

Annual Report 2023 2024

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Welcome!

It is with great pleasure that Soproq presents its 2023-2024 Annual Report, featuring the highlights and major achievements of this 33rd fiscal year. The results reflect the efforts of the entire team to consolidate the organization's positioning in the neighbouring rights ecosystem in Canada, while preserving its operational efficiency. Membership from across Canada, particularly outside Quebec, has grown even more strongly this year, confirming that the entire Canadian independent music production sector is increasingly opting for the services offered by Soproq.

Discover without further delay the highlights of this 33rd year of operations!

Enjoy your reading!

About Us

Soproq is a not-for-profit Collective Management Organization that collects and distributes royalties related to the use of Sound Recordings and Music Videos. A leading figure in independent production here and elsewhere, Soproq's repertoire includes more than 2.5 million titles belonging to more than 7,200 rights holders from across Canada and several other countries: record labels, independent artists, distributors, associations, foreign collectives, etc.

In addition to collecting royalties from public performances, Soproq also negotiates with music services and issues general licenses to allow them to reproduce the titles contained in its repertoire for communication purposes.

Our Mission

Soproq's mission is to maximize royalties related to the collective administration of the rights of makers of sound recordings and music videos. Soproq is committed to optimizing the value of the rights it represents and acting in the best interests of its members.

In this regard, it acts in consultation with the industry and other similar or complementary organizations to stimulate new business opportunities that will ensure increased availability, easier access and wider use of the sound recordings in its repertoire.

Our Values

This year, the Board of Directors updated the values of the organization to ensure that they remain aligned with its culture, ambitions and strategic directions. This reflection will allow Soproq to continue its development over the next few years based on a vision that is perfectly consistent with the organization's mission and aspirations.

At the source of the principles that influence the organization's decision-making and actions, the members of the Board of Directors and the entire Soproq team are committed to respecting the organization's values in its implementation.

Neutrality

To guarantee a neutral and fair approach towards all members, makers and rights holders, here and elsewhere.

Efficiency

Ensure that all royalties owed to its members are collected and that the value of the rights of independent music production is maintained.

Transparency

Communicate openly on important issues for the music industry, challenges, opportunities and take a public stand for the rights and interests of independent production.

Ambition

To become a key player in the collection of royalties and the defence of the rights of all Canadian and international independent music production.

Unity is Strength

As we publish this 2023-2024 Annual Report, Soproq's 34th year of existence is already well underway, with a clear ambition to position itself in Canada as THE Collective Management Organization for the independent production of sound recordings and music videos. Exclusively led by representatives of the independent music industry, this singularity is the foundation on which the organization's determination to be the reference in the management of independent production rights rests.

Collective management is not simply an organizational structure, it is a true philosophy that advocates solidarity, equity and efficiency. Each member contributes to the strength of the collective effort, allowing Soproq to negotiate advantageous agreements and protect the interests of all. The scattering of rights and the intervention of superfluous intermediaries only hinder and dilute the strength of collective influence.

The music industry is changing, especially with the advent of generative artificial intelligence. These technologies are disrupting established paradigms, prompting increased vigilance and constant adaptation. Soproq is positioning itself as the perfect protagonist to defend the interests and rights of independent music production. As such, the organization continues to relentlessly advocate for an urgent revision of the Copyright Act to correct the historical inequities towards all rights holders who deprive them of fair compensation for the use of their copyrighted works and content.

Furthermore, in recent years, the Soproq team, in collaboration with Adisq, was working on the development of a new tool called Octet. This tool would have allowed operators of music catalogues to centralize the management of their revenues and generate various reports and analyses, ensuring accountability to artists. However, the realignment of the strategic vision around concrete opportunities for the development of the North American market and the non-renewal of the funding necessary for the development of such a tool, forced the organization to put the project aside to focus on its primary mission.

With a clear vision in mind, all stakeholders in the organization – team and board members, Adisq, CIMA – are busy creating development opportunities and forging new strategic relationships with various interested parties across the country. There is strength in numbers, they say, and Soproq is convinced that collective management is an essential lever for the independent music industry to remain prosperous and flourishing.

Message from the President



Dear members,

It is with great pride that I invite you, on behalf of Soproq and the Board of Directors, to read the 2023-2024 Annual Report of your Collective Management Organization. This pride is renewed every year as we continue to thrive in an ever-changing industry.

The year 2023-2024 was characterized by significant challenges and successes for our organization. We have been able to navigate through a complex and ever-changing economic environment while staying true to our values and mission. All despite that the desired changes to the Copyright Act on the definition of sound recording, the exemption for commercial radio stations and the restoration of the neutrality of the private copying regime have not occurred. In addition, there was a general decrease in the value per broadcast on all music services, particularly on satellite radio in the United States.

Nevertheless, our team has worked tirelessly to innovate and improve our services, which has allowed us to strengthen our position in the market and grow the repertoire represented. Through the alliance with CIMA (Canadian Independent Music Association), we have welcomed many new members among independent rights holders from across the country, strengthening and diversifying our vibrant community. I would like to thank each and every one of you for your dedication and commitment.

Furthermore, CUSMA (Canada-United-States-Mexico Agreement), based on the principle of national treatment, now allows sound recordings fixed in the United States to be eligible for all equitable remuneration rates in Canada, including commercial radio. This change has opened up a market that was previously less attractive to Soproq, but which now has more promising growth potential.

We have also implemented several initiatives to strengthen the sustainability of the organization, while controlling the increase in costs by keeping the increase below inflation. These efforts reflect our desire to make a positive contribution to the independent music production sector in Canada and, most importantly, to keep administration fees as low as possible.

As we look to the future, we remain committed to continued growth and opportunity. I am confident that, with our collective talent and innovative spirit, we will continue to reach new heights.

Thank you for your trust and continued support.

Kindest regards,

A handwritten signature in black ink, appearing to read 'Mark Lazare'.

Mark Lazare
President of the Board of Directors

OVERVIEW 2023-2024

Here is an overview of the main results for the 33rd fiscal year.

Royalties

\$17 M

Royalties collected are slightly below \$17 million, a decrease of 4% compared to the previous year. Royalties paid reached a record high of more than \$17.5 million.

Distributions

12

12 distributions – close to \$1.5 million on average per distribution.

Development Outside Quebec

+ 12%

The alliance with CIMA is bearing fruit: membership for rights holders from Canadian provinces outside Quebec is increasing. They represent 12% of new memberships, the majority of which come from British Columbia and Ontario.

Rights Holders

+ 27%

3,149 different rights holders paid. \$5,578 per rights holder on average.

New Members

+ 10%

876 new members joined Soproq in 2023-2024, bringing the total number of members to 7,223.

Management of Performer's Rights in the U.S.

+ 12%

5 new performers have entrusted us with the mandate to manage their royalties in the United States for a total of 47 as of March 31, 2024.

Outlook 2024-2025

12 distributions

\$15 M
in royalties
to be collected

More than
8,000 members

Administration fees are still
among the lowest
in Collective Rights
Management

4%
for royalties from
the United States

3% for
Performer's rights
Management Service in the
United States

7%
in Canada
and around the world

Highlights

Year in Review

Regardless of the type of right, royalties paid were **\$17,567,259.45** for 2023-2024.

Equitable Remuneration

Royalties from the right to **equitable remuneration** amount to more than **\$16 million**. Of this amount, more than **\$3.6 million** was paid in Canadian royalties to members during the pan-Canadian exercise of closing equitable remuneration tariffs for the years 1998 to 2018.

In the United States, there was a slight decrease in royalties collected (**-5%**). This is largely due to the average value per play on satellite radio broadcasts decreasing by an average of 3% compared to the previous year and by 17% since its peak in 2020.

Elsewhere in the world, royalties paid have more than tripled, mainly from Australia, France, Brazil and Germany.

Reproduction

Royalties collected for the **reproduction right** remain stable. The agreement with the Canadian Broadcasting Corporation has been renewed for for 2023-2025 with an increase in the repertoire represented. For commercial radios, the downward trend in royalties collected in recent years seems to have come to an end. For a second year, the level of royalties remains the same after a historic low in broadcasters' revenues caused by the pandemic.

Administration Fees

Administration fees were kept at the same rate despite a 2.9% increase in the Consumer Price Index. At **7%** for all territories, except in the United States, where it is 4%, the administration fees retained by Soproq are among the lowest in the world. Considering royalties from all territories and total administration fees collected, the combined administration fee is **4.9%**.

In addition to administration fee revenues, there are revenues from related services that keep administration fees as low as possible.

Administration Fees

excerpt from Article 4 of the Soproq General Rules:

"For the purpose of establishing administration fees, Soproq's Board of Directors takes into account, in particular, the history of Soproq's revenues and operating expenses, as well as short, medium and long-term projections of such revenues and expenses to ensure that Soproq maintains a balanced budget and financial stability."

For the 2023-2024 fiscal year, the ratio of operating expenses to royalties collected is 6.7%.

Distribution of Royalties

By Type of Rights

Equitable Remuneration

The right to **Equitable Remuneration** provides a remuneration for the public performance or communication to the public by telecommunication of sound recordings. Different rates apply for Commercial Radio, Background Music, Live Events, Dance and Fitness activities, CBC Radio, Pay Audio Services, Satellite Radio, etc.

Reproduction

The Reproduction Right allows royalties to be received when Soproq authorizes music services (background music suppliers, radio stations, webcasters, pay audio services, etc.) to reproduce for broadcast purposes the sound recordings in its repertoire.

Music Videos

This right allows royalties to be received for the reproduction of Music Videos for broadcast purposes and communication to the public.

Private Copy

The right relating to the Private Copying Regime provides a remuneration to makers, among others, for the reproduction of sound recordings for private use on blank audio recording media (CD-R, CD-RW, CD-R audio and CD-RW audio). **Since 2018, given the low royalties collected under this regime, which is unsuited to the way music is copied today, no distribution has been made.**

0.1%
Music Videos

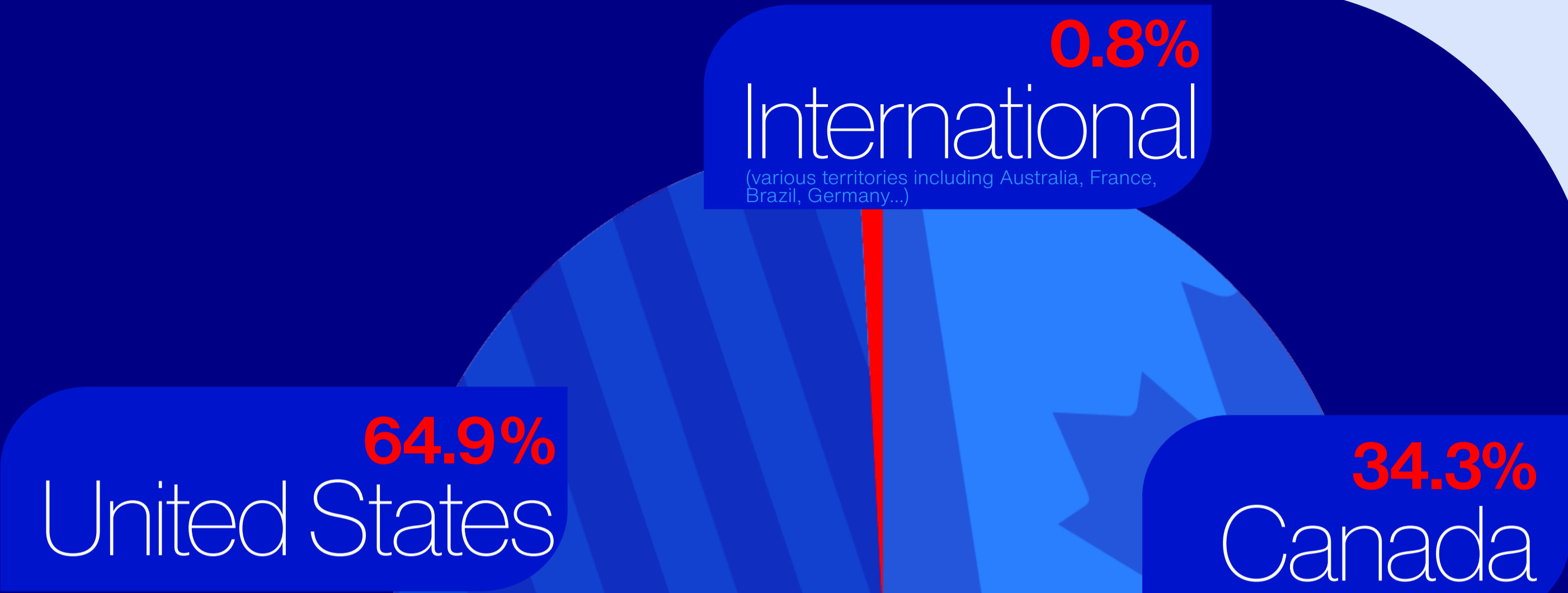
4.7%
Reproduction

95.32%
Equitable Remuneration

Since its foundation in 1991, Soproq has paid more than \$165 million in royalties to its members. For this 33rd fiscal year, some \$17.6 million was distributed, with the following breakdown by type of rights:

Distribution of Royalties

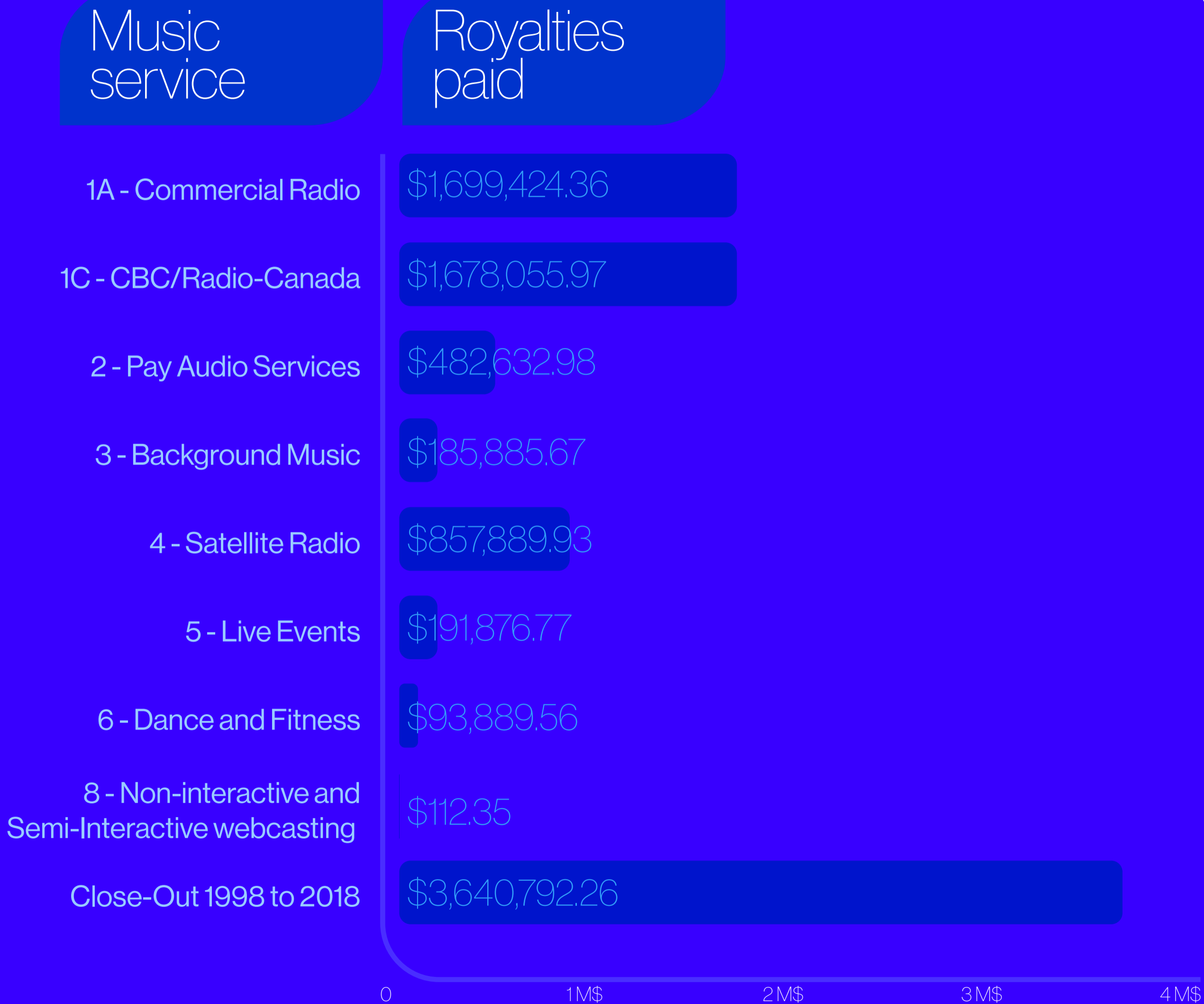
BY
Origin



Territory	Royalties Paid
Canada	\$6,023,397.41
USA	\$11,401,465.80
International	\$142,396.25
total	\$17,567,259.45

Distribution of Royalties

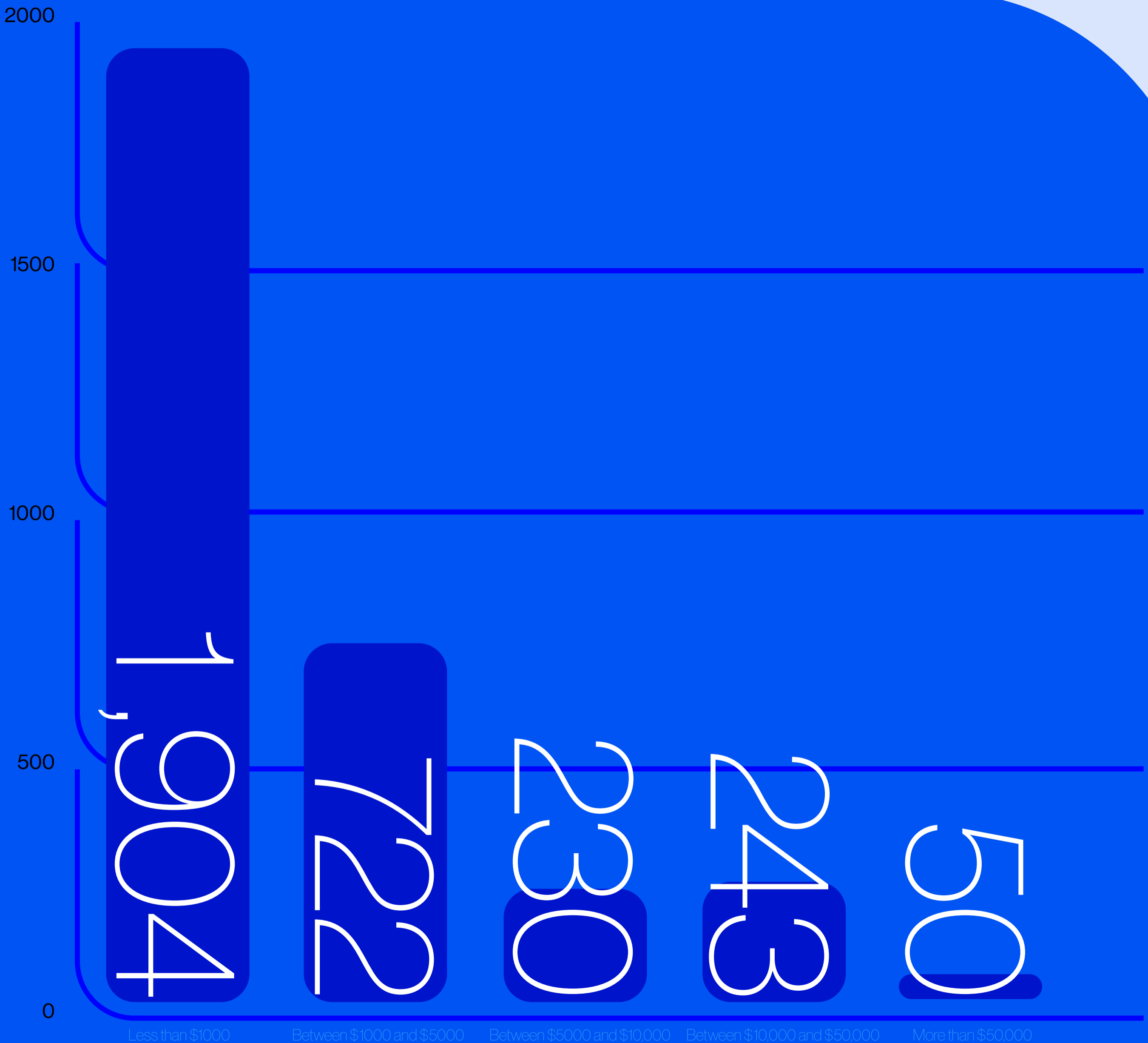
Equitable Remuneration in Canada



Distribution of Royalties

Breakdown of Royalties Paid

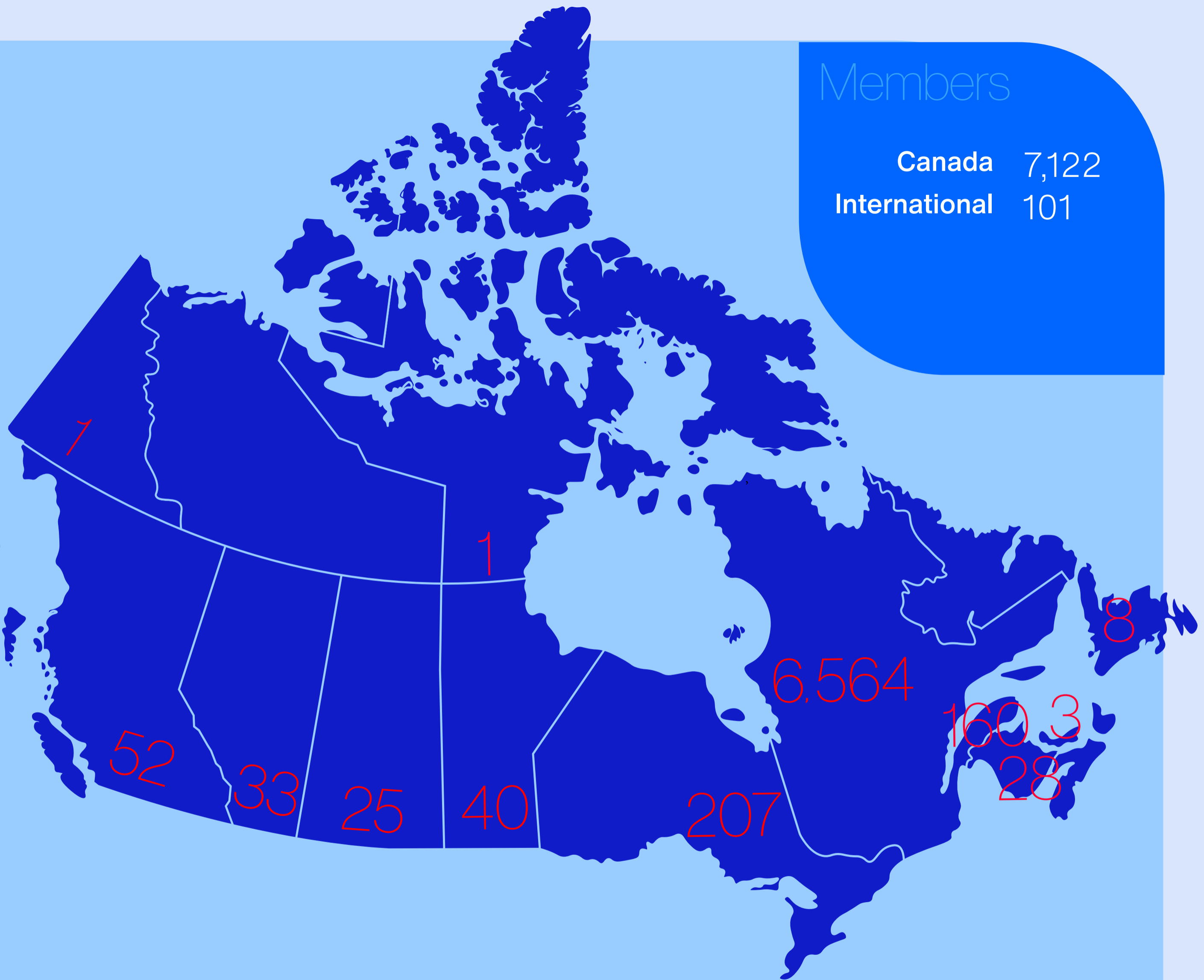
With the Close-Out of Equitable Remuneration tariffs from Canadian sources for the years 1998 to 2018, 3,149 rights holders received royalties, an increase of 27% over the previous year.



Distribution of Royalties

Members

During the 2023-2024 fiscal year, many members chose Soproq to manage their royalties. The number of members increased by more than 12%, reaching 7,223 as of March 31, 2024. This significant growth in membership, particularly in British Columbia (+35%) and Ontario (+17%), shows that Soproq is becoming more and more representative of the independent music production in Canada.



Members

Canada	7,122
International	101

Business Development

▪ In Canada

In the wake of the strategic partnership established with CIMA during the previous fiscal year, Soproq is pursuing its vision of becoming **THE** Collective Management Organization for independent makers in the country, from coast to coast. As such, the proportion of new members from outside Quebec has doubled over the past two years, with 12% of new members coming from outside Quebec. This result demonstrates the confidence and recognition of independent music labels across the country in the organization.

Related Services

▪ Amplitude Distribution

During the year, Soproq remained Amplitude Distribution's service provider for the processing of reports and the payment of royalties from streaming and download platforms. Soproq is proud to collaborate with Amplitude Distribution, the only Quebec not-for-profit organization offering digital content distribution services. In total, Soproq made eleven distributions on behalf of Amplitude during the 2023-2024 fiscal year.

Industry Relations

▪ Re:Sound

As a member of Re:Sound, the organization that collects equitable remuneration royalties for performers and makers from music services and users, Soproq has been actively involved in the development of their new distribution system. Our team has played an active and ongoing role in making a significant contribution to the development of this essential solution for all rights holders in Canada.

▪ MetaMusic

Soproq continues to be involved, alongside Adisq, Apem, Artisti, CQM, GMMQ, SPACQ, SOCAN and UDA, in the development of Méta-Musique. The project will soon be able to receive all the metadata necessary for the correct indexing of musical content, from the work to the fixation of a performance on a sound recording. The public rollout is expected to take place later in the next fiscal year.

Corporate Affairs

Consultations on Copyright in the Era of Generative AI

Soproq has actively participated in the consultations conducted by the federal government over the past year on copyright in the era of generative artificial intelligence. Soproq strongly defends the principle that all reproductions of protected content must be compensated, including those made as part of the training of AI systems. Soproq is strongly opposed to the introduction of new exceptions that could weaken the rights of rights holders and limit their monetization opportunities. The organisation also advocates for a technology-neutral law that can adapt to changes without compromising the rights of creators.

Coalition for the Diversity of Cultural Expressions (CDCE)

Since 2022, Soproq has been a member of the Canadian Coalition for the Diversity of Cultural Expressions (CDCE). As such, Soproq contributes to the mission and work of the CDCE to defend and promote cultural policies that will ensure that creators, professionals and businesses in the cultural community have an ecosystem conducive to the achievement of their vision.

One of the main pillars of the organization's strategic plan is to work together with all stakeholders to ensure that the music industry and Soproq's members have an appropriate legislative and economic framework that will ensure the sustainability and renewal of local musical creation.

Member services

Corporate Affairs

- **Royalties USA - Performers:**

- + 5 performers

- = Total of 47 performers

- **Workshops: 11**

- **Requests: 14,000**

- **767 requests for ISRC codes**

At the heart of its activities, the Member Services Department remains a priority for Soproq. During the fiscal year, more than 14,000 new requests were registered, an increase of 6% compared to the previous year. Thanks to the optimization of the IT system and processes, 23% of the requests could be processed automatically. These improvements, without compromising the quality of service, allow the team to focus on higher value-added activities requiring know-how and expertise.

Octave Portal

One of the major new features of the Octave portal in 2023-2024 is the ability for members to follow the evolution of their conflicts in Canada and internationally. The portal now displays details of ongoing conflicts, including the names of other parties involved and an estimate of the importance of said conflict. In addition, the portal offers a search filter allowing members to select only conflicts that are likely to bring them money. This allows them to prioritize their efforts and maximize their revenue by focusing on the most valuable conflicts.

Workshops

Soproq members were also able to benefit from a revised workshops offer, still offered online and free of charge. 11 workshops were given during the exercise ("The Octave Portal and Declarations" and "Neighbouring Rights"), in French and English. Our instructors are already planning something new for the next fiscal year.

Public Affairs

Active in its community, Soproq works together and is involved with other similar organizations to defend and promote the rights of makers, both nationally and internationally.

As a member of Re:Sound and, by extension, the Canadian Private Copying Collective (CPCC), the Canadian Coalition for the Diversity of Cultural Expressions (CDCE) and MetaMusic, Soproq collaborates and takes position on issues relating to tariffs, the review of the legislative and regulatory framework, as well as any other issue affecting the rights and interests of its members.



Thomas Jolicoeur, Executive Director of Soproq, accompanied by Florence K, independent artist, and Annie Morin, Executive Director of Artisti, during a lobbying day on Parliament Hill in Ottawa

Revision of the Copyright Act

Together with Re:Sound's member organizations, Soproq participated in the efforts of the “Fairness for Music Creators” campaign, created to highlight the demands of the music industry for the revision of the Copyright Act.

As such, in September 2023, along with representatives of other organizations (photo), Soproq attended a lobby day on Parliament Hill. In the winter of 2024, members were mobilized to participate in a massive online mailing, asking the government to include these measures in the 2024 budget. More than 200 Soproq members signed this campaign asking the government to update the Act, letters that were delivered in person to the office of the Minister of Finance.

After work that only resulted in cosmetic changes to Canada's Copyright Act in 2018, creators are still waiting for its revision. It's always a good reminder that the Act has been the subject of much criticism since its last reform in 2012, both nationally and internationally. Throughout the year, Re:Sound, its member organizations and Canadian music creators continued to press the government to move forward with amendments to the Copyright Act without delay.

Revision of the Copyright Act

Here is a reminder of the demands of the music industry:

Change the definition of sound recordings.

- In Canada, performers, makers and record labels do not receive royalties when one of their sound recordings is used in a television program, film, streaming platform or other audiovisual content. However, this right exists in many countries, including Canada but only for songwriters.
- The definition of sound recording in the Act must be amended so that performers, makers and record labels can receive fair and equitable remuneration when their sound recordings are used in film, television or other audiovisual content.

Eliminate the \$1.25M revenue exemption for commercial radio.

- In 1997, when the equitable remuneration regime was implemented in Canada, an extraordinary exemption was granted to commercial radio stations ensuring that stations did not pay royalties for the public performance of sound recordings on their airwaves for the first \$1.25 million in advertising revenues.
- This exemption was the result of a political compromise to help the broadcasting industry in the 1990s, an economic justification that, 25 years later, clearly no longer exists.
- Commercial radio stations are the only music broadcasting services that receive such preferential treatment.
- Performers, makers and record labels are the only rights holders in Canada to be penalized by this exemption and to subsidize an industry that is now very profitable.

Update the private copying regime to make it technologically neutral.

- Streaming music may have replaced the good old CD, but when there's no Wi-Fi or our internet data usage limit is exceeded, Canadians still make private copies — i.e. copies of their own music collection that they make for personal use anywhere, anytime.
- Alas, Canada is living in the past, and the levy only applies to a technology that has almost disappeared: blank recordable CDs.
- The solution lies in amending the law to affirm the regime's technological neutrality. Thus, creators (authors, composers, makers, performers) will receive a royalty on the sale of products that can store copies of music.
- Collecting a royalty of just \$3 (the European average) on the sale of tablets and phones would generate some \$40 million a year – to help Canadian creators continue to produce music.

Governance

New faces on the Board of Directors

Following the departure of **Alexan Artun** and **Alexandra Boivin-Bourque**, the Board of Directors welcomed two new directors, **Élise Rustad** and **Sophie Hébert**, respectively from CIMA and Adisq. Soproq would like to warmly thank the outgoing board members for their contribution to the organization.

Committees

Three standing committees support the work of the Board of Directors. These committees are made up of members of Soproq's Board of Directors appointed by the latter based on their specific expertise in relation to the mandate of each committee.

Governance and Human Resources Committee

This committee is made up of 3 directors. Its mandate is to propose to the Board of Directors the principles, guidelines and procedures that should guide the organization to ensure that Soproq implements and maintains a high-level governance structure as well as an ethical framework based on best practices.

Members of the Committee: Jacynthe Plamondon-Émond (President), Sophie Hébert and Élise Rustad.

Strategy and Projects Committee

This committee is made up of 3 to 7 directors. Its mandate is to make recommendations to the Board of Directors on the strategic directions of the organization. It also ensures the implementation of the organization's mission and vision, in accordance with the strategic plan, and offers to work on solutions to the issues and challenges identified.

Members of the Committee: Jean-Christian Aubry (President), Louis-Armand Bombardier, Mark Lazare Jordan Officer and Justin West

Finance and Rates Committee

This committee is composed of 3 to 5 directors. The committee's mandate is to exercise oversight responsibility to ensure the integrity of Soproq's accounting and financial results, the quality of internal controls, the identification of risks and the means of dealing with them.

It also offers recommendations to the Board of Directors on issues relating to the key rates of license fees for the various types of music services and those related to the management of different types of rights.

Members of the Committee: Luc Piette (President), Louis-Armand Bombardier and Catherine Simard

Board of Directors 2023-2024

The Board meets at least four times a year to establish Soproq's strategic directions, policies and annual budget. Board Members and directors of the organization must act with prudence, diligence and integrity in the best interests of members. They cannot place themselves in a situation of conflict between their personal interest and the duties of their office.



Mark Lazare
President



Louis-Armand Bombardier
Vice President



Sophie Hébert



Jean-Christian Aubry



Élise Rustad



Jordan Officer



Luc Piette



Jacynthe Plamondon-Émond



Catherine Simard



Justin West

The team



Thomas Jolicoeur
Executive Director



Hubert Léveillé Gauvin
Director of Operations



Natalie Chevrier
Chief Accountant



Nathalie Dicaire
Distributions Coordinator



Daniel Latour
Licensing Coordinator



Philippe Leblanc
Repertoire and
Music Data Specialist

Dynamic, solid, and efficient, the Soproq team is made up of employees with an average of 8 years of experience within the organization and over 12 years in the music industry. At the end of the fiscal year, the team grew along an ever-increasing volume of business. It is with great pleasure that the team welcomed **Samantha Sylvestre**, who, after only a few weeks, is already making her mark with the quality of her support and the care she brings to meeting the members' requests.



Stéphanie Grimard
Representative
Member Services



Catherine Lambert
Representative
Member Services



Samantha Sylvestre
Administrative
Support and Member
Services Agent



Sébastien Moffet
Advisor
Member Services

The History of Soproq

SO^{PROQ}

1991

Founded by Adisq in 1991, Soproq — Collective Society for the Rights of Makers of Sound Recordings and Music Videos — is a not-for-profit organization whose existence derives from rights granted to makers.

At that time, Soproq administered exclusively the rights from the use of music videos and the reproduction of sound recordings in its repertoire.

Since 1992, Soproq has a special agreement with BAnQ for the legal deposit of all physical albums on behalf of its members. Soproq also assigns registrant codes (ISRC).

1997

The revision of the Copyright Law by the Government of Canada in 1997 established a new regime of “equitable remuneration” which gives makers the right to receive royalties for the broadcast of their sound recordings, including on the radio.

This revision also introduced the “private copying” regime in response to the exception created in the Act allowing anyone to reproduce sound recordings, works, and performances for private use. In return, the regime requires manufacturers and importers of blank audio recording media to pay royalties.

These significant changes have greatly contributed to the changing role of Soproq, which was the first collective organization in North America to distribute royalties from the equitable remuneration regime.

2013

More recently, in 2013, Soproq invested in the development of a new, more efficient distribution system (OCTAVE) that has enabled the automation of several processes and facilitates the processing of large volumes of data.

Fiscal year 2017-2018 became a milestone in Soproq’s history as royalties jumped 60% and, for the first time, crossed the \$10M threshold, reaching \$13.2M.

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In 2018-2019, with the support of the Ministère de la Culture et des Communications du Québec, Soproq worked with key actors in the local music industry to develop MetaMusic, intended for all rightsholders in the music value chain, to promote best practices and guide rightsholders through the process of indexing their music using metadata, at www.metamusic.ca.

2017-2018

2018-2019

2019-2020

Fiscal year 2019-2020 sets a new record: royalties collected reached \$17.1 million, an increase of more than 25% over the precedent year.

At the end of its 30th fiscal year, the record level of royalties collected was maintained for a second consecutive year, reaching just under \$16 million, a result virtually equivalent to the previous year despite the health crisis, with a satisfaction rate of 96% satisfaction rate with our services member consultation in summer 2020.

2021-2022

During the 2021-2022 fiscal year, Soproq overhauled its technological infrastructure, which is now more efficient, secure and increases the possibilities of adding new products tenfold. The organization also launched a new Octave portal which offers even more possibilities to members, while reducing the administrative burden by automating many tasks and optimizing processes. These actions helped maintain administration fees at the same level and minimize the impact of inflation on operating costs. Soproq implemented of new strategic orientations aimed at better exploiting the distinctive skills of the organization and differentiating itself through the development of related products and services. In the long term, by launching innovative and promising projects for all members represented, including the Octet project, Soproq wishes to position itself as an integrated solution for managing the income of artists, makers and record labels.

2022-2023

In the 2022-2023 fiscal year, royalties reached an all-time high with more than \$17.5 million collected, surpassing pre-pandemic levels. This performance was supported by the addition of 838 new members, bringing the total to 6,411. Soproq also strengthened its national presence through a new alliance with the Canadian Independent Music Association (CIMA), expanding its representation outside Quebec. Furthermore, the organization consolidated its partnership with Amplitude Distribution, improving report processing and royalty payment services. These initiatives helped keep administration fees among the lowest in the industry, despite inflation. Soproq also continued its efforts to improve international royalty collection, tripling revenues from international sources outside the United States.



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