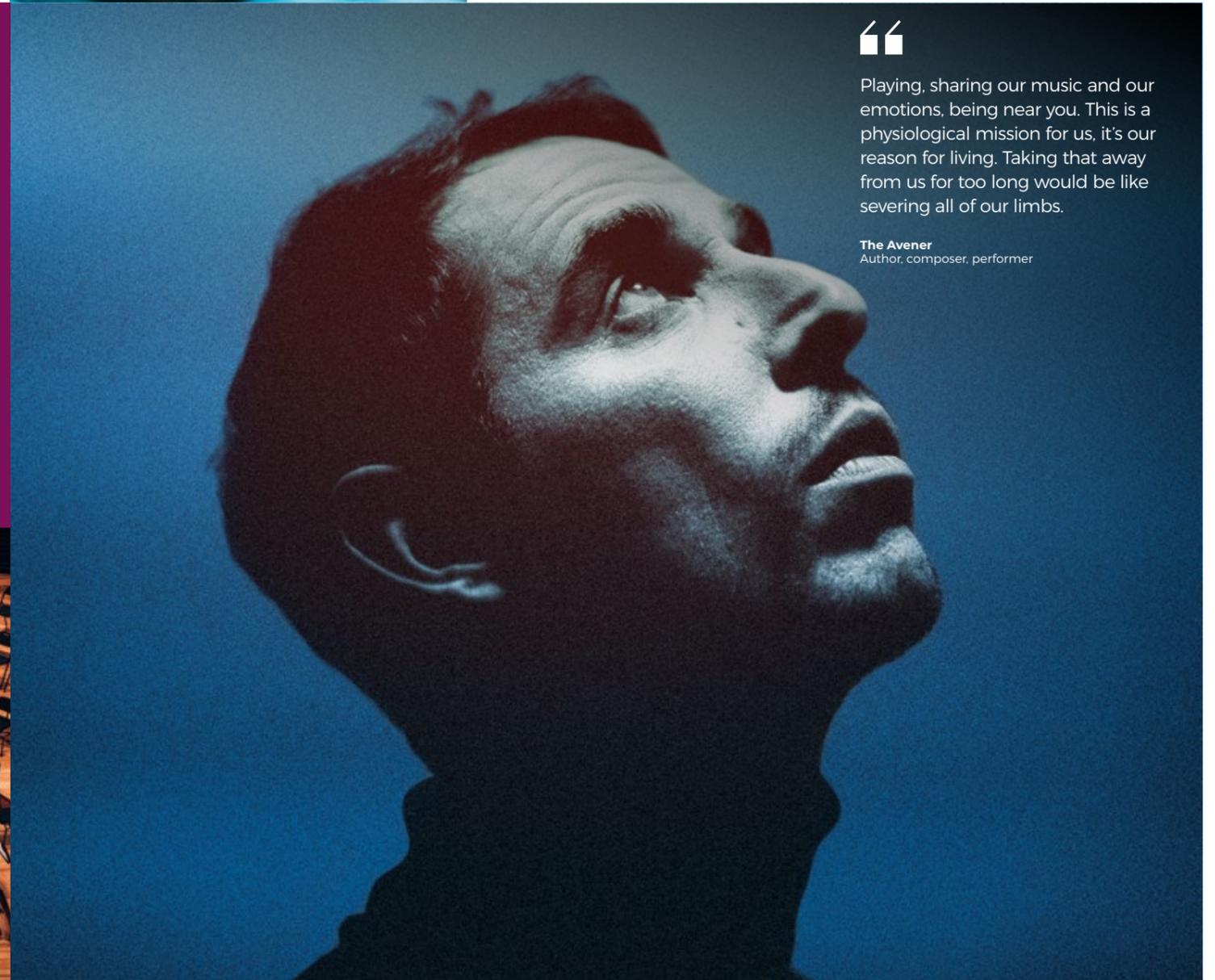
Jean-Louis Aubert
Author, composer, performer

Livestreams strengthened the link between artists and their audiences.



Playing, sharing our music and our emotions, being near you. This is a physiological mission for us, it's our reason for living. Taking that away from us for too long would be like severing all of our limbs.

The Avener
Author, composer, performer



DENIED A STAGE

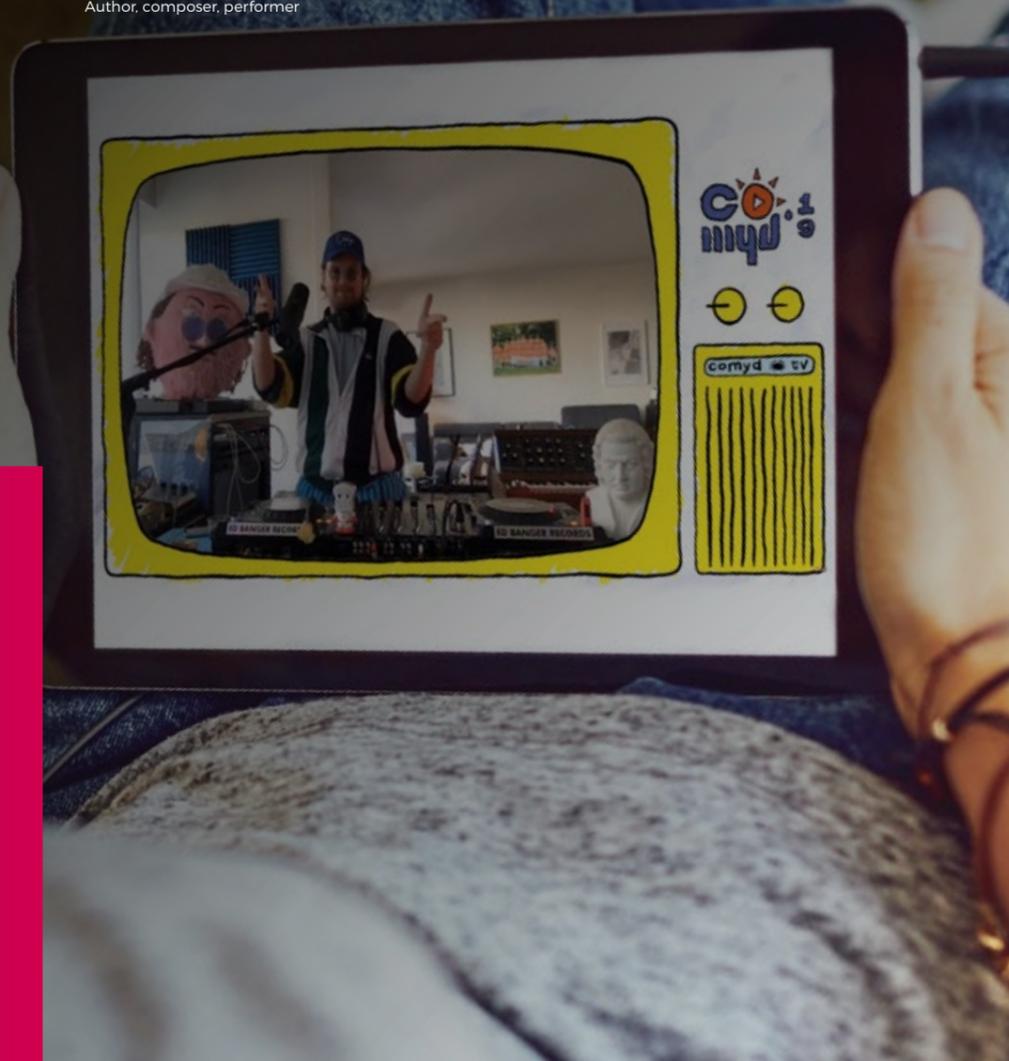
When artists can no longer perform on stage, the entire chain of professions is affected, from the show producer to the tour bus driver, including, of course the authors, composers and publishers whose works are no longer played. The very first link in the chain, authors, composers and publishers have been hit hard by this unprecedented crisis.



I had high expectations for the tour to continue promoting my new album on stage and in the media, but unfortunately it hasn't started. In lockdown, I did a video and gained twenty thousand followers on Instagram, which is huge for me, but it doesn't replace doing live performances. I do everything I do just to be on stage.

Aloise Sauvage, author, composer, performer.
Le Parisien, 18 June 2020

Myd
Author, composer, performer



-47.4%

in 2020, royalty collections from shows, tours and background music.

100 to 120,000

jobs threatened in the French music industry¹.

¹ EY figures, June 2020, "The cultural and creative economy before and after the COVID-19 crisis" (Tous pour la musique).



Suzane
Author, composer, performer

The culture sector was the first to be put into lockdown, in February 2020. It was one of the last to start coming progressively back to life, starting in June 2021.

In addition to the collapse of revenues and the weakening of creators, the crisis brought with it the threat of a sacrificed generation of artists. For many young talents, a cancelled festival, concert or tour represents an essential milestone that they will not be able to use to meet their public. By lasting so long, this crisis has plunged the cultural sector into a critical state. The music industry has seen its revenue halved for the year 2020, with a global loss of around 5 billion euros¹.

SCÈNE FRANÇAISE

Initiated by Sacem and Radio France last May 2020, the Scène Française campaign spread far and wide. Audiovisual media, platforms, broadcasters and musicians were encouraged to promote and disseminate Sacem works to the general public via all channels.

250

national and local radio stations participated in the Scène Française operation. #ScèneFrançaise.

+15%

more plays for francophone tracks in the first half of 2020 compared with 2019.



scenefrancaise.fr

TURN CULTURE BACK ON!

Sacem and a number of other organisations from the cultural sphere published on March 1st an appeal to the government for greater visibility on the timetable and conditions for a resumption of cultural life.



The cultural industries are severely affected but not discouraged. Artists, labels and the broader value chain will do their part by continuing to create, invest and promote new music.

Francesca Trainini, Chair of Impala¹



SACEM: SHELTER IN A STORM

Our values, our history and our expertise have proven their strength. Collective management has demonstrated how effectively it can support and protect our 182,520 members.

Very early on, Sacem took the measure of what the crisis meant for authors, composers and publishers: a tremendous double-blow loss of income. The first hit was brutal and immediate, with the end of orders and artistic projects, but it was also long-lasting, since royalties are by nature paid after the works have been exploited. The losses will continue in 2022.

A COMPREHENSIVE EMERGENCY RESPONSE PLAN

As soon as March 2020, Sacem was on the front line, rolling out an emergency plan that is among the first and strongest in Europe

The three priorities:

- support creators and publishers facing the worst difficulties with an emergency fund offering **direct, non-reimbursable aid**
- secure our members' income and help them cushion the blow by offering them **advances on royalty payments**
- support our members by providing new resources and by adapting programmes to **support projects by authors, composers and publishers**

EXCEPTIONAL AID FROM THE PUBLIC AUTHORITIES

Efforts on the part of Sacem and professional organisations facilitated:

- the inclusion of music creators as beneficiaries of the national solidarity fund
- exemption from charges for four months for music creators
- direct aid from the Centre National de la Musique and the Ministry of Culture for authors, composers and publishers

(See pages 08–09)

AUDIOVISUAL EMERGENCY FUND

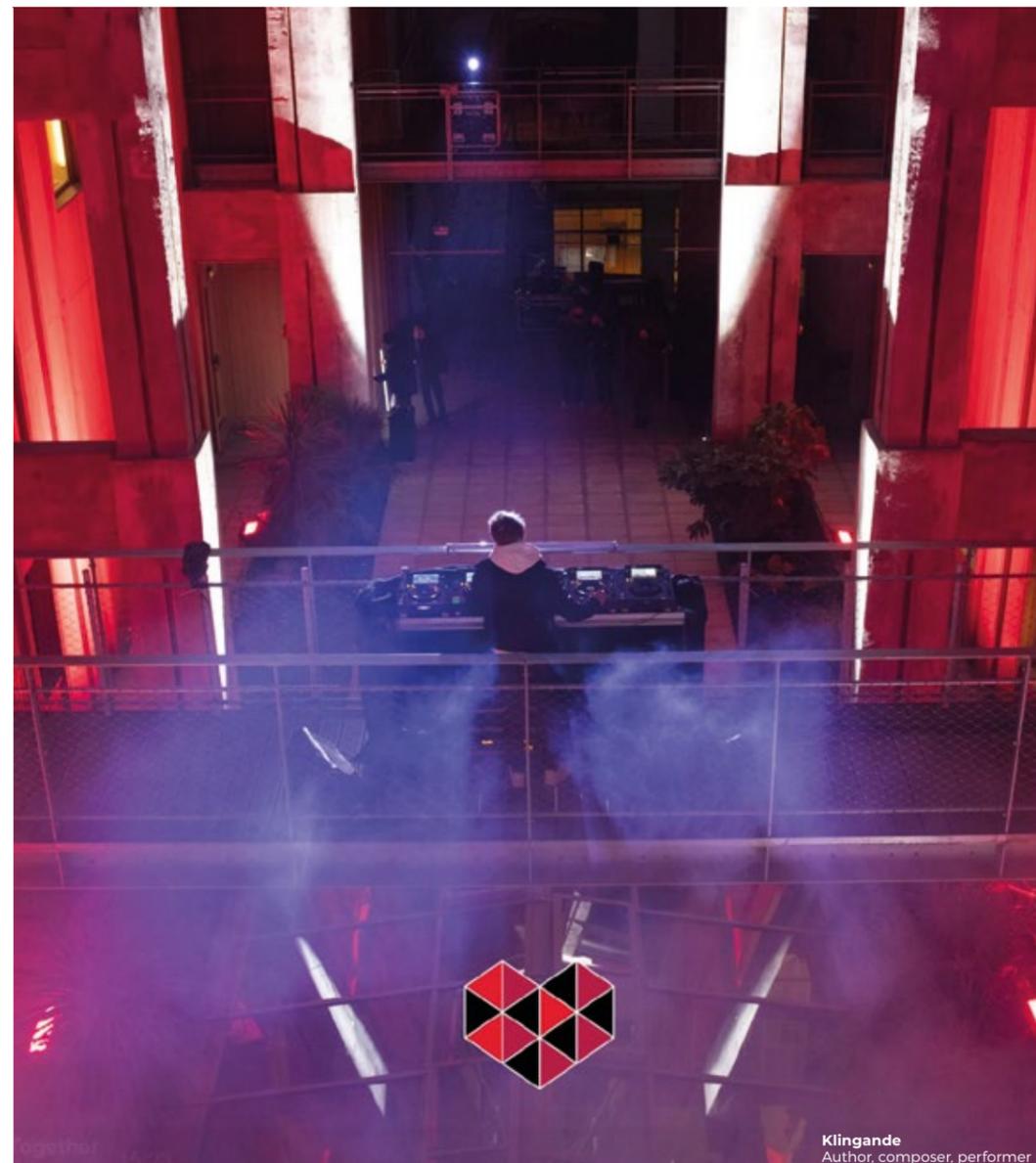
Sacem, along with the Centre National du Cinéma et de l'Image Animée (CNC) created an audiovisual emergency fund for authors and composers of music for the screen, managed by Sacem.

AN INCOME-PROTECTION FUND

In response to the health crisis and in addition to the broad government measures, the Centre National de la Musique (CNM) has set up an exceptional income-protection fund for authors and composers. Created in partnership with Sacem and SACD, it will provide assistance to members of those organisations whose remuneration from collective management has fallen by more than 40% in 2021.

PAYMENT FOR LIVESTREAMS

Deprived of the stage and unable to meet with their audiences, many artists saw livestreaming as an opportunity to continue to broadcast their music and their creations. In the spring of 2020, Sacem was the first authors' rights society in the world to implement an exceptional remuneration system for livestreaming performances. Thousands of livestreams were registered in a few months and were eligible for remuneration with royalties. This new distribution was extended until March 2021 for any live show generating more than a thousand views and lasting at least twenty minutes.



11,050

emergency aid packages granted to Sacem's authors, composers and publishers from March 2020 to June 2021 totaling 11.5 million euros.

950

exceptional advances on royalties granted to our members to help them through the period. These cash advances, repayable starting in 2022, are in addition to the advances that our members can normally receive each year.

IN 2020

€43M

allocated for the emergency measures.

PRIVATE COPYING, A VITAL RESOURCE

The emergency measures would not have been possible without the truly helpful system of private copying levies.

25% of the sums collected from the private copy levy are used to support the distribution of works, creation, training and artistic and cultural education. The ordinance of March 27, 2020 extended the scope of the allocation of sums from private copying, allowing collective management organisations to use this aid to provide relief and support to their members in difficulty. This measure was extended until December 31, 2021.

CONVEYING THE VOICES OF OUR AUTHORS, COMPOSERS AND PUBLISHERS

Together with professional organisations, we mobilised to obtain aid and support measures, going further than ever to defend and protect the interests and rights of our members.



| EIFEL | UNAC
| SNAC | CEMF
| CSDEM
| ATAA | UPAD
| ULM | UCMF
| GAM

A FIRST AFTER 170 YEARS

Born in January 2020, the Centre National de la Musique has taken on a central, structuring role in our sector. For the first time, authors, composers and publishers obtained direct and permanent support. To confront the urgency of the crisis, the CNM also put into place a 10 million euro security fund (co-financed with the Culture Ministry) to provide authors and composers who meet the criteria defined by the CNM and the Ministry of Culture with a minimum remuneration.

The CNM crisis budget provides for 2 million euros of direct support to musical creation and 7 million euros of measures dedicated to music publishers. For authors, composers and music publishers, the poor relations when it comes to public policy, eternally forgotten by aid mechanisms, these measures are unprecedented.



During the pandemic, when the government was trying to support the country's social and economic activities, 'music creator' did not even have a box on the French Social Security General Scheme website, and we were not eligible for grants. We just invented it, thanks to the pandemic!

Béatrice Thiriet,
Composer

€19M

obtained from the CNM and the Ministry of Culture for authors, composers and publishers.

centre
national
de la musique



More than ever, our local talents need the exposure they so often lack.

Thomas Jamois,
Publisher

IN EUROPE

The European Union remains an indispensable protective framework for a cultural sector weakened by crisis. We have nurtured a constructive dialogue with the European Commission. Firstly, the European Parliament adopted a resolution on the cultural recovery in Europe and advocated with cultural actors for at least 2% of the European recovery plan to be devoted to cultural sectors and industries. In addition, the European Commission, following the events surrounding the publication of the EY study commissioned by Gesac at the end of January 2021, went through with the publication of a communiqué laying the foundations for a coordinated reopening strategy for the cultural sectors in terms of health and sustainability.

HELPING OUR CLIENTS, THE MUSIC USERS

Authors, composers, publishers and their partners, the music users, have this in common: long months of silence, prevented from exercising their professions or activities. The historic collapse of royalty collections is linked to the forced inactivity of thousands of economic actors who inject life into musical creation day after day.



Even if life picked up a little between confinements in certain essential, convivial places where culture is shared, others remained mute.



SUPPORT

All through the crisis, Sacem has provided constant support to its music-using clients: bars, cafés, restaurants, clubs and nightclubs, shops, sports halls, and has expressed solidarity with the organisers of events, concert halls, festivals – all those who, in normal times, contribute to bringing musical creation to life by broadcasting music in their establishments or at events.

WITH MORE THAN

60

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

650,000

royalty credit notes issued to our clients to compensate them for their forced inactivity.

STRONG MEASURES FOR OUR MUSIC-USING CLIENTS

Right from the start of the first lockdown, Sacem committed to:

- mitigating the financial strain associated with the lockdown **by suspending royalty billings**
- supporting the gradual resumption of activity by offering **royalty credits** equivalent to the duration of the confinement
- maintaining the majority of the aid planned for projects that were canceled.

At the end of October, with the announcement of the second lockdown, Sacem suspended:

- all royalty billings
- automated debits from bank accounts
- contracts for the period of closure imposed by the public authorities
- all penalties for not paying on time



DIGITAL GROWTH ACCELERATES

Sacem anticipates changes in usage, identifies new sources of revenue, negotiates agreements to ensure fair remuneration for its members – all while continuously improving its digital performance.

PERFORMANCE AND DEVELOPMENT

+60%

investment in IT systems since 2013.

Our IT investments proved to be vital in 2020. We were able to ensure the collection and distribution of royalties and develop new services for our members, as well as new functionality in URights, the online rights management platform.

TWITCH, TIK-TOK AND MORE: AGREEMENTS WITH PLATFORMS

Sacem signed a first-ever agreement with the Twitch platform for content as well as for livestreams broadcast on the platform, at a crucial moment when concert venues were closed. Agreements were also signed with the livestream platform Akius and the social network Tik-Tok. In 2020, Sacem renewed and renegotiated its contracts with many streaming services (Tidal, Napster, Deezer). It also extended its reach to new territories outside Europe with Spotify and renewed its first contracts with Facebook and Amazon Prime Video.

IN 2020

1.4

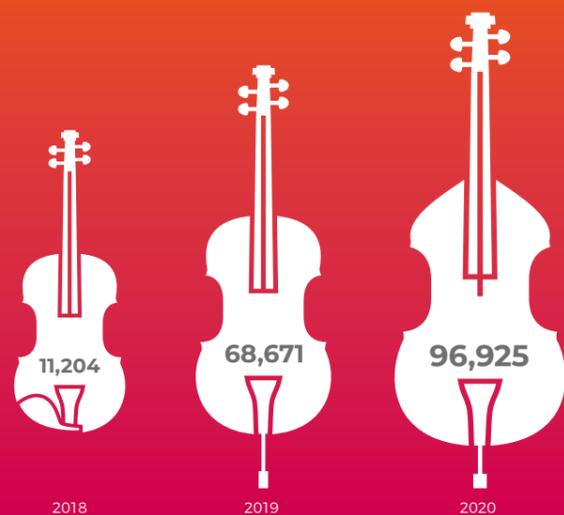
petabytes stored in our data center.

NEW INTERNATIONAL MANDATES

The South Korean society Komca awarded Sacem a contract to manage its members' online rights for Europe. This partnership established Sacem's first strategic bridge to Asia. The deal came on top of mandates already signed with the Canadian authors' society Socan and international publishers such as Universal Music Publishing, Warner Chappell, Wixen Music Publishing, Strictly Confidential, Because, Pen Music, Nanada and Impel. The agreements with UMPI, Impel and Socan were renewed in 2020.

Sacem represents its repertoire and mandating CMOs and publishers in the negotiation of multi-territory licenses with digital platforms. Societies that give Sacem mandates get access to URights, the copyright management platform for online music.

Streams and downloads handled by Sacem (in billions)



URIGHTS, A UNIQUE PLATFORM FOR ONLINE RIGHTS MANAGEMENT



€291.2M

online collections, +29.5% compared with 2019.

URights processes all the exploitation data from digital service providers up to the calculation of the royalties to be distributed, whatever the country of exploitation and the origin of the works. For authors and composers, it accelerates royalty payments, and for foreign mandating CMOs and publishers, it offers a tool for monitoring their works.

70

billion data points handled by URights every month.

2,030

customers in the online music sector in 2020.

39

multi-territorial agreements signed.



OUR STRATEGY

Make collective management the preferred model for authors, composers and music publishers in France and around the world. This is the strategic ambition of Sacem, guided by one priority: to better serve and support its members.

1 Accessible and proactive
Committed, transparent, always at the service of members and clients.



2 Digital
Innovative and constantly evolving to adapt to new economic models.



Today, to better serve its members, Sacem is prioritising and accelerating the implementation of its strategic plan. In September 2020, it launched a transformation and development plan aimed at making its model even more effective, innovative and efficient.

3 360 vision
Leader in collective management and influential in the music industry globally.



4 International
Prepared to compete and contract with major global players.



5 Flagship
A model for the defence of copyright and collective management.



PRESIDENT'S STATEMENT



Sacem represents a soul, a collective force, a way of conceiving the cultural influence of our country.

Patrick Sigwalt,
Composer, President of the Board of Directors 2021-2022



For one hundred and seventy years, our fine and ever-modern authors' society has been promoting the values of freedom, emancipation and solidarity.

"For an author, the ultimate betrayal is when your work is not performed," the Algerian playwright Fatima Gallaire said a few years ago.

There is no doubt the year 2020 shook our professions as authors, composers and music publishers by bringing the distribution of our work to a sudden halt: stopping live shows, cancelling tours and festivals along with commissions, shoots and projects. This annual report describes in detail this extraordinary year, during which the Board of Directors of Sacem, of which I was a member, stepped up very early to protect, support, accompany and defend authors, composers and music publishers. I would like to pay special tribute to Bruno Lion, who chaired the Board of Directors of Sacem during this unprecedented year. Together, alongside our professional organisations and with the support of our beloved Comité du Coeur, we have worked tirelessly and demonstrated the utility of Sacem: its model of collective management, not-for-profit, focused on the general interest.

Created in 1851 by three authors and composers, very soon joined by a publisher, Sacem has been owned by its members for 170 years. Its strength lies both in the originality of its governance and in the profound meaning of its mission: Emancipating the creative artist, as well as his publisher, by guaranteeing them the means to create freely and the ability to free themselves from patrons and other moneyed powers. Authors' rights are indeed the only remuneration for those who create works of the mind.

Nowadays, these works of art are stirring up quite a lot of interest. What would digital platforms - or smartphones - be like without music, without series, without films, or documentaries, for example?

Sacem members are the artisans of artistic creation. They nurture music, dubbing and subtitling, and audiovisual works that generate value for the benefit of the Internet giants, who are driven by the fantasy of free access. The question of value sharing is crucial: artistic creation and intellectual property cannot be sold off cheaply. They must be recognised, respected and remunerated at fair value. This is our struggle, in the service of authors, composers and music publishers, and in the name of cultural diversity.

We are an exemplary model of equal opportunity and treatment, guided by modern values of freedom, emancipation and solidarity. Much more than a society, Sacem represents a soul, a collective force, a way of conceiving the cultural influence of our country. A pioneer, steeped in the digital era both through its tools and its ability to negotiate agreements, Sacem is — now more than ever — committed to continuing to innovate and reinvent itself. I will do my utmost to contribute to this by representing my peers throughout the mandate that has been entrusted to me.

INTERVIEW WITH THE CEO



We are accelerating our development by providing our members with a broader range of services that are more personalised and more interactive. We're also attracting new repertoires and reinforcing our position as a hands-on partner in the local community.

Jean-Noël Tronc,
CEO of Sacem

In September 2020, we decided to launch a far-reaching transformation plan for Sacem with one goal in mind: to emerge stronger, once this crisis is behind us.

28.1

million euros in cost savings.

96,925

trillion streams processed.

How do you see the year 2020?

The health crisis has been like an earthquake that has impacted the entire world, shaken our society and generated shock waves that have affected the vitality of artistic creation. Culture has been one of the hardest hit sectors. By bringing the live music scene, a vital part of the distribution of works, to a sudden halt, this crisis has accentuated the fragility of authors, composers and music publishers. At the same time, it has accelerated and intensified profound changes, in particular the explosion of streaming. In this context, we have been able to demonstrate the strength of our model. Collective management has proven to be more essential, more solid and more useful than ever to protect authors, composers and publishers and to keep creation alive.

What actions have you taken in response to this unprecedented crisis?

Very quickly, we took the measure of the shock and of the dreaded double blow for our members: the immediate loss of income as projects came to a sudden halt, but also the long-lasting effect — since the royalties are distributed well after the exploitation of works. For our members, the crisis will last well beyond 2021. As early as March 27, 2020, we launched a 43 million euros emergency plan, one of the most ambitious among those adopted by collective management organisations the world over. To date, we have awarded over 11,000 grants through our emergency fund. We have set up exceptional copyright advances, strengthened our project support programmes and created a specific payment mechanism for livestreams — a world first. In May, we initiated the #SceneFrançaise campaign to create a movement of solidarity and collective responsibility among the media. More than 250 national and local radio stations participated. Along with the professional organisations, we have never stopped conveying the concerns of authors, composers and music publishers to the public authorities so that their professions are understood, recognised and taken into consideration in the government's aid programmes. This instructive effort has borne fruit, particularly within the CNM, Centre National de la Musique, where we obtained a total of 19 million euros for authors, composers and music publishers in 2021. Throughout the crisis, we have also strived to support our partners in creation, first and foremost the hundreds of thousands of businesses that play music: merchants, associations, show producers, organisers, etc. They know today that they can count on Sacem to support them in the recovery.

How did Sacem cope?

In 170 years of existence, this has undoubtedly been the most serious crisis Sacem has gone through in its history. Remember that it is a private, not-for-profit company. We receive no public subsidies, our bylaws prohibit us from making profits or putting aside savings, and therefore we have no reserves other than pending entitlements and the Sacem Mutual Assistance Allowance Scheme, the RAES. Sacem is financed by its management fees, which depend on the royalties paid to our members and the societies that have given us mandates. After years of continuous growth, the royalties collected in 2020 suffered a historic decline of 11.7%, or 130.6 million euros. Naturally, royalties from performances and background music were the most affected, with a 47.4% drop. This drop threw our accounts out of balance, so we embarked on a massive savings plan. We managed 28.1 million euros in cost savings for 2020 alone, while ensuring that no additional sacrifice would be required of our members. Every possible action was not just identified, but also taken, and this effort will produce lasting effects from 2022 onward.

Royalties from Internet services grew handsomely...

Internet royalty collections increased by 60 million euros compared to last year. In total, 96,925 trillion streams were processed by our services in one year. Our society is known internationally for its technological performance and the know-how of its teams. Like we do every year, we signed or renewed important contracts with online platforms, improving the payment terms for our members. In 2020, we signed agreements with Disney+, Netflix, Amazon Prime Video and with social networks such as Twitch and Tik-Tok. The combination of this work with the organic growth of the market and the size of the repertoires that we represent resulted in 291.2 million euros in rights collected from the Internet, which includes our mandates from international publishers and some foreign societies such as Socan of Canada or South Korea's Komca. The constant growth of the digital platforms, whose value and services are intimately linked to the cultural works they distribute, underscores the importance of defining a more balanced legal framework and of continuing to fight for a better sharing of value between cultural creators and digital players.

Has Sacem been able to continue its development and improve its operational performance?

In September 2020, we decided to launch a far-reaching transformation plan for Sacem with one goal in mind: to emerge stronger, once this crisis is behind us. We are concentrating all our efforts towards creating a Sacem that is more efficient — and even more united. This transformation began with a complete, unflinching review of not only our spending, but also our organisation and operations. We wanted to simplify our processes across the board. The partial registration of works is now active at Sacem and paper registrations are no longer possible for unpublished works, more than 90% of which were already registered online. From now on, members have to declare their concert or show dates online, via their member accounts on our website or on the mobile application. These are just a few examples of the paperless workflow that is spreading throughout the organisation. In addition, many services were put in place before the summer of 2021 to support our members in the recovery phase: health insurance for all with our partner Audiens; 100% online sign-up for Sacem membership; reduced membership fees; a new Sacem Plus platform with an online space to connect with venues seeking artists, and the creation of a cultural consulting bureau, etc. We are accelerating our development by providing our members with a broader range of services that are more personalised and more interactive. We're also attracting new repertoires and reinforcing our position as a hands-on partner in the local community. The mandates entrusted to us by our partners and our ability to make our know-how available to them, both in France and internationally, create new sources of revenue and contribute to reducing costs for our members. This central position in the collective management ecosystem bestows upon us, today more than ever, a responsibility.



From left to right: Morgane Imbeaud, NoJazz, Lindigo, Lonny, Renaud Garcia Fons, Céline Ollivier, Sébastien Farge, Sarah Lenka, Mathias Lévy, Gauthier Toux, Hussam Aliwat, Jean-Pierre Como, Joanna, Keyvan Cherimani, Von Pourquery, Anthony Jambon.

PAYMENT FOR LIVESTREAMS

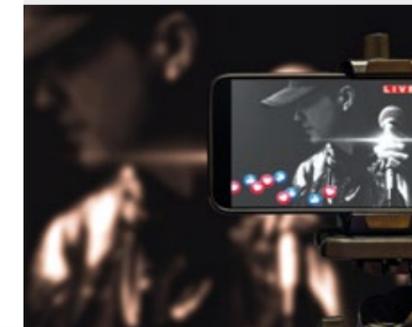
With concert halls closed and festivals canceled, artists turned to livestreaming to broadcast their music and connect with fans. In support of these efforts, Sacem set up a mechanism to pay creators royalties for broadcasting livestreams on Facebook, Instagram and YouTube.



INTERNATIONAL PARTNERSHIPS

The South Korean authors' society Komca (Korea Music Copyright Association) entrusted Sacem with a mandate for the pan-European management of its members' online rights.

Meanwhile, Sacem renewed its agreement with Socan (the Society of Composers, Authors and Music Publishers of Canada) for the management of rights for Internet services and extended the agreement to mechanical reproduction rights.



SUPPORTING ARTISTS BY PLAYING THEIR MUSIC

Sacem called on radio stations, broadcasters, platforms and others involved in the music industry to show support for our creators in the #ScèneFrançaise by playing musical

HIGHLIGHTS 2020-2021

▶ MARCH 2020
▶ APRIL 2020
▶ MAY 2020
▶ JUNE 2020
▶ JULY 2020

HEALTH CRISIS
Sacem mobilises
 Sacem moved to ensure the continuity of its operations in the service of its members and calls on the public authorities to support authors, composers and publishers of music.

PLAN WITH EMERGENCY MEASURES IS LAUNCHED
 Sacem's €43 million emergency plan for authors, composers and music publishers is based on three aid mechanisms: an emergency fund, exceptional royalty advances and a reinforcement of the aid programme for publishers.

Invoices and debits from clients were suspended.

“
 Information
 Coronavirus
 URGENT MEASURES

SACEM OXYGEN STAGES
 A series of concerts is broadcast as livestreams on the Sacem Facebook page. Designed as *cartes blanches* dedicated to artists supported by Sacem, these sixteen home performances have accumulated over 1.6 million views.

works produced and recorded by our members. The mobilisation via Internet and social networks included a dedicated website and widespread use of the #ScèneFrançaise hashtag by authors, composers, publishers and music lovers.

THE FRENCH MUSIC SCENE IS FROZEN FOR 100 DAYS



HIGHLIGHTS 2020-2021

SOLIDARITY WITH THE LEBANESE

Sacem – present in Lebanon with Sacem Liban, society of Lebanese and Franco-Lebanese authors composers and publishers – moved to support the victims of the tragedy that hit Beirut. In solidarity with the Lebanese people, Sacem donated 10,000 euros to the Lebanese Red Cross. It also supported Mika's charity livestream concert and partnered with *Unis Pour le Liban* and the *Fonds de Solidarité pour le Liban*, in support of the arts and culture community in Beirut.



AN AGREEMENT WITH TWITCH

The deal allows authors, composers and publishers who are members of Sacem to be paid when their music is shared or livestreamed on the Twitch platform. With venues closed, and tours and concerts cancelled, many creators and artists took to Twitch to meet their fans and host new live music experiences.

SACEM SYMPHONIC PRIZES

Strongly invested for many years in the contemporary music sector, Sacem contributes to supporting composers and promoting their repertoire. This new edition of the Symphonic Prizes took place for the second time at La Scala Paris.

George Enesco Prize: **Anna Göckel**



EMERGENCY FUND FOR FILM SCORE COMPOSERS

After a 100-day shutdown and movie theatre attendance well below the usual average, composers of music for the moving image saw their income drop significantly. Sacem, with the support of the Centre National du Cinéma et de l'Image Animée (CNC), created a new support fund to help them cope with the loss of income.



ARTIPS: THE HISTORY OF COPYRIGHT IN FRANCE

Since 2017, Sacem has been a founding partner of Musiktips, Artips' little sister. Dedicated to music, the newsletter has more than 220,000 subscribers. This fruitful partnership allows the general public to discover Sacem's online museum archives. With The History of Copyright in France, Artips is putting a platform online to teach this history in a fun and interactive way.



▶ AUGUST 2020

▶ SEPTEMBER 2020

▶ OCTOBER 2020

▶ NOVEMBER 2020

⏸ 6 MONTHS



THE FRENCH MUSIC SCENE IS FROZEN FOR 6 MONTHS

RENEWAL OF THE IMPEL ACCORD

In April 2018, Impel and Sacem announced the conclusion of an unprecedented partnership for the management of digital rights for the leading independent publishers group, Impel. In a context where digital is becoming increasingly central and strategic, Impel chose to renew its confidence in Sacem. Sacem strengthened its links with independent publishers, and the twenty-nine members of the group were strengthened by the addition of Audionetwork, Entertainment One, Nextone, MMB and Mojo.



Claude Arrieu Prize: **Augustin Braud**

Hervé Dugardin Prize: **Laurent Durupt**



Francis et Mica Salabert Prize: **Violeta Cruz**

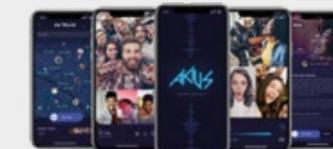
STRENGTHENING OF AID PROGRAMMES

As soon as the second lockdown was announced in France, Sacem extended and reinforced its emergency measures for its members in difficulty and its clients, once again forced to stop their activities.



NEW AGREEMENT WITH AKIUS

Sacem signed a new agreement with the mobile livestream application Akius as it continued discussions with innovative players in the music industry. Launched in June 2020, Akius aims to professionalise livestreaming by offering a new source of monetisation for established and emerging artists and by providing them with new features.



KEYCHANGE: THE FRENCH MUSIC INDUSTRY COMMITS TO THE ROLE OF WOMEN

Nine French organisations signed the declaration of commitment initiated by Keychange, the international movement for gender equality. The Centre National de la Musique, De Concert!, Eifcil (Federated Independent Publishers in France), Félin (National Federation of Independent Labels and Distributors), Ama (Alliance of Artists' Managers), Réseau Map, La Petite (Toulouse), DO Éditions and La Bobine (Grenoble), all committed to a 50% representation of women and minorities in their sectors.

HIGHLIGHTS 2020-2021



SAFE TOGETHER: CHARITY DJ SETS 2.0

Sacem supported Safe Together, a 12-hour streaming event, orchestrated as a live concert. For this charity event, committed to the fight against AIDS and in favour of the Comité du Coeur des sociétaires de la Sacem, fifteen artists and DJs shared the stage at the Magasins Généraux in Paris's suburb.



DAY OF SOLIDARITY IN SUPPORT OF THE #SCÈNE FRANÇAISE

On the day its Grands Prix awards were announced, Sacem organised, with the support of its partners, a big day of solidarity in support of the French scene - authors, composers and music publishers, and more broadly all professionals in the sector. At a time when the entire industry was in a critical state, Sacem sounded the alarm and, while reaffirming its commitments to its members, called for a general mobilisation to support music.

2020 SACEM GRAND PRIX

On December 7, Sacem awarded its Grands Prix during an online ceremony. The eighteen winners embody the richness, talent and diversity of musical creation of yesterday, today and tomorrow. Over the five episodes of a web-series produced for the occasion, they participated in a game relaying prizes and expressed their solidarity with professionals in the sector who are prevented from working. They spoke from the heart about the unprecedented crisis, sharing their concerns and their hopes for music and creation.

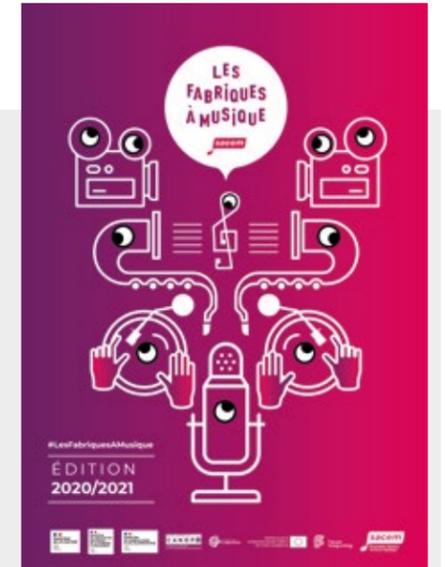
EY STUDY: REBUILDING EUROPE THROUGH CULTURE

The new EY study on the cultural and creative industries in Europe detailed the considerable impact of the crisis while at the same time underscoring the key role that this sector could play in the recovery of the economy. Jean-Noël Tronc, as President of Gesac (the European Authors' Societies), spoke with several European Commissioners.



MUSIC FACTORIES: HELPING STUDENTS PRACTICE MUSIC

The Fabriques à Musique (Music Factories) make their way into primary schools and secondary schools in France and its overseas territories for the 2020-2021 school year. Launched in 2015, the operation celebrated its 5th anniversary in 2020 and opened, for the first time, to kindergarten classes. 20,000 schoolchildren from 700 different structures learned about the professions of author and composer via the creation of a musical work alongside an artist from the local scene. Deprived of a stage, the artists found an opportunity to continue working.



NOVEMBER 2020

DECEMBER 2020

JANUARY 2021

FEBRUARY 2021

10 MONTHS

MEASURES IN FAVOUR OF AUTHORS, COMPOSERS AND MUSIC PUBLISHERS

The Centre National de la Musique (CNM) created a compensation fund guaranteeing songwriters and composers a minimum remuneration during the crisis year. The fund is endowed with 5 million euros from the CNM, plus an additional 5 million euros from the Ministry of Culture. The CNM will also provide 2 million euros of direct support to musical creation for projects by songwriters and composers, and 7 million euros of measures dedicated to music publishers. These vital decisions for authors, composers and music publishers demonstrate the central role taken by the CNM after just one year of existence.

centre national de la musique

MINISTÈRE DE LA CULTURE
Liberté
Égalité
Fraternité

THE FRENCH MUSIC SCENE IS FROZEN FOR 10 MONTHS

GOVERNMENT MEASURES IN FAVOUR OF AUTHORS AND CREATION

A "safety net" intended to mitigate the impact of the crisis on the income of authors is implemented. This system, worth 10 million euros, is financed half by the Ministry of Culture and half by the Centre National de la Musique; Sacem was entrusted to manage it.



MANAGEMENT REPORT

Our operations

Established in 1851, Sacem is a private, non-profit, non-trading entity founded by its members – authors, composers and music publishers – and managed under a cooperative model.

Its role is to negotiate, collect and distribute with precision the royalties to its members, when their works are publicly broadcasted (audiovisual media, concerts, festivals, internet platforms, cinemas, nightclubs, stores, etc.) or reproduced (digital files, CDs, DVDs, video games, etc.). It also collects and distributes royalties to members of other French or foreign authors' societies that have given Sacem a mandate to represent them.

Support, protect and defend

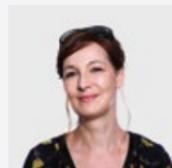
Sacem supports creators and publishers, protects their repertoire and defends their interests in France and abroad. It is actively involved in various creators' and copyright organisations, including the International Confederation of Societies of Authors and Composers (Cisac), the International Office of Mechanical Publishing (Biem), the European Authors' Societies (Gesac), and in general interest organisations in the French professional sector.

Sacem is committed to offering quality services and mutual support to its members. It also plays a crucial role in the vitality of musical creation. For more than fifty years, it has pursued a policy of support for creation in all its diversity by accompanying artistic careers, the revival of repertoires, the distribution of works and by facilitating the inclusion of young professionals.

This cultural action has taken on a new dimension since 1985, with the creation of the private copy levy system, this, in addition to the aid programmes put in place since the 1960s, enabled Sacem to support 2,470 projects in all genres in 2020.

COLLECTIVE MANAGEMENT, OUR MODEL

Bringing together 182,520 authors, composers, publishers, and their works, Sacem is the intermediary that allows 380,000 music disseminators to turn to a single point of contact for authorisation to use millions of musical works in return for the payment of royalties.

 Chair Patrick Sigwalt, composer	 Vice-chair Vanessa Bertran, author	 Vice-chair Nicolas Galibert, publisher	 Vice-chair Dominique Dalcan, composer
 Treasurer Thierry Perrier, publisher	 Deputy Treasurer Christine Lidon, author	 Secretary General Serge Perathoner, composer	 Deputy Secretary Élisabeth Anaïs, author
 Administrator Frédérique Alie, author	 Administrator Wally Badarou, composer	 Administrator Anne Dorr, author-director	 Administrator Valérie Foray, publisher
 Administrator Brice Homs, author	 Administrator Thomas Jamois, publisher	 Administrator Bruno Lion, publisher	 Administrator France Monot-Fortin, publisher
 Administrator Dominique Pankratoff, composer	 Administrator Marion Sarraut, author-director	 Administrator Marie-Jeanne Serero, composer	 Administrator Frédéric Zeitoun, author

Governance

Founded by its members – authors, composers and publishers of music, dubbing and subtitle writers, poets, stand-up comedians and writer-directors – Sacem is managed 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:

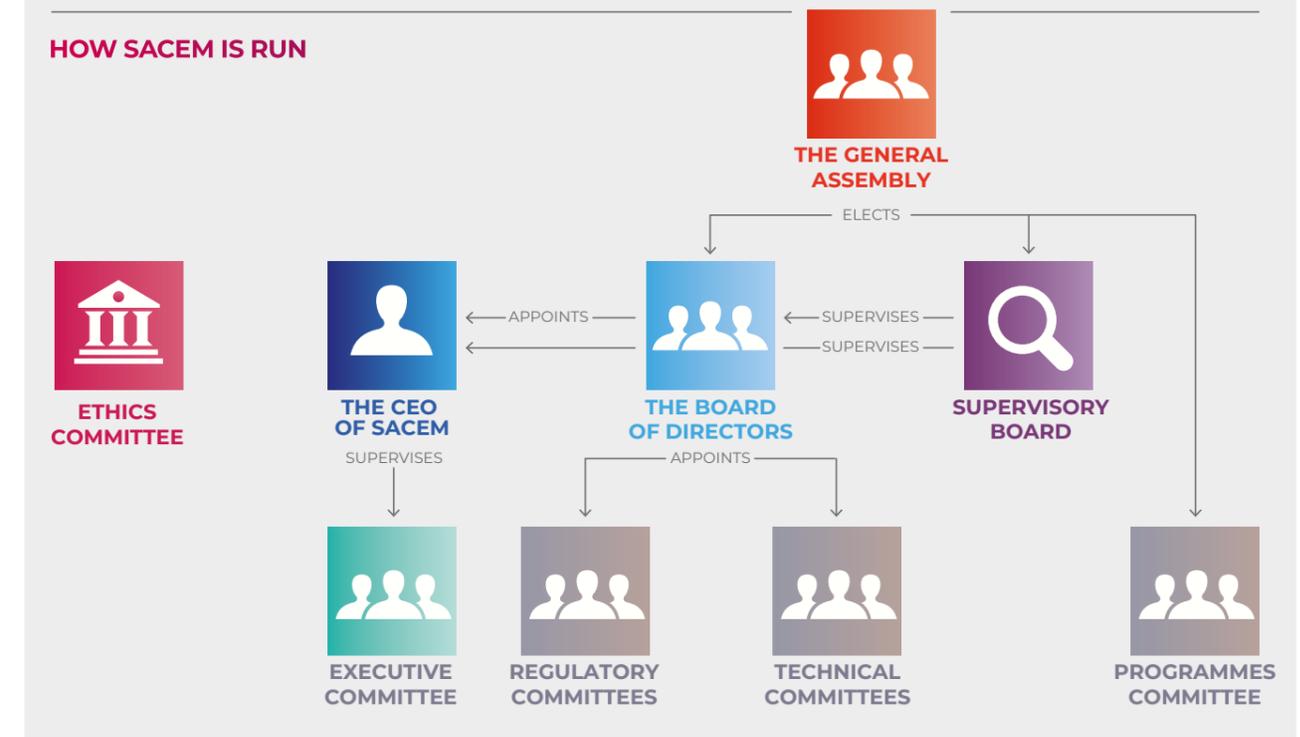
- 1 Authors, composers and publishers have a greater involvement in the decision-making process with the reinforcement of the powers of the General Assembly
- 2 The Supervisory Board, made up of Sacem members, oversees the activities of the Board of Directors and the CEO
- 3 The Ethics Committee, chaired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

SOLIDARITY, ETHICS AND TRANSPARENCY

160

authors, composers and publishers represent Sacem's 182,520 members in the various bodies and commissions.

HOW SACEM IS RUN



MANAGEMENT REPORT

SUPERVISION

Few private companies undergo such regular, detailed review. This supervision of Sacem's management operations guarantees efficiency and transparency.

YEARLY EXTERNAL CONTROLS:

- The Auditor
- The Commission for the control of copyright and related rights management organisations, housed at the Court of Auditors and chaired by a magistrate of the Court
- The Ministry of Culture (validation of statutory changes)
- The unique and public database of cultural aid paid with sums from private copy levies (aidescreation.org).

INTERNAL CONTROLS:

- Board of Directors
- Supervisory Board
- Ethics Committee
- Transparency Report
- Auditing and Internal Control Department
- Committees made up of Sacem members

OUR MEMBERS



Sacem has 182,520 members - up from 176,150 in 2019 - in France and worldwide, including 175,750 authors and composers, and 6,770 publishers.



Its members are authors, composers, music publishers, writer-directors, poets, dubbing and sub-titling authors, and authors of comedy texts. In a sign of its attractiveness, 6,650 new members joined Sacem in 2020.



With 21,910 foreign members from 174 different nationalities, Sacem is the most international authors' society in the world.

ONLINE SERVICES

104,560 Sacem members have a personal account on sacem.fr and use the various online services.

- "History of my distributions" with a graphic display of the evolution of royalties over several years.
- "Summary of my distributions": a global and dynamic view of royalties.
- "My detailed distributions": a work-by-work view of royalties with an unprecedented level of detail: 17,820 monthly connections.
- Consultation of account statements
- Consultation of data on the distribution of works with the context in which they were used: 8,900 connections per month.
- "My lists of works" to query the royalties for a specific list of works.
- Registration of works online: 24,900 works per month (+127% in one year).
- Registration of setlists (works performed in concert) and events: 93% of setlists are now declared online.
- Catalogue consultation: this service allows members to access all the works they have registered.
- Access to Sacem PLUS: a service with exclusive offers and advantages for all members. 40 permanent offers in the field of music and creation.



182,520

Sacem members.

6,650

new members joined Sacem in 2020. Among them were 650 foreign members, with 89 nationalities represented.

COLLECTIONS INTERNATIONAL

Sacem collects royalties for its members throughout the world through 178 agreements signed with 121 foreign societies. In addition, in 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 where Sacem has signed agreements, it is the local authors' societies that draw up the contracts and collect the royalties, before transferring them to Sacem for its repertoire, which in turn distributes them to its members. These are often reciprocal agreements, with each society taking responsibility for the other's rights within their respective jurisdictions. In the case of the multi-territory online system, each collecting society collects only the royalties related to its own repertoire.

OUR CLIENTS

Hairdressers, shops, bars, restaurants, cafes, streaming platforms, audiovisual media, etc.: Our music-using customers are the partners of authors, composers and publishers of music. By paying authors' rights, they have free and legal access to a worldwide repertoire of 153 million works and contribute to the enjoyment and diversity of artistic creation.

Benjamin Biolay
Author, composer, performer



153

MILLION
WORKS REPRESENTED
BY SACEM THROUGHOUT
THE WORLD

MANAGEMENT REPORT



Emeline Michel
Author, composer, 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.

LICENSES

The audiovisual sector - television, radio, cable, satellite, broadband and VoD - is Sacem's main source of revenue. This year, certain digital players were able to increase their number of subscribers in France and thus multiply the distribution of our repertoire.

Sacem collects royalties directly from streaming services, which led to 26% growth in online revenues. Numerous agreements with the media and video-on-demand (VoD) platforms, as well as legislation on private copying, made it possible to reach high collection levels. On the repertoire side, Sacem attracted new partnerships, including one with Komca (the Korean copyright society) that created a bridge to Asia, in addition to existing deals with Strictly Confidential, Because, Impel, Music Sales, Universal Music Publishing, Wixen Music Publishing, PEN Music, Socan and Warner Chappell.

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. In 2020, Sacem signed its first agreements with the platforms Twitch, Akius and Tik-Tok.

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.

This is a copyright fee collected from manufacturers or importers of devices that allow copying (smartphones, tablets, external hard drives, etc.).

The rates are set by an independent and joint administrative commission on the basis of customary studies. The members of this Commission and its chairman are appointed by joint order of the Ministers of Culture, Economy and Finance.

75% of the sums collected are paid directly to the authors, composers, publishers, artists and producers of the cultural works that have been copied. The remaining quarter is used to finance cultural actions that meet one of the four legal award criteria: aid for creation, aid for the distribution of live performances, aid for the training of artists (authors, composers and performers) and aid for cultural and artistic education.

In 2020, on March 27, an ordinance authorised the use of these sums to provide assistance to artists, creators and creative professionals in distress. Private copy levies have been used to support the relief funds of collective management organisations, in particular Sacem's.

OUR REGIONAL NETWORK

Our regional network is one of our most valuable assets. It guarantees optimal collection and close relations with our clients and members in the regions. Sacem has teams on the ground in metropolitan and overseas France, thanks to five regional offices and more than sixty local offices, which enable it to carry out its missions as effectively as possible.

This presence close to those who broadcast music and bring creation to life on a daily basis also allows Sacem to be attentive to changes in usage and the economic realities that authors, composers and music publishers may face. It is thus able to anticipate and adapt to them.

SACEM PRO: A CUSTOMER SERVICE OFFERING

Since 2016, Sacem has launched a range of services for Sacem's clients, including:

- **Advice:** three guides are online and in hard copy to help clients use the repertoire. Focused on music, they are intended to advise non-professional clients on how to organise a musical event, a concert or to set up a sound system in a place of business.
- **Discounts:** 96 partners offer clients promotional services to enhance their business, rent or buy equipment, soundproof an establishment, find musicians or technicians, promote their event or set up a ticket office.



Pomme
Author, composer, performer

97  **COUNTRIES**

IN WHICH SACEM COLLECTS ROYALTIES THROUGH AGREEMENTS SIGNED WITH 121 FOREIGN SOCIETIES.

TERRITORIAL NETWORK



OUR CLIENTS



Regional office
Local office
Regional bureau

In the context of the crisis, SACEM's regional network teams were put on partial unemployment. Despite the closure of cultural venues, bars, restaurants and shops, the teams tried to maintain contact with music-using customers who were prevented from doing normal business.

SACEM'S NETWORK IS MADE UP OF

60+

local offices in France and its overseas territories.

380,000

richly diverse clients.

600+

regional team members.

500,000

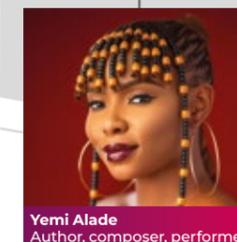
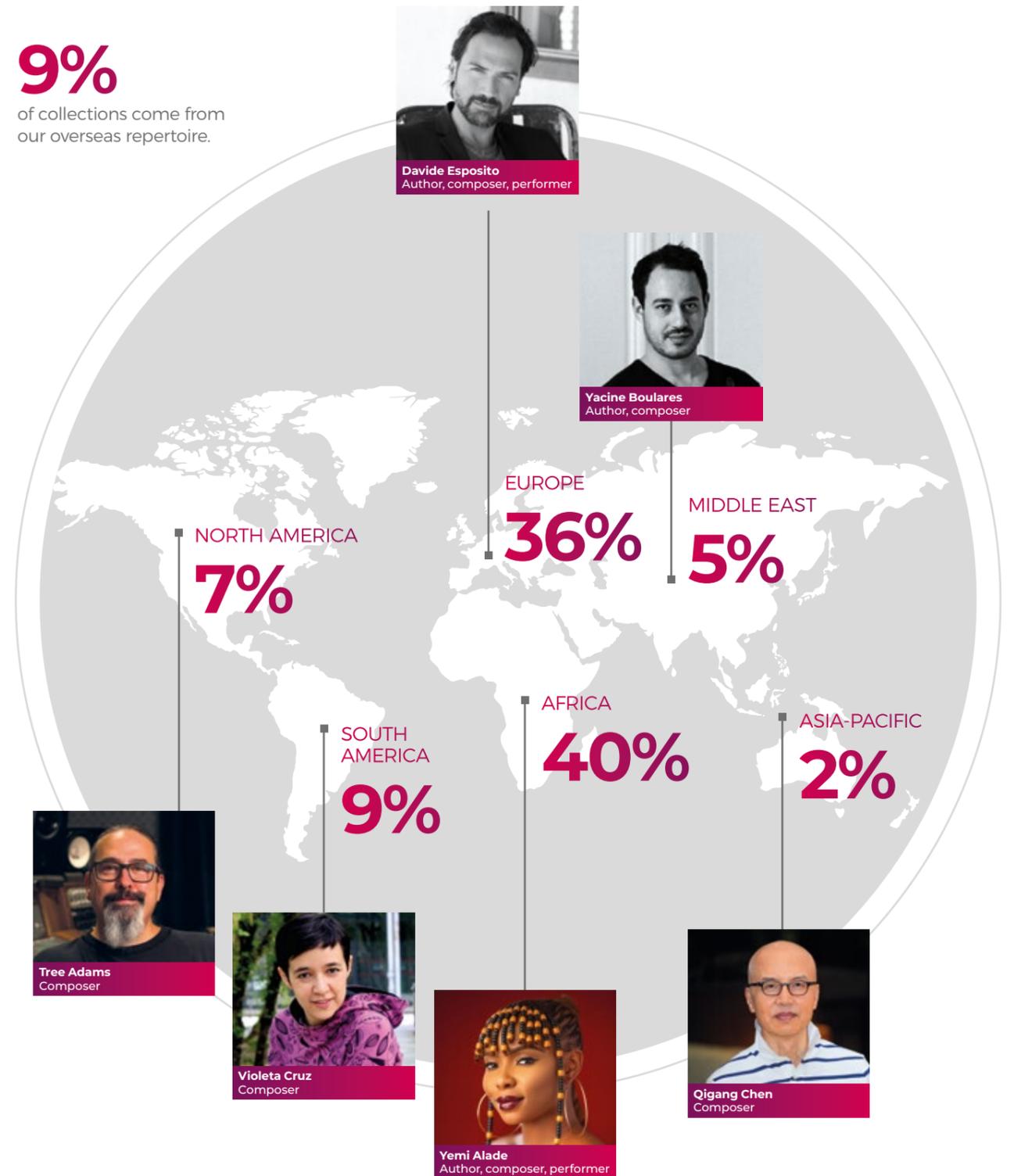
contracts signed for the distribution, reproduction or exploitation of music.

GLOBAL REPERTOIRE

NON-FRENCH SACEM MEMBERS

9%

of collections come from our overseas repertoire.



MANAGEMENT REPORT

REPERTOIRE

We represent, manage and protect 153 million works of all genres throughout the world. This repertoire is growing every day: in 2020, 2.7 million new works were registered, of which 299,000 were registered by Sacem members. 716,200 additional works were registered under the mandates given to Sacem by international publishers.

AUDIOVISUAL

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

CONTENT

- Lyrics
- Presentation texts
- Poems
- Humour
- Dubbing
- Subtitles
- Sketches

MUSIC

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

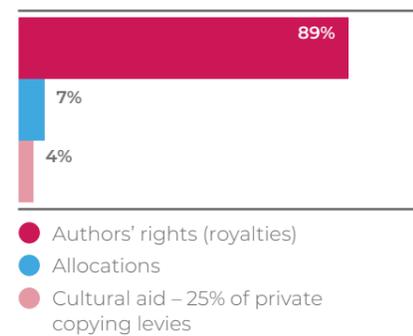
MANDATES

We also collect royalties for:

- Artist-performers and producers of music, audiovisual works, visual and written arts via Copie France (private copy).
- Artist-performers (members of Adami and Spedidam) and record producers (Scpp and Sppf) for the distribution of their works in public places such as shops, hotels and restaurants.
- Authors of performing arts, audiovisual works (members of Sacd), multimedia works (members of Scam), and graphic and plastic arts (members of Adagp) for the exploitation of their works in audiovisual or multimedia.
- International music publishers (Universal Music Publishing, Warner Chappell, Wixen Music Publishing, Sharandall Music, The Music Goes Round Publishing, PEN Music Group, Nanada, Impel, Strictly Confidential and Because) for the digital distribution of their worldwide repertoire.
- Canadian and South Korean creators in Europe: since 2016, Sacem has represented the interests of Socan, a North American copyright management company, and since 2020, those of Komca, a South Korean copyright management company, for processing and licensing in Europe.
- Physical media (CD, DVD, Blu-ray) distributed by Universal Music's European subsidiaries.

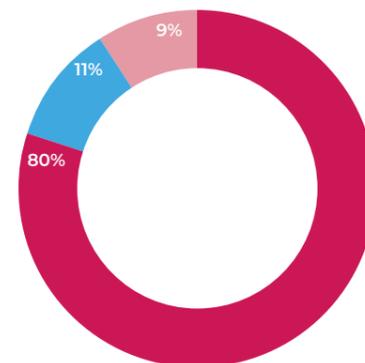
DISTRIBUTION

Breakdown of the annual income allocated by Sacem to its authors, composers and music publishers in 2020:



80% of the royalties are allocated on a work-by-work basis, to reflect as accurately as possible the programmes broadcast. This accuracy is the result of technological innovation and the expertise required to process huge volumes of data, while maintaining reliable documentation.

ACCURACY AND EFFICIENCY



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

The distribution rules are available on sacem.fr

CULTURAL AID

In addition to its rights collection and distribution activities, Sacem actively supports musical creation, live performances, and the training and the professionalisation of creators through strong cultural aid activities in France and abroad.

Through its expertise, networking and financial aid, it supports authors, composers, publishers as well as venues, festivals and producers who programme these artists and thus ensure the distribution of their works.

Sacem's financial aid covers all stages of a career or project, and ranges from aid for self-production to aid for residencies, festivals, venues, ensembles and musical groups, to name but a few. Publishing development aid offers a whole range of funding to support publishers in their efforts to develop artists and enhance their heritage.

Urban music, electronic music, chanson, contemporary music, creative jazz, young audiences, pop, rock, world music, poetry, humour, and more: Cultural action covers all the repertoires managed by Sacem, with particular attention paid to genres that are underexposed in the media or have in a structurally loss-making economic model, such as contemporary classical music, creative jazz or works for young audiences.

2,470

CULTURAL AND ARTISTIC PROJECTS SUPPORTED



Camille Pépin
Composer

This activity is managed at the national level and also via a decentralised budget administered by the regional network of Sacem in an effort to get as close as possible to the territories and the stakeholders in the field.

As a major actor in the audiovisual sector, Sacem also plays a decisive role in the field of music for film, through its support for the creation of original music in all formats, from shorts to feature films.

Encouraging new writing, Sacem supports innovative and transmedia creation projects, while paying particular attention to initiatives to promote cultural heritage through aid dedicated to music documentaries and new distribution channels. The training and professionalisation of composers is an important part of Sacem's cultural action, through the financing of residencies, master classes and professional meetings organised with a network of audiovisual festivals.

MANAGEMENT REPORT



Damso
Author, composer, performer

€35.4M
in aid and action to promote and defend repertoires was spent in 2020.

In the field of humour, Sacem provides specific support, particularly for musical humour and the support for comedians' projects in the early stages of their careers, by working closely with festivals, whose mission of identification and professionalisation is decisive at the beginning of their careers.

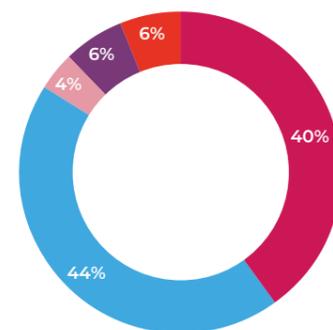
Lastly, artistic and cultural education is an essential part of Sacem's cultural action, with the aim of placing creators at the centre of its activities, at all times and in all places.

35.4 million euros in aid, promotion and defence of the repertoire were spent in 2020 (33.9 M€ from the 25% of the private copy levy, completed by a statutory contribution from Sacem of 1.5 M€). A total of 23.6 million euros were committed to support 2,470 cultural and artistic projects. This investment comes both from sums from private copy levies (€22.1 million) and from statutory funds (€1.5 million).

In addition to these projects, aid also comes via mechanisms and structures co-financed by Sacem with other collective management organisations, the Ministry of Culture or local authorities. This aid also includes a number of initiatives to promote and defend authors' rights and the professionalisation of creators.

In order to strengthen its cultural action, Sacem works closely with other cultural funders, in particular the Centre National de la Musique, local authorities and corporate foundations, as well as alternative funding players. It is all about supporting the financial risk-taking of artists and actors in the sector who have ambitious projects for creation, programming, development, innovation or artistic writing. In the end, Sacem's objective is to actively participate in strengthening the creative ecosystem.

CULTURAL AID IN 2020



- Aid for creation and production
- Aid for the promotion of live performance
- Aid for cultural and artistic education
- Aid for training and professionalisation
- Sacem's statutory contribution

SOCIAL RESPONSIBILITY

Living from one's words and notes is sometimes a challenge. While the precariousness and volatility of all artistic careers have increased in recent years, the profession of author or composer has always had its share of uncertainty.

This is why, for years, Sacem members have given their society a strong social dimension and have endeavoured to create and strengthen a model that takes care of authors and composers at every stage of their lives. Solidarity and concern for its members' protection are at the heart of Sacem's identity. From the outset, Sacem has been committed to working for the professionalisation of its members, the recognition of their profession, the defence of their status and to guaranteeing them complete and high-quality social coverage.

Sickness, old age, mutual aid and assistance, vocational training – Sacem works for its members in all areas of social action:

- either through its own programmes:
 - pension funds (with the Régime d'allocations d'entraide, or RAES)
 - solidarity fund (mutual aid, sickness, relief, death benefits)
 - Comité du Coeur des sociétaires de la Sacem (solidarity association created and supported by Sacem members, which helps authors and composers in need)
- either by ensuring close cooperation with external social organisations, even though participation in their governance:
 - Agessa (Authors' social security)
 - Urssaf-Acoss (collection of social security contributions)
 - Ircec pension fund (with the two complementary pension schemes Raap and RAEL)
 - Afdas (which manages the authors' training fund)
- or through partnerships with specialized providers (particularly providers of complimentary health insurance.)

The measures it has put in place illustrate Sacem's commitment to its members. They are also the very concrete expression of the spirit of solidarity among authors, composers and music publishers. Indeed, through the statutory deductions on royalties for social and cultural works (34.9 M€ in 2020), through their contributions to social organisations and their donations to the Comité du coeur des sociétaires de la Sacem, it is the members themselves who keep these programmes alive.

Sacem is constantly working to develop and strengthen its social and professional action. For example, since 2017, Sacem has extended the benefit of its old age pension programme (RAES) to as many of its

members as possible, set up a professionalisation assistance programme enabling young creators to access quality training, launched a health coverage assistance programme for members residing in the United States, and recently opened up a supplementary health insurance offering to its members in partnership with Audiens, thereby completing the range of support solutions.

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

Carla Bruni
Author, composer, performer



MANAGEMENT REPORT



Rone
Author, composer

INFORMATION SYSTEMS

Sacem is continuing to modernise its IT systems in order to improve its competitiveness and provide more effective digital tools for members, customers, project developers and all of its teams. It is constantly working on improving the services it offers, both technically and in terms of user experience. Sacem offers a multi-channel approach (internet, mobile, social networks) to adapt to the needs of our audiences.

In 2020, Sacem accelerated its efforts for paperless workflows: extension of the use of electronic signatures, online registration of setlists, paperless filing of works for publishers, among others. At the same time, Sacem deployed systems to implement emergency and support measures for its members.

Developed in partnership with IBM, the URights platform makes it possible to manage the exponential growth in volume of online music and video data and improve the identification of the rights associated with these digital uses.

Sacem's research and development policy aims to increase the value of the works in its repertoire and maximise royalty collections. The policy is particularly focussed on the potential contributions of blockchain and artificial intelligence. Such projects are developed jointly with other collective management organisations, schools and start-ups.

The major IT projects revolve around several subjects:

- the complete transformation of the IT systems for processing and distributing royalties
- the processing in URights of VoD (video on demand) and SVoD (subscription video on demand)
- the transformation of the information system into a service platform, open and accessible to our external partners via APIs
- ongoing strategic innovation projects.

HUMAN RESOURCES

With 1,288 employees at the end of 2020, Sacem's teams are organised around its "core business" activities: member management (admission, filing of works, distribution, etc.), rights collection (regional network, licences, international, etc.) and support services (legal, IT, finance, human resources, communication, cultural action, etc.). All the teams are spread over more than sixty sites in France (mainland and overseas territories). The human resources policy supports Sacem's strategy by focusing on work organisation (changes in professions and organisations, modernisation of information systems, etc.), professional training and a strong social dialogue.

Sacem's HR strategy includes an active CSR (Corporate Social Responsibility) policy, with the implementation of regular initiatives to promote diversity, particularly in terms of professional equality, disability and equal opportunities. Sacem's score of 88 points out of 100 obtained in the calculation of the 2020 professional equality index confirms this commitment.

In terms of human resources, the year 2020 was marked by the management of the Covid-19 health crisis. After the deployment of remote working for all teams in record time, the administrative closures and the shutdown of cultural life forced the massive implementation of partial unemployment for the regional teams and some of the staff at headquarters.

On the labour front, negotiations conducted in 2020 with our social partners led to the signing of two major enterprise-wide agreements: one on remote working and the conditions for its permanent implementation, and the other on the implementation of a collective voluntary redundancy programme and its conditions. This system, based exclusively on voluntary departures, was designed to support retirement, the end-of-career period, or a personal or professional project.

LEGAL FRAMEWORK

Sacem's activities are subject to the Intellectual Property Code (CPI) and to numerous internal and external controls. At the European level, a 2005 recommendation on the management of authors' rights led to a fragmentation of repertoires, forcing online music platforms to multiply the number of authorisation requests required to carry out their activities. The increased complexity of the market is partly at the origin of the European Directive on Collective Management adopted in 2014 and transposed into French law via the Act of 22 December 2016. This directive primarily reflects a desire to improve the governance and transparency of authors' rights or related rights management societies in Europe by strengthening their reporting obligations and the control of their activities by rights holders. These provisions, which have already been widely adopted in France, allow for a top-down harmonisation of the operating rules of all European collecting societies.

For the authors' societies in the music sector, and therefore for Sacem, the directive also aims to facilitate pan-European and multi-repertoire licensing for the online use of musical works. Through various concrete initiatives, SACEM has been working for a long time to improve the online music market, whether it be national licenses for the exploitation of online rights, multi-territory licenses allowing the use of its entire repertoire, management of mandates on behalf of international publishers or the Armonia platform developed with several European rights management societies.

1,288

permanent employees – 58% women.

104

young students joined Sacem on professionalisation contracts.

38

trainees welcomed.

88/100

gender equality index.

745

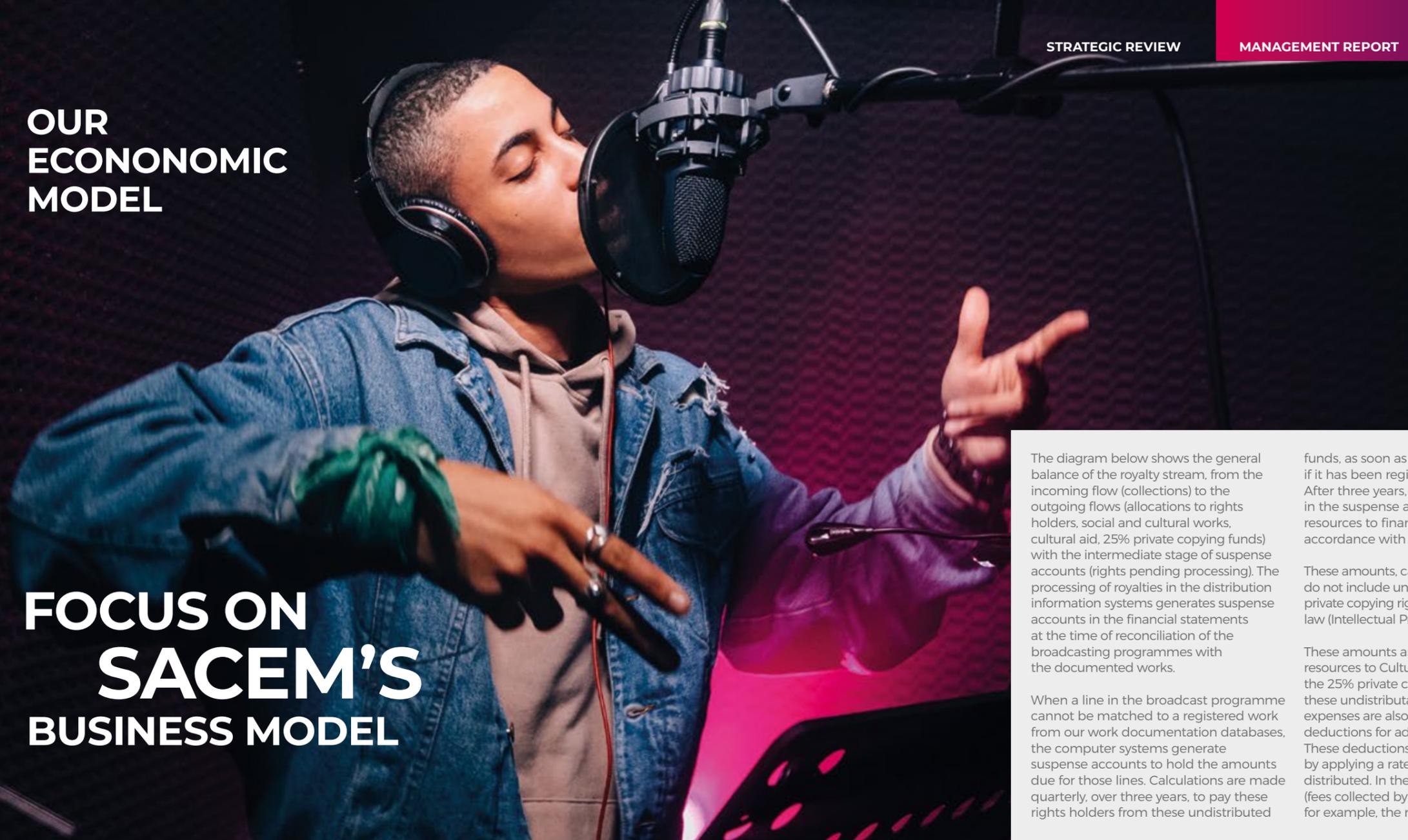
employees on temporary part-time working schedules due to the slowdown in collections from customers (theatres, festivals, shops, cinemas, etc.)

95%

of staff working remotely during lockdown

OUR ECONOMIC MODEL

FOCUS ON SACEM'S BUSINESS MODEL



COLLECTIONS

€988.5M

FUNDS FOR DISTRIBUTION

€912.7M

The diagram below shows the general balance of the royalty stream, from the incoming flow (collections) to the outgoing flows (allocations to rights holders, social and cultural works, cultural aid, 25% private copying funds) with the intermediate stage of suspense accounts (rights pending processing). The processing of royalties in the distribution information systems generates suspense accounts in the financial statements at the time of reconciliation of the broadcasting programmes with the documented works.

When a line in the broadcast programme cannot be matched to a registered work from our work documentation databases, the computer systems generate suspense accounts to hold the amounts due for those lines. Calculations are made quarterly, over three years, to pay these rights holders from these undistributed

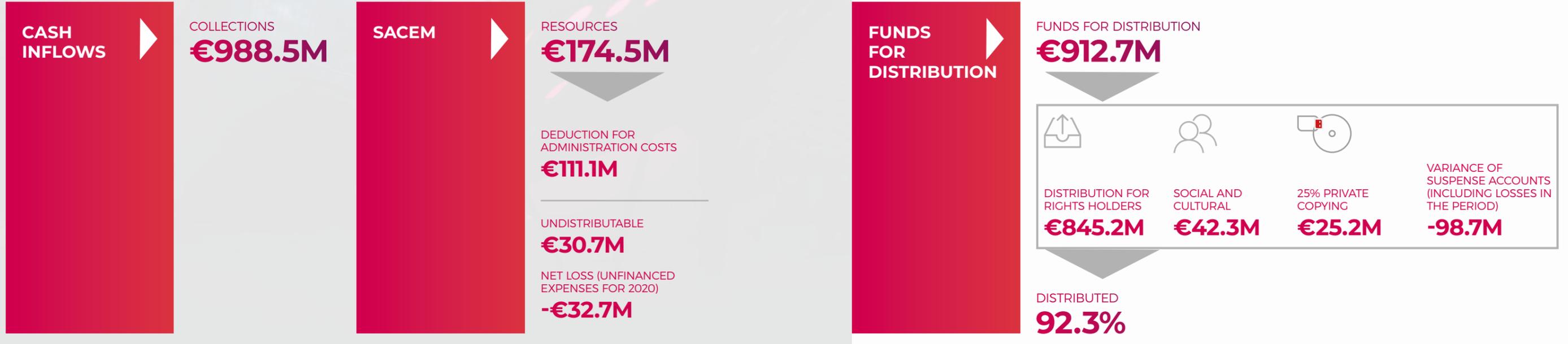
funds, as soon as the work is identified or if it has been registered more recently. After three years, the amounts remaining in the suspense accounts are used as resources to finance net expenses, in accordance with Sacem's statutes.

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 coming from the 25% private copying. In addition to these undistributable amounts, the net expenses are also financed through deductions for administrative costs. These deductions are calculated by applying a rate to the amounts distributed. In the case of general fees (fees collected by the regional network), for example, the rate schedule has

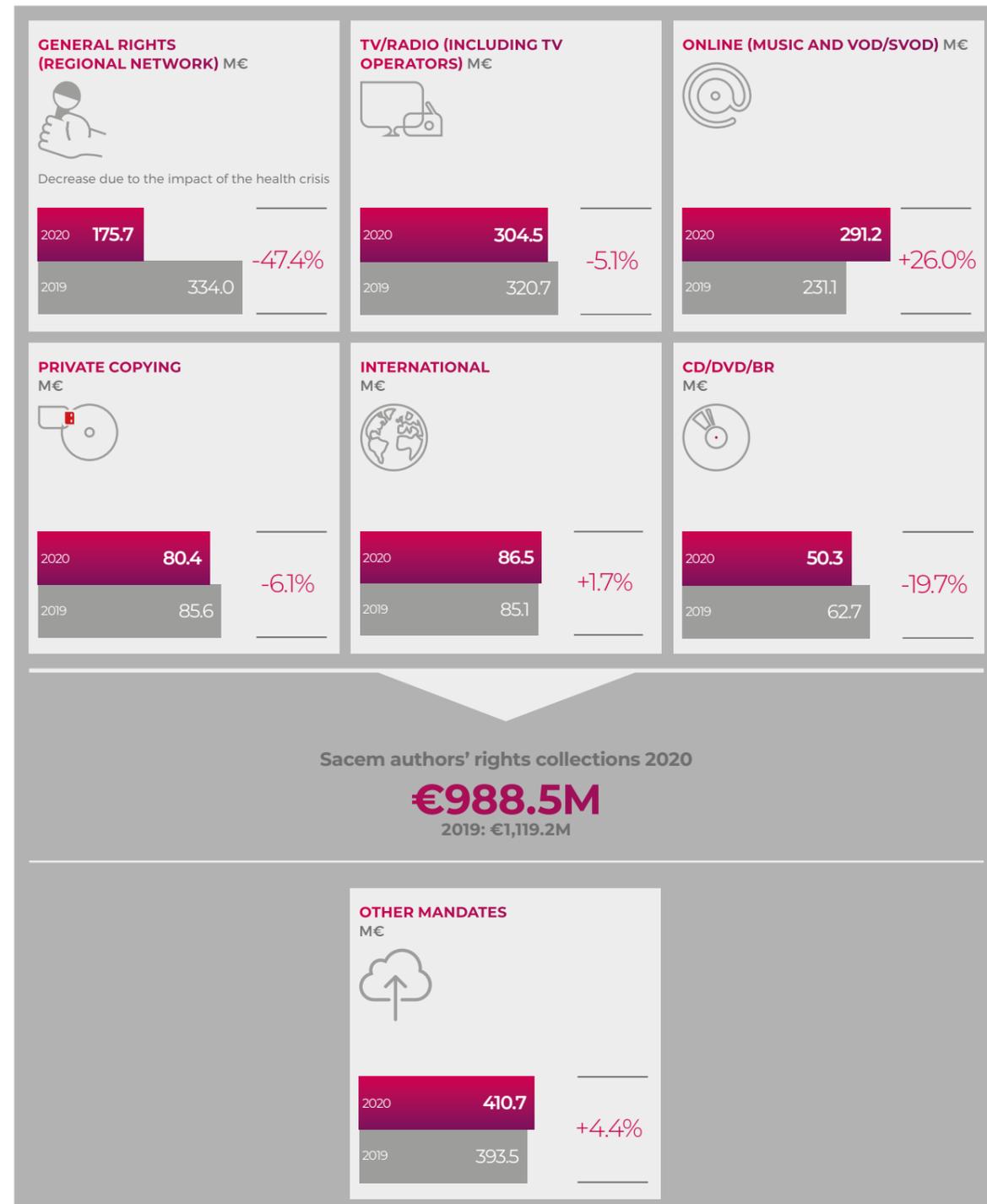
four different rates reflecting the actual costs of collection and distribution. The rate used for the Biem and Ifpi record producer contracts reflects the Cannes agreements signed by many European collective management organisations (CMOs). These rates may be updated if necessary by decision of the Board of Directors as part of its mission to verify compliance with Sacem's statutes, including in particular the rule on reserves in the management account (which may not exceed +/-5% of the gross expenses for the year) linked to Sacem's non-profit status.

In 2020, in view of the exceptional economic situation, the General Assembly voted to temporarily suspend the rule of +/-5% of gross expenses.



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 totalled €988.5 million (-12% compared with 2019).

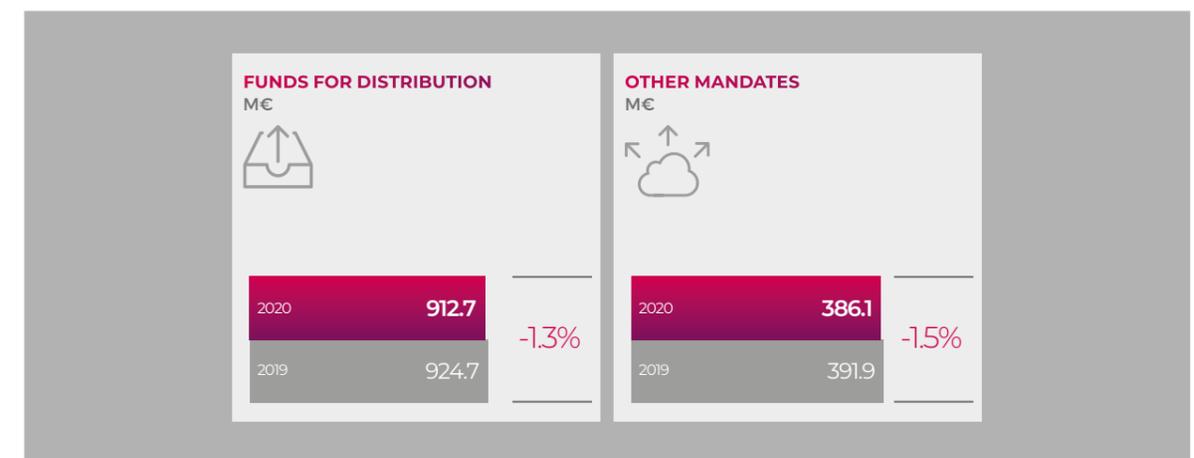
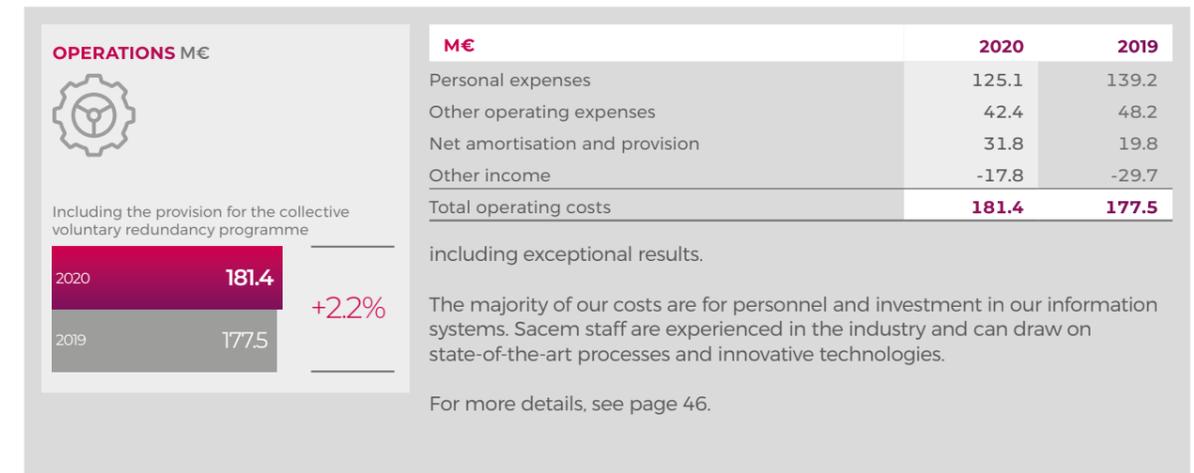


Including mandates managed by Sacem, collection income reached nearly

€1,399.2M
2019: €1,512.6M

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 fell 1.3% in 2020 from 2019.



M€	2020	2019
Sacem members	542.4	581.6
Mandators (managed by Sacem)/other collecting societies	302.8	273.2
Social & Cultural programmes	42.3	47.3
Cultural projects (25% PC)	25.2	22.6
Sub-total	912.7	924.7
Other mandators	386.1	391.9
Total distributable including mandates	1,298.9	1,316.7

Sacem is one of the organisations that best maximises the royalties distributed to rights holders, and especially to its members. We devote all our energy to guaranteeing authors, composers and publishers the best possible return on the exploitation of their works.

Total Sacem distributable funds (inc. mandates)

1,298.9 M€
2019 : 1,316.7 M€

FINANCIAL PERFORMANCE (COMBINED ACCOUNTS)

Consolidated collections show a 7.5% decline in 2020, reaching nearly €1.4 billion collected. This decline is mainly due to Sacem's own collections and in particular those collected from network customers (-€158.3 million compared to 2019). The closure of concert halls, the cancellation of numerous festivals, the partial closure of stores, public places and cinemas resulted in a loss of almost half of collections in this sector. The overall decline in collections was contained thanks to very strong growth in the online market (music and VoD/SVoD) (+26%) (see 1.2).

Since 2012, collections have increased by 3% per year, expenses by 2.1% per year. This increase is due solely to IT investments. Since 2015, excluding IT, expenses have been stable, and have even decreased in constant euros, since the rate of increase has been lower than inflation.

In 2020, the drop in collections put the management account out of balance and Sacem undertook a massive savings plan. In 2020 alone, €28.1 million in savings were made, while taking care not to put any additional demands on members. All possible actions were identified and undertaken. They will have a lasting effect from 2022.

Sacem strives to distribute rights as accurately as possible, generally based on detailed programmes submitted by its clients. The objective is to allocate the collected amounts as fairly as possible to the works used and to their rightful owners. 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 and human resources to improve the quality of the data for the following quarters, by improving the programmes and by manually identifying the works.

1.1. KEY CONSOLIDATED FIGURES

M€	2020	% of collections	2019	% of collections	Var.	Var.%
COLLECTIONS	1,399.2	100.0%	1,512.6	100.0%	-113.4	-7.5%
Sacem	988.5	70.6%	1,119.2	74.0%	-130.6	-11.7%
Mandates and Other	410.7	29.4%	393.5	26.0%	17.2	4.4%
NET EXPENSES TO BE FINANCED THROUGH DEDUCTIONS	-181.4		-177.5		-3.9	2.2%
Net operating expenses	-199.3	14.2%	-207.2	13.7%	7.9	-3.8%
Other expenses	3.0	-0.2%	2.9	-0.2%	0.1	3.9%
Operating result	20.4	-1.5%	27.1	-1.8%	-6.8	-24.9%
Exceptional result	-5.6	0.4%	-0.4	0.0%	-5.2	1,293.0%
DISTRIBUTABLE ROYALTIES	1,217.8	87.0%	1,335.1	88.3%	-117.3	-8.8%
VARIATION IN DISTRIBUTION RESERVES	81.1	5.8%	-18.5	-1.2%	99.6	-539.6%
Variance on the reserve of net result	32.6		3.6		29.0	810.2%
Variance on the suspense accounts	48.5		-22.0		70.5	-320.0%
DISTRIBUTION OF AUTHORS' RIGHTS	-1,298.9	92.8%	-1,316.7	87.0%	17.8	-1.3%
In favour of Sacem members	-584.8	41.8%	-628.9	41.6%	44.2	-7.0%
- Distribution to Sacem members	-542.4		-581.6		39.2	-6.7%
- Social and cultural programmes	-42.3		-47.3		5.0	-10.6%
In favour of other collecting societies or mandators	-688.9	49.2%	-665.1	44.0%	-23.8	3.6%
- Mandators (by Sacem) incl. other CMOs	-302.8		-273.2		-29.6	10.8%
- Mandators (by SDRM) incl. other CMOs	-2.5		-2.5		0.0	-0.2%
- Other Mandators	-383.6		-389.4		5.8	-1.5%
In favour of cultural aid projects (25% Private copying levy)	-25.2	1.8%	-22.6	1.5%	-2.6	11.5%
SURPLUS/DEFICIT	0		0			

1.2 CONSOLIDATED AND STATUTORY COLLECTIONS

M€	2020	2019	Var.	Var.%
SACEM	988.5	1,119.2	-130.6	-11.7%
TV/Radio (including TV Operators)	304.5	320.7	-16.2	-5.1%
Online (music and VoD/SVoD)	291.2	231.1	60.0	26.0%
General rights (regional network)	175.7	334.0	-158.3	-47.4%
International	86.5	85.1	1.4	1.7%
Private Copying (Sacem repertoire)	80.4	85.6	-5.3	-6.1%
CD/DVD/BR	50.3	62.7	-12.3	-19.7%
OTHER MANDATES	410.7	393.5	17.2	4.4%
Private Copying non-Sacem repertoire	243.2	187.2	56.0	29.9%
Other mandates and miscellaneous	167.4	206.3	-38.8	-18.8%
TOTAL	1,399.2	1,512.6	-113.4	-7.5%

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

1. Sacem collections

The royalties related to Sacem's repertoire (contributions from Sacem members) or to the repertoire of foreign collecting societies bound by a reciprocity agreement with Sacem or to the mandates as described previously. These collections are down (-12%; -€130.6 million compared to 2019).

The growth in online collections (music and VoD/SVoD), (+26%; +60 M€ compared to 2019) underscores the value of Sacem's investment policy in this market, particularly with the URights project. Online revenues are a key growth driver.

General rights collections showed a decrease of -47% (-€158.3 million compared to 2019).

Rights from private copying (Sacem repertoire) totalled a little over 80 M€.

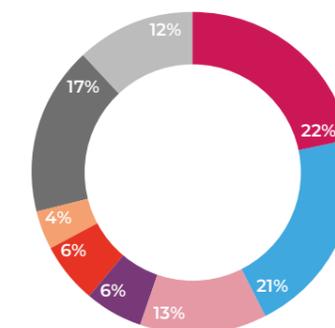
2. Mandates

Royalties relating to mandates granted to Sacem by the following:

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

Collections from mandates and others increased by €17.2 million or 4.4%, mainly due to the private copying levies (excluding Sacem repertoire) + €56 million.

COMBINED FIGURES – SACEM

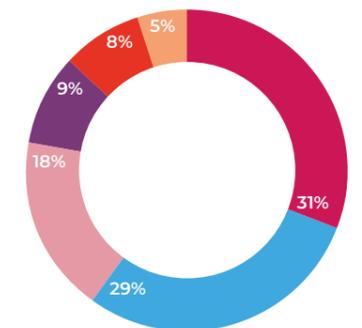


- TV/Radio (including TV Operators) (2019: 21 %)
- Online (music and VoD/SVoD) (2019: 15 %)
- General rights (regional network) (2019: 22 %)
- International (2019: 6 %)
- Private copying Sacem repertoire (2019: 6 %)
- CD/DVD/BR (2019: 4 %)

COMBINED FIGURES – MANDATES AND OTHERS

- Private Copying non-Sacem repertoire (2019: 12 %)
- Other mandates and miscellaneous (2019: 14 %)

STATUTORY FIGURES – SACEM



- TV/Radio (including TV Operators) (2019: 29 %)
- Online (music and VoD/SVoD) (2019: 21 %)
- General rights (regional network) (2019: 30 %)
- International (2019: 8 %)
- Private copying Sacem repertoire (2019: 8 %)
- CD/DVD/BR (2019: 6 %)

FINANCIAL PERFORMANCE (COMBINED ACCOUNTS)

1.3 NET EXPENSES

M€	2020	2019	Var.	Var.%
Personnel expenses	-125.1	-139.2	14.1	-10.1%
Other operating expenses	-42.4	-48.2	5.8	-12.1%
Depreciation and amortisation	-31.8	-19.8	-12.0	60.4%
OPERATING EXPENSES	-199.3	-207.2	7.9	-3.8%
Other operating income	3.0	2.9	0.1	3.9%
Net financial income	20.4	27.1	-6.8	-24.9%
Net non-recurring income	-5.6	-0.4	-5.2	1293.0%
NET EXPENSES	-181.4	-177.5	-3.9	2.2%
NET EXPENSES RATIO	-13.0%	-11.7%		

Operating costs are controlled and investments are carefully defined.

In order to face the current challenges of competition and globalisation, we had to ensure that our society could, technologically, increase its processing capacities and gain efficiency (thanks to URights for online). To this end, IT investments have increased by +60% since 2013.

Our cost structure is as follows:

- ▶ 70% of expenses are related to personnel costs and remain very stable over time
- ▶ 30% of expenses are related to other net recurring operating expenses (mission expenses, general expenses, etc.), one third of which are related to IT expenses and investments and also remain very stable over time
- ▶ Sacem implemented a savings plan at the beginning of the health crisis. This has enabled the company to reduce

its expenses by €28.1 million in 2020 (budget, expenses and investments combined), while continuing to invest massively in its IT tools. In addition, the company has embarked on a transformation plan, including a voluntary redundancy plan for which provisions have been made in the amount of €11.3 million. Adjusted for this effect, net operating expenses for 2020 amounted to €188.0 million, down 9.3% compared to 2019.

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€	2020	2019	Var.	Var.%
Collection of royalties attributed to social and cultural aid (1)	42.3	47.3	-5.0	-10.6%
Collection of royalties attributed to Optimisation Funds (2)	1.2	1.4	-0.2	-13.2%
Other sources of income (accruals)	-6.3	3.1	-9.4	-302.8%
TOTAL REVENUES	37.3	51.9	-14.6	-28.1%
Contingency Funds	32.9	31.5	1.5	4.6%
Solidarity Funds	2.0	1.9	0.1	2.7%
Voluntary Cultural Aid - Optimisation Funds (2)	1.2	1.4	-0.2	-13.2%
Voluntary Cultural Aid - Non-Optimisation Funds (3)	0.2	0.4	-0.2	-47.8%
TOTAL EXPENSES	36.3	35.2	1.1	3.2%
SURPLUS FOR THE FISCAL YEAR	0.9	16.6	-15.7	-94.4%

The Sacem statutes provide for its members to benefit from welfare, solidarity and mutual aid and to receive benefits as part of social works. The financing of these social and cultural works is done mainly through:

(1) Deductions from certain fees calculated as a percentage of collections net of fees withheld to finance operating expenses, which by statute may not exceed 10%. The average rate as a percentage of collections is approximately 5.8%.

(2) Deductions from fees for the Optimisation Funds, direct aid to certain members by increasing the fees paid to them. These funds can support in particular:

- ▶ Jazz improvisors
- ▶ 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 resources of so-called voluntary cultural aid, i.e. cultural aid outside the framework of the legal obligation of the 25% private copying levy described in 1.5.

(3) Voluntary cultural aid outside the Optimisation Funds mainly consist of aid for regional music distribution initiatives, grants awarded to winners of certain prizes such as the Grands Prix Sacem, etc.

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

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

M€	2020	2019	Var.	Var. %
Collection of royalties attributed to cultural aid projects (1)	25.7	22.6	3.1	13.7%
Financial sources of income	0.1	0.2	-0.1	-54.6%
TOTAL REVENUES	25.8	22.8	3.0	12.9%
Aid for creation and production (2)	10.8	11.1	-0.2	-1.9%
Aid for live performances (2)	10.4	12.3	-2.0	-15.8%
Aid for training artists (2)	1.5	1.7	-0.2	-13.2%
Aid for artistic and cultural education	1.0	0.9	0.0	2.7%
Fund for the Creation of Music (FCM) (3)	1.6	1.6	0.0	0.0%
Franco-American Cultural Fund (FACF) (4)	0.2	0.6	-0.4	-63.1%
Emergency fund (5)	6.2		6.2	
Overhead expenses	2.3	2.3	0.0	-0.3%
TOTAL EXPENSES	33.9	30.5	3.4	11.1%
SURPLUS FOR THE FINANCIAL YEAR	-8.1	-7.6	-0.4	5.8%

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 levy and are 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 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 management 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 MPAA).

(5) As of March 2020, Sacem put in place an emergency plan of measures. An order authorised the use of sums from private copy levies to assist artists, creators and creative professionals in distress. Private copy levies have thus been added to the emergency funds of collective management organisations, in particular Sacem.

Sacem's cultural action department has seen an increase in its resources over the last two years, with the use of funds for aid, promotion and defense of the repertoire increasing accordingly, from **€30.5 million in 2019 to €33.9 million in 2020**. The main areas that have benefited the most from these additional resources are:

- ▶ 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 2020 financial year

Sacem accounts for the year ending 31/12/2020 and auditor's report on the year's accounts (available on sacem.fr).

2. Report on the year's activities

Report from the CEO for the 2020 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 2020 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€)	2020 TOTAL
Voluntary collective management	908.1
TV/Radio (including cable and satellite operators)	304.5
General rights (Regional network)	175.7
International	86.5
Online	291.1
Phono/Video	50.3
Mandatory collective management	80.4
Private copying	80.4
TOTAL	988.5

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 (€19.3 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€)	
Personnel expenses	112.1
Other operating expenses	51.3
Charges for provisions and depreciation	31.8
Capitalised production and expense transfer	-5.2
Other income	-3.0
Financial result	-19.3
Extraordinary result	6.8
NET COSTS	174.5

It should be noted that the provisions include an amount of €11.3 million relating to the cost of employee departures following the conclusion of a collective voluntary departure agreement.

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;

(See 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 €2.2 million.

d) Types of resources used to cover the amounts

Operating costs for rights management are funded as follows:

Resources (M€)	
Deductions on rights	118.6
Variation of deductions on rights pending allocation	-7.5
Non-distributables	30.7
NET RESOURCES	141.8
SURPLUS/DEFICIT	-32.7

The shortfall for the year is offset against the carry-over of the surplus from the previous year of €5.9 million. The accumulated shortfall of €26.8 million is charged to the next year's income statement, unless the General Assembly decides to allocate it on the basis of a proposal by the Board of Directors, a decision that can only be made on condition that the income statement is balanced and that Sacem's activities are not interrupted.

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€)	2020
Usage type	Deductions on rights
Voluntary collective management	112.5
TV/Radio (including cable and satellite operators)	47.6
General rights (Regional network)	39.9
International	3.9
Online	19.3
Phone/video	1.7
Legal collective management	6.1
Private copying	6.1
TOTAL	118.6

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 17.0%, 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, 2020

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 Members of the Sacem Annual General Meeting,

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, 2020.

This information has been established under the responsibility of your Chief Executive Officer from the accounting books used in the preparation of the annual accounts of your company for the year ended December 31, 2020 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 engagement, we audited the annual accounts of your company for the financial year ended December 31, 2020. 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.

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation.

It is in this complex and evolving context that 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, 2020;
- ▶ 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 14, 2021

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.

INCOME AND EXPENSES STATEMENT

AT 31 DECEMBER 2020

	In €000	
	2020	2019
OPERATING INCOME		
OTHER OPERATING INCOME		
Other operating incomes	12,444	13,136
Capitalise output	2,958	1,116
Deductions	150,646	178,349
Reversal of provisions	1,451	561
Transfer of expenses	2,226	2,076
TOTAL I – OPERATING INCOME	169,725	195,238
OPERATING EXPENSES		
Purchases and other external expenses	46,769	50,630
Taxes and duties	6,327	6,667
Personnel expenses	124,499	138,541
Amortisation and depreciation	19,196	18,109
Net provisions	14,019	2,230
Other operating expenses	3,334	3,146
TOTAL II – OPERATING EXPENSES	214,143	219,323
OPERATING RESULT (I – II)	-44,419	-24,085
FINANCIAL INCOME		
From shareholdings	5,156	4,970
Interest and related receivables	19,283	25,436
TOTAL III – FINANCIAL INCOME	24,439	30,406
FINANCIAL EXPENSES		
Interest and related receivables	0	0
Total IV – FINANCIAL EXPENSES	0	0
FINANCIAL RESULT (III – IV)	24,439	30,406
NET INCOME FROM ORDINARY ACTIVITIES (I – II + III – IV)	-19,980	6,321
Non-recurring income	2,018	285
Total V – NON RECURRING INCOME	2,018	285
Non recurring expenses	8,841	707
Total VI – NON RECURRING EXPENSES	8,841	707
NON-RECURRING RESULT (V – VI)	-6,823	-421
TOTAL INCOME (I + III + V)	196,182	225,930
TOTAL EXPENSES (II + IV + VI)	222,985	220,030
EXCESS OF MANAGEMENT LEVIES AT 31 DECEMBER	-26,803	5,900

BALANCE SHEET

AT 31 DECEMBER 2020

ASSETS	In €000			
	2020			2019
	Gross	Amortisation and depreciation (to be deducted)	Net	Net
FIXED ASSETS				
Intangible assets:	191,033	126,109	64,925	65,949
Concessions, patents, licences, brands, processes, software	179,916	126,109	53,808	42,462
Advance payments and instalments	11,117	0	11,117	23,487
Tangible assets:	124,536	82,135	42,401	44,772
Land	15,938	0	15,938	15,938
Buildings	48,756	33,741	15,015	16,289
Other tangible assets	59,459	48,394	11,065	12,206
Advance payments and instalments	383	0	383	340
Investments:	31,650	75	31,575	34,771
Shareholdings	10,645	0	10,645	10,645
Long term receivables from investments	13,371	0	13,371	16,744
Loans	6,913	0	6,913	6,563
Other financial assets	721	75	646	819
Total I – FIXED ASSETS	347,219	208,319	138,900	145,492
CURRENT ASSETS				
Receivables:	409,334	2,439	406,894	478,705
Clients and related accounts receivables	216,811	0	216,811	241,072
Other receivables:				
Members	33,855	2,439	31,416	29,650
Other operating receivables	4,724	0	4,724	3,990
Miscellaneous receivables	153,944	0	153,944	203,992
Transferable security investments	787,169	0	787,169	840,598
Available funds	201,475	0	201,475	204,188
Total II – CURRENT ASSETS	1,397,977	2,439	1,395,538	1,523,490
ACCRUALS AND DEFERRED INCOME				
Miscellaneous advance expenses	4,780	0	4,780	4,188
Insufficiency of levies	26,803	0	26,803	0
Total III – ACCRUALS AND DEFERRED INCOME	31,583	0	31,583	4,188
Total assets (I + II + III)	1,776,779	210,758	1,566,021	1,673,170

LIABILITIES	In €000	
	2020	2019
EQUITY		
Capital	13,268	13,213
Total I – EQUITY	13,268	13,213
PROVISIONS		
Provisions for contingencies and expenses	16,755	3,150
Total II – PROVISIONS	16,755	3,150
DEBT		
Bank loans and debts	55	51
Sundry debts	1,122,252	1,210,247
Deposits received (gifts and bequests)	3,743	3,723
Collections to be distributed	893,314	959,531
Users – foreign societies	11,013	5,123
Non-paid notified rights	173,347	200,902
Members	40,835	40,969
Trade payables and related accounts	10,321	12,640
Tax and social security debts	54,709	70,222
Other debt	9,227	11,165
Excess of the social aid of members' fund	323,155	322,221
Cultural aid (25% Private Copying levy)	16,279	24,361
Total III – DEBT	1,535,998	1,650,907
ACCRUALS		
Excess of management levies at 31 December	–	5,900
Total IV – ACCRUALS	–	5,900
TOTAL LIABILITIES (I + II + III + IV)	1,566,021	1,673,170

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.

The main methods used are the following:

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 8 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 straightline 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, 5 or 8 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 society 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 these two values: current market value or 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 €2,439,346 at the end of December 2020.

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 liquid securities that are readily convertible into 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 2020 amount to €4,087,180, with potential capital gains at €37,713,648.

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. Management of the health crisis related to COVID-19

The Coronavirus health crisis that we are currently experiencing has a significant impact on both the organisation of Sacem's activity and its accounts, as well as its relations with its members.

The year 2020 has had a serious and lasting impact on the cultural and music professions, with financial consequences for collective management organisations.

The closure for several months of music venues (cafés, restaurants, shops, nightclubs, cinemas, etc.) and the cancellation of concerts and festivals have had a very strong negative impact on copyright collections, severely affecting the remuneration of Sacem members, as well as on the financing of the society's operating account.

In this context of a combined health and economic crisis, Sacem has been fully mobilised to ensure the continuity of its activities and its operational missions, to support its members through the implementation of exceptional measures, and to remain committed to the defence of the rights and interests of the music industry and culture.

From the beginning of the health crisis, Sacem reacted to this unprecedented situation by setting up an organisation through the PASC (Sacem's action plan against the coronavirus) and showed great adaptability in order to continue its activity and its missions, taking into account the periods of confinement, the restrictions and the closures of establishments decided by the public authorities.

The involvement of all employees and the reinforced implementation of remote working have enabled the company to continue its activity within the framework of the implementation of the business continuity plan (BCP).

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

From the beginning of the health crisis, Sacem mobilised to support its members and all actors in the musical and cultural sector.

Sacem put in place a number of exceptional measures to support its members and respond to the different situations they were living through: an emergency fund with direct non-reimbursable aid and aid programmes for publishers (6.2 M€ financed by the 25% creation aid); exceptional advances of authors' rights, with a staggered reimbursement spread over 5 years (3.1 M€); suspension of invoicing for closed venues during the lockdown and easing of payment deadlines; maintenance through cultural action of most of the aid to show organisers and project leaders; support plans obtained from public authorities; implementation of remuneration for livestreams and more.

These aid and support measures will be extended and reinforced in 2021.

Regarding activity-related indicators, given the closure and limited attendance of certain music venues, collections in fiscal year 2020 fell by €130.6 million, from €1,119.1 million in 2019 to €988.5 million in 2020, mainly due to a drop in general rights collections (-€158.3 million, or -47%), but partially offset by online activity (+€60.0 million, or +26%).

As a result, and taking into account the distribution schedule, royalties distributed fell by €53.8 million over the year.

With regard to income, the effects of the reduction in activity reduced deductions from collections and allocations by 22.5 M€.

The decline in financial resources combined with the deterioration in investment rates resulted in a €6.0 million decrease in financial income.

The cost-cutting plan implemented and the knock-on effects of the decline in business activity reduced operating expenses by €18.1 million.

In the context of this long-lasting and unprecedented economic crisis, Sacem's accounts showed a negative management result of €26.8 million at the end of the 2020 fiscal year, taking into account the surplus reserve of €5.9 million at the beginning of the year, i.e. a shortfall of €32.7 million for the year 2020.

Given the magnitude of the health crisis and its unforeseeable duration, the society is implementing a Transformation Plan for the Development of Sacem (PTDS), a major initiative challenge for the year 2021 and beyond.

This plan aims to respond to the consequences of the crisis by streamlining Sacem so that it is even more effective in serving its members and defending authors' rights.

Combined with a cost-savings plan, this should make it possible to finance development and transformation projects.

b. IT projects

The health crisis has sharply reduced Sacem's resources since March 2020, imposing a plan to reduce expenses in order to optimise and adapt to needs. This situation has led to an in-depth analysis of expenses associated with ongoing IT developments, resulting in a review of certain IT projects.

Over the year, the amount of projects in progress shown on the assets side of the balance sheet fell from €23.5 million at the end of 2019 to €11.1 million at the end of 2020, with €25.6 million worth of developments coming on stream during the year.

c. Labour accords

In the context of a brutal and long-lasting health crisis, an agreement relating to the implementation of voluntary collective contract changes and related social measures was signed unanimously by the representative trade unions.

A restructuring provision of €11.3 million was recognised in the financial statements for the year ended December 31, 2020 as an operating expense and presented as a provision for contingencies and losses on the liabilities side of the balance sheet.

In December 2019, Sacem and the employee representative bodies signed a new three-year profit-sharing agreement for the years 2020 to 2022, which replaces the previous profit-sharing agreement (the last payment of which was made in May 2020).

On the subject of remote working, negotiations on the terms and conditions of financial support for teleworking led to the signature in November 2020 with the representative trade unions of an agreement which includes assistance offered by the company to employees who usually work from home, as prescribed by an amendment (contribution to the purchase of office equipment, computers and office furniture).

These expenses are recorded as operating expenses in the year in which the expense is incurred.

d. Online collections

The 26% increase in online revenues partially offset the decline in other revenues.

Online revenues reached €291.2 million in 2020, representing nearly 30% of total revenues, compared with 21% the previous year.

This sustained growth is the result of renegotiations and new contracts (Facebook, Amazon Unlimited), as well as revenue growth and settlements.

e. Sacem Polynésie

Sacem and SDRM created, through a constitutive general assembly dated March 5, 2018, a non-trading entity in the Polynesian territory named "Sacem Polynésie", of which they are the two partners (75 shares for Sacem and 25 shares for SDRM).

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

Given the fact that the subsidiary is only starting out in this difficult period, Sacem decided to grant a balancing subsidy of €113,000 in order to clear the accumulated losses of 2018 and 2019.

f. Activity in Lebanon

The health, economic and political situation in Lebanon severely disrupted the branch's activity.

In addition, the monetary instability weighing on the Lebanese pound led to the use of a conservative conversion rate causing an exchange difference of €186,000.

Collections thus amounted to €70,000 compared with €984,000 in 2019.

g. Sale of real estate

Sacem decided to sell some unused real estate assets related to thirteen delegation sites.

The sale of the fully depreciated assets, carried out at the end of 2020 for €1.3 million, generated a capital gain of the same amount.

h. Renunciation by TF1 and M6 of their contractual obligations towards the authors' societies

At the end of 2020, the TF1 and M6 groups decided to terminate their contractual obligations under the direct injection broadcasting technique and to take legal action against Sacem.

At this stage of the legal proceedings, it is impossible to assess the financial risks that may be incurred.

These legal proceedings were initiated in a context of renegotiation requested by the two groups.

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

To the members of the SACEM Annual General Meeting,

1. OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Société des auteurs compositeurs et éditeurs de Musique (Sacem) for the year ended December 31, 2020 as enclosed in this report.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of Sacem as of December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

2. BASIS FOR OPINION

Audit framework

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditor's responsibilities for the audit of the financial statements* section of this report.

Independence

We performed our audit in accordance with the independence rules provided by the French Commercial Code and the French Code of Ethics for Statutory Auditors for the period from 1 January 2020 to the date our report was issued.

3. JUSTIFICATION OF ASSESSMENTS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties for their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the following assessments which, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These assessments were addressed in the context of our audit of the financial statements as a whole, approved for publication under the aforementioned conditions, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the financial statement.

► Your Company, a collective management organisation of authors' rights, manages these rights as part of the legally and the voluntary management. As such, it collects from users the rights relating to the exploitation of works belonging to rightsholders, notably its members, and to other collective management organisations, to which it applies deductions to cover its costs relating to management fees and to social, cultural and educational services.

► As part of our assessment of the accounting treatment of these flows, we verified the appropriateness of the accounting principles applied, in particular with reference to Article 621-11 of the General chart of accounts relating to the accounting of these flows in accordance with Article L.324-9 of the French intellectual property code, and we ensured ourselves as to their correct application.

4. VERIFICATION OF THE MANAGEMENT REPORT AND OTHER DOCUMENTS PROVIDED TO THE MEMBERS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Chief Executive Officer's approved for publication on April 8, 2021 and in the other documents provided to the Members with respect to the financial position and the financial statements.

It should be noted that our verifications relating to the transparency report set forth in Article L. 326-1 of the French intellectual property code and provided to the Members are the subject of a certificate established in application of the provisions of articles L. 326-8 and R. 321-14 IV of the aforementioned code, distinct from this report.

5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Board of Directors on April 8, 2021.

6. STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French commercial code (Code du commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatements of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control 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 the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Paris, April 14, 2021

French original signed by

Didier Kling
The Statutory auditor
CRCC of Paris

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. This Statutory Auditors' report includes information required by French law, such as information relating to the specific verification of the CEO's report and other documents provided to Members. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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
BIEM	International organisation representing mechanical rights societies
CISAC	International Confederation of Societies of Authors and Composers
Copie France	Collective management society that collects private copying levy
CMO	Collective Management Organisation
CPI	French Intellectual Property Code
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 Authors' Societies
IFPI	International Federation of the Phonographic Industry
IRCEC	Supplementary pension institution for education and creation
MPAA	Motion Picture Association of America
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
WGAW	Writers Guild of America West

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