

# 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



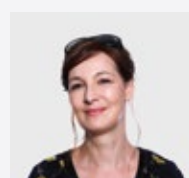
**Administrator**  
France Monot-Fortin,  
publisher



**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:

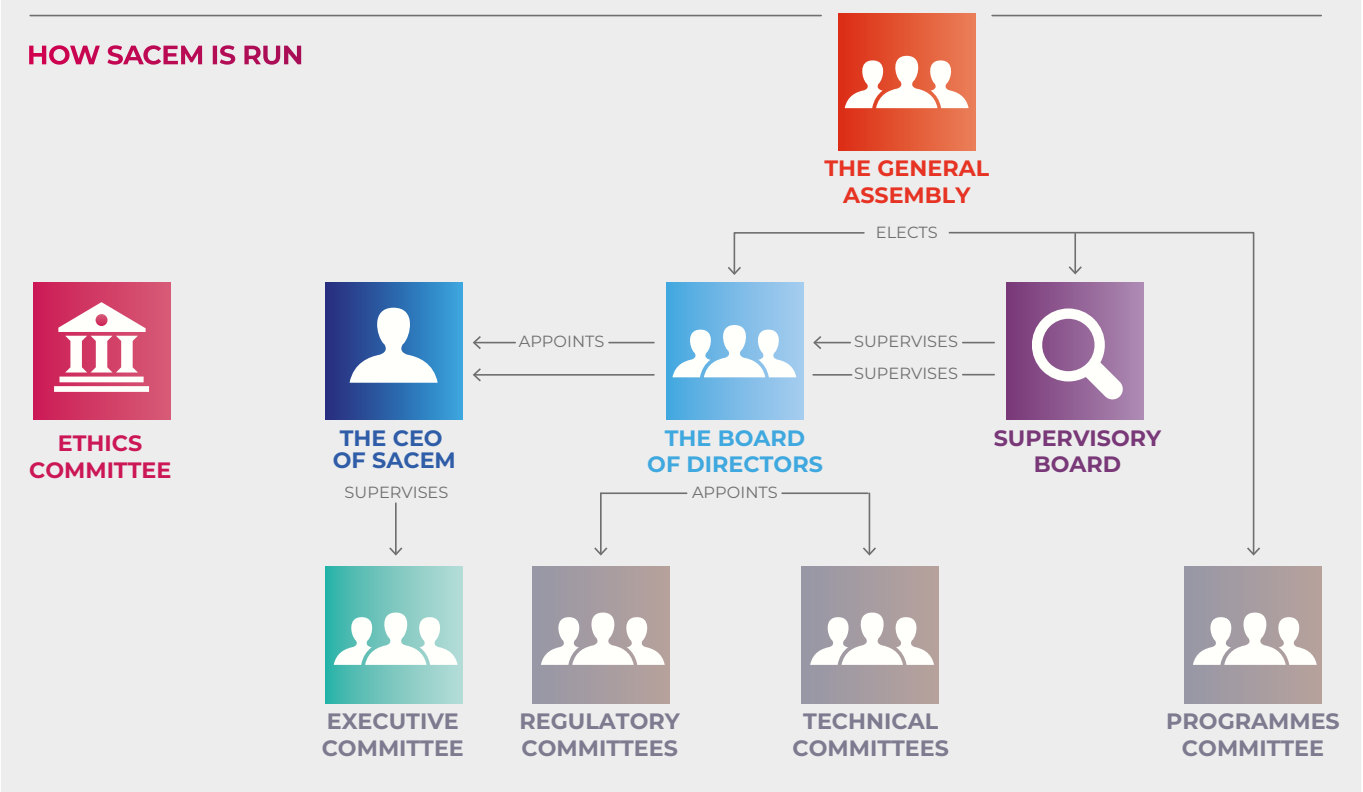
- 1 Authors, composers and publishers have a greater involvement in the decision-making process with the reinforcement of the powers of the General Assembly
- 2 The Supervisory Board, made up of Sacem members, oversees the activities of the Board of Directors and the CEO
- 3 The Ethics Committee, chaired 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](http://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.



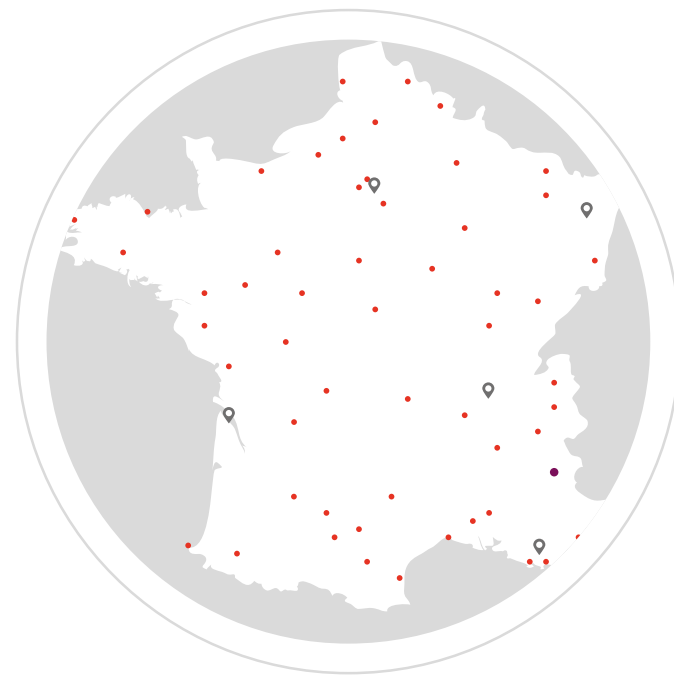
**Pomme**  
Author, composer, performer

**97 COUNTRIES**

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



# TERRITORIAL NETWORK



Regional office  
Local office  
Regional bureau



## OUR CLIENTS



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**

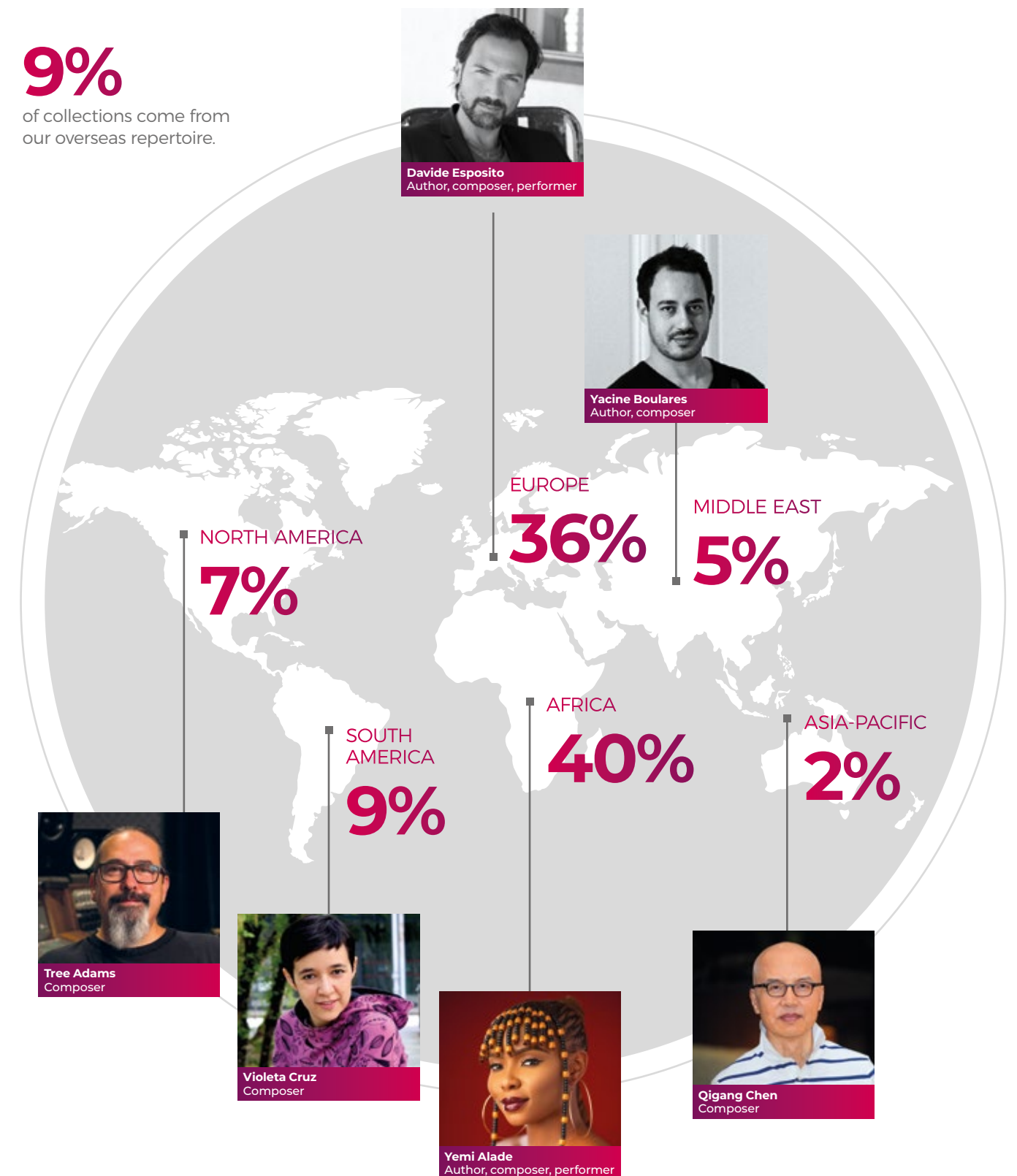
contracts signed for the distribution, reproduction or exploitation of music.

# 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

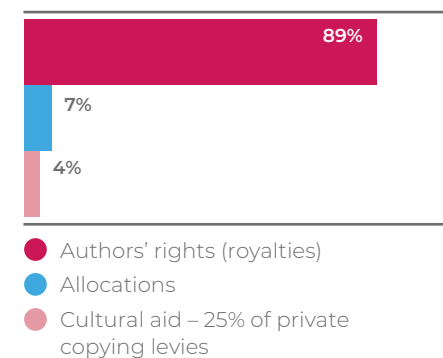
### MANDATES

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.

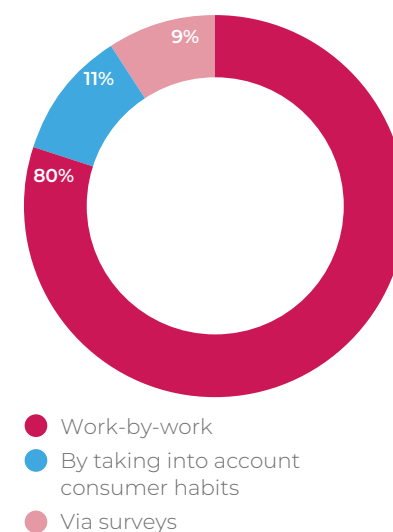
### DISTRIBUTION

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



The distribution rules are available on [sacem.fr](http://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.

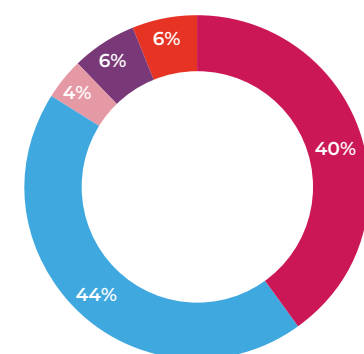
Lastly, artistic and cultural education is an essential part of Sacem's cultural action, with the aim of placing creators at the centre of its activities, at all times and in all places.

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 RACL)
  - 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.

### CASH INFLOWS

COLLECTIONS  
**€988.5M**

### SACEM

RESOURCES  
**€174.5M**

DEDUCTION FOR  
ADMINISTRATION COSTS  
**€111.1M**

UNDISTRIBUTABLE  
**€30.7M**

NET LOSS (UNFINANCED  
EXPENSES FOR 2020)  
**-€32.7M**

### FUNDS FOR DISTRIBUTION

FUNDS FOR DISTRIBUTION  
**€912.7M**



DISTRIBUTION FOR  
RIGHTS HOLDERS  
**€845.2M**



SOCIAL AND  
CULTURAL  
**€42.3M**



25% PRIVATE  
COPYING  
**€25.2M**

VARIANCE OF  
SUSPENSE ACCOUNTS  
(INCLUDING LOSSES IN  
THE PERIOD)

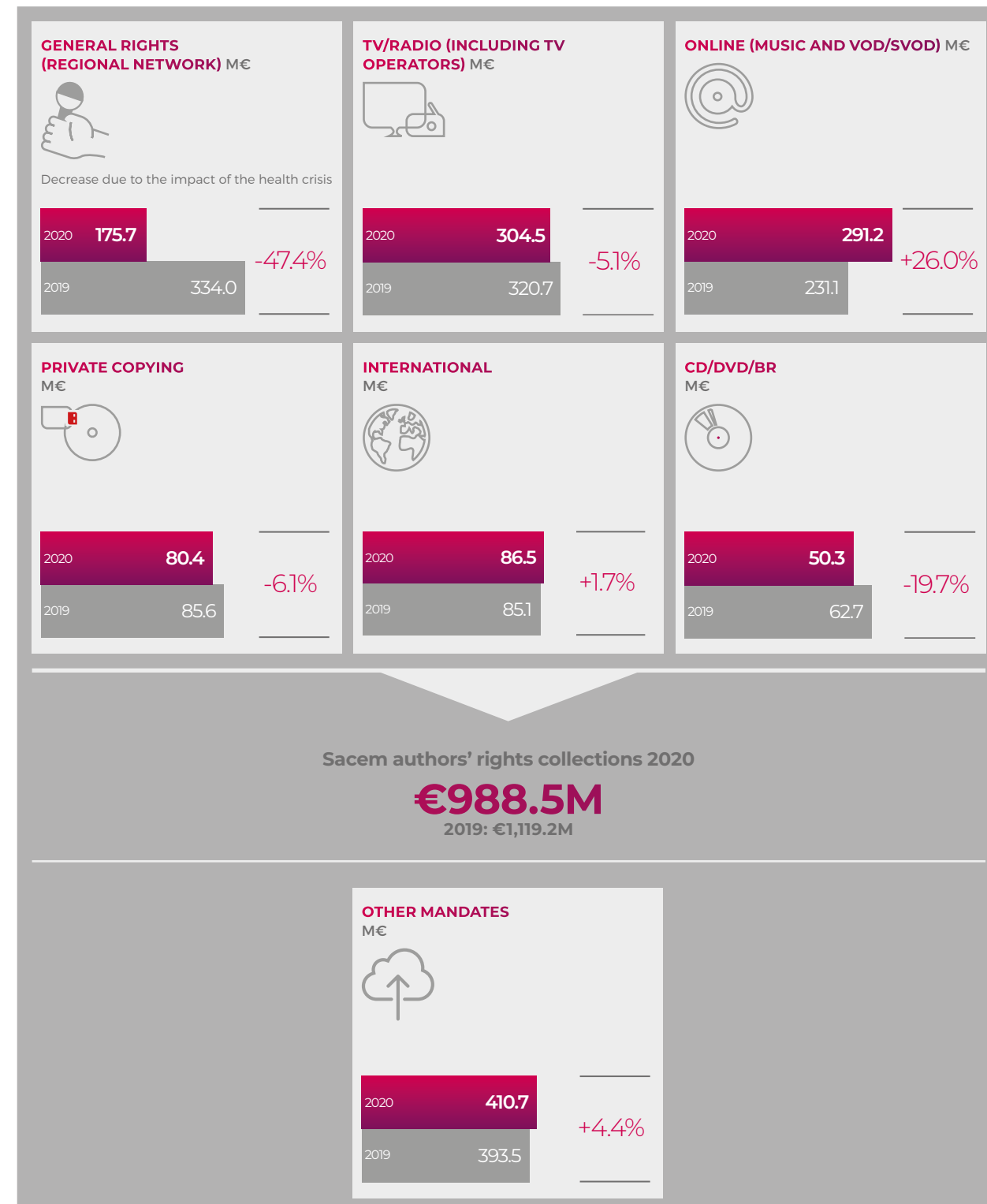
**-98.7M**

DISTRIBUTED  
**92.3%**



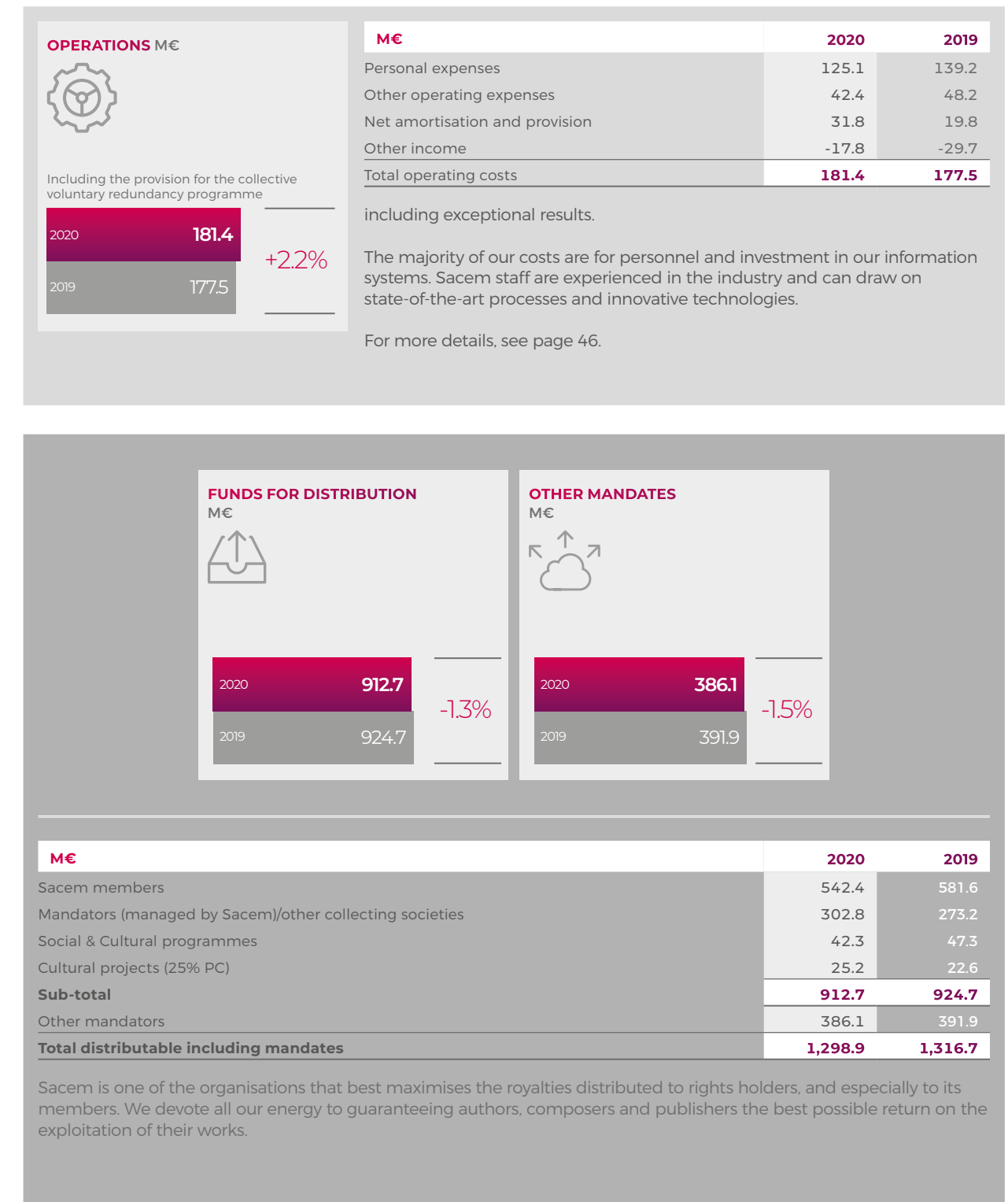
## COLLECTION

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).



## 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.



# 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. %
<b>COLLECTIONS</b>	<b>1,399.2</b>	<b>100.0%</b>	<b>1,512.6</b>	<b>100.0%</b>	<b>-113.4</b>	<b>-7.5%</b>
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%
<b>NET EXPENSES TO BE FINANCED THROUGH DEDUCTIONS</b>	<b>-181.4</b>		<b>-177.5</b>		<b>-3.9</b>	<b>2.2%</b>
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%
<b>DISTRIBUTABLE ROYALTIES</b>	<b>1,217.8</b>	<b>87.0%</b>	<b>1,335.1</b>	<b>88.3%</b>	<b>-117.3</b>	<b>-8.8%</b>
<b>VARIATION IN DISTRIBUTION RESERVES</b>	<b>81.1</b>	<b>5.8%</b>	<b>-18.5</b>	<b>-1.2%</b>	<b>99.6</b>	<b>-539.6%</b>
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%
<b>DISTRIBUTION OF AUTHORS' RIGHTS</b>	<b>-1,298.9</b>	<b>92.8%</b>	<b>-1,316.7</b>	<b>87.0%</b>	<b>17.8</b>	<b>-1.3%</b>
<b>In favour of Sacem members</b>	<b>-584.8</b>	<b>41.8%</b>	<b>-628.9</b>	<b>41.6%</b>	<b>44.2</b>	<b>-7.0%</b>
- Distribution to Sacem members	-542.4		-581.6		39.2	-6.7%
- Social and cultural programmes	-42.3		-47.3		5.0	-10.6%
<b>In favour of other collecting societies or mandators</b>	<b>-688.9</b>	<b>49.2%</b>	<b>-665.1</b>	<b>44.0%</b>	<b>-23.8</b>	<b>3.6%</b>
- 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%
<b>In favour of cultural aid projects (25% Private copying levy)</b>	<b>-25.2</b>	<b>1.8%</b>	<b>-22.6</b>	<b>1.5%</b>	<b>-2.6</b>	<b>11.5%</b>
<b>SURPLUS/DEFICIT</b>	<b>0</b>		<b>0</b>			

## 1.2 CONSOLIDATED AND STATUTORY COLLECTIONS

M€	2020	2019	Var.	Var. %
<b>SACEM</b>	<b>988.5</b>	<b>1,119.2</b>	<b>-130.6</b>	<b>-11.7%</b>
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%
<b>OTHER MANDATES</b>	<b>410.7</b>	<b>393.5</b>	<b>17.2</b>	<b>4.4%</b>
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%
<b>TOTAL</b>	<b>1,399.2</b>	<b>1,512.6</b>	<b>-113.4</b>	<b>-7.5%</b>

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€.

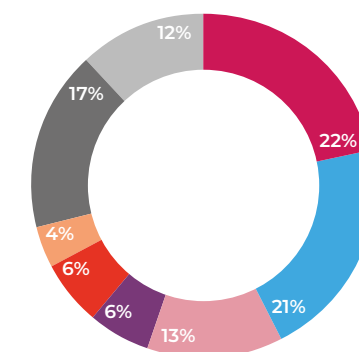
### 2. Mandates

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.

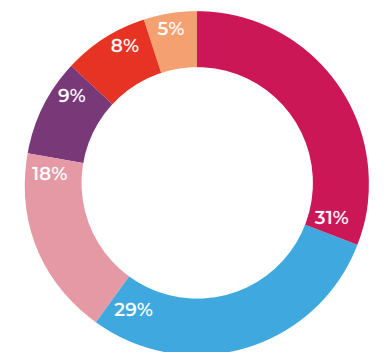
COMBINED FIGURES – SACEM



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

COMBINED FIGURES – MANDATES AND OTHERS

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%
<b>OPERATING EXPENSES</b>	<b>-199.3</b>	<b>-207.2</b>	<b>7.9</b>	<b>-3.8%</b>
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%
<b>NET EXPENSES</b>	<b>-181.4</b>	<b>-177.5</b>	<b>-3.9</b>	<b>2.2%</b>
<b>NET EXPENSES RATIO</b>	<b>-13.0%</b>	<b>-11.7%</b>		

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%
<b>TOTAL REVENUES</b>	<b>37.3</b>	<b>51.9</b>	<b>-14.6</b>	<b>-28.1%</b>
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%
<b>TOTAL EXPENSES</b>	<b>36.3</b>	<b>35.2</b>	<b>1.1</b>	<b>3.2%</b>
<b>SURPLUS FOR THE FISCAL YEAR</b>	<b>0.9</b>	<b>16.6</b>	<b>-15.7</b>	<b>-94.4%</b>

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%
<b>TOTAL REVENUES</b>	<b>25.8</b>	<b>22.8</b>	<b>3.0</b>	<b>12.9%</b>
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%
<b>TOTAL EXPENSES</b>	<b>33.9</b>	<b>30.5</b>	<b>3.4</b>	<b>11.1%</b>
<b>SURPLUS FOR THE FINANCIAL YEAR</b>	<b>-8.1</b>	<b>-7.6</b>	<b>-0.4</b>	<b>5.8%</b>

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, WGA 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).