

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.