



**SOCAN's 2009 Annual Report to Members
Governance Disclosure & Management Review**

2009 ANNUAL REPORT TO MEMBERS

SUBJECT	SPECIFICS
Board Composition	
Number of Directors	The business and affairs of the Society shall be managed by a Board of Directors consisting of eighteen (18) Directors, nine (9) of whom shall be Writer Members and nine (9) of whom shall be Publisher Members. The Board shall be elected or appointed as the case may be in accordance with this By-law. The Board shall have the authority to appoint, from the Members, additional Directors provided that any appointments are made in pairs, namely, one (1) Writer Member appointment and one (1) Publisher Member appointment. The maximum number of additional appointments by the Board at each election shall be six (6).
Qualification	In addition to any qualifications provided by the <i>Act</i> and by this By-law or any of the other By-laws, the eighteen (18) Directors referred to shall meet the qualifications set out in this section.
Regional Representation	<p>The regional representation on the Board shall be as follows:</p> <ul style="list-style-type: none"> a) Three (3) Directors shall reside in the West. The "West" shall mean the provinces of Manitoba, Saskatchewan, Alberta, British Columbia, and the Northwest Territories, Yukon and Nunavut. Two (2) of these Directors shall be Writer Members and one (1) shall be a Publisher Member. b) Six (6) Directors shall reside in the Province of Quebec. Three (3) of these shall be Writer Members and three (3) shall be Publisher Members. c) Nine (9) Directors shall reside in the East. The "East" shall mean the provinces of Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. Four (4) shall be Writer Members and five (5) shall be Publisher Members. d) "Reside" shall mean, in the case of a Writer Member, the place where the Writer Member has his/her principal residence and in the case of a Publisher Member, the place within Canada where the Publisher Member carries on business.
Francophone Representation	<p>The Francophone representation on the Board shall be as follows:</p> <ul style="list-style-type: none"> a) Six (6) Directors shall be Francophone. b) "Francophone" shall mean, in the case of a Writer Member, an individual who declares himself/herself a Francophone for the purposes of the nomination procedures and, in the case of a Publisher Member, a music publishing business that declares itself to be a Francophone music publisher.
New Classical Music Representation	<p>The New Classical Music representation on the Board shall be as follows:</p> <ul style="list-style-type: none"> a) Two (2) Directors shall be writers of New Classical Music and one (1) Director shall be a Publisher Member of New Classical Music. b) "New Classical Music" shall mean, in the case of a writer, a composer who declares himself/herself and is active as a New Classical Music writer and in the case of a publisher, an entity that declares itself and is active as a publisher of musical works created by New Classical Music writers. c) "New Classical Music" for the purpose of this Section V of this By-Law shall include but is not limited to music that is referred to by the music community as serious music, electroacoustic music, contemporary classical music, concert music or experimental music and that excludes music otherwise included in popular genres.
Music Other Than New Classical Music Representation	<ul style="list-style-type: none"> a) Five (5) Directors shall be writers of music other than New Classical Music, at least one (1) of whom shall reside in the West, at least two (2) of whom shall reside in the East and at least two (2) of whom shall reside in Quebec. b) "Music Other than New Classical Music" shall mean, in the case of a Writer, a Member who declares himself/herself a writer of music other than New Classical Music and who creates music or songs including, but not limited to, pop, country, rock, blues, folk, jazz, film and television music.

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Board of Directors	The role of the Board of Directors of SOCAN is to:																																																																																																																								
Members	<ul style="list-style-type: none"> ▪ ensure on behalf of members that they are receiving value for their investment in SOCAN ▪ convey the views of members to the Board and Management of SOCAN ▪ vote for the best interests of SOCAN (all members) ▪ sponsor and champion decisions of the Board of Directors to members and others 																																																																																																																								
Strategy	<ul style="list-style-type: none"> ▪ ensure a strategic plan exists: work with management to develop the plan and approve it ▪ monitor implementation of the plan; measure progress using performance indicators 																																																																																																																								
Finances/Risk	<ul style="list-style-type: none"> ▪ ensure risk management framework is in place, including traditional Operational audit function having direct access to the directors ▪ approve annual budget and monitor actual performance 																																																																																																																								
Chief Executive Officer	<ul style="list-style-type: none"> ▪ work with Management to develop options and approve policy recommendations in the areas of corporate identity, government lobbying strategy, tariff proposals and distribution rules, and other areas as agreed, such as SOCAN Awards 																																																																																																																								
Governance	<ul style="list-style-type: none"> ▪ establish a framework for information flowing from Management to the Board for Board decision making ▪ after consulting CEO and others, take decisions regarding governance role, structures, processes and procedures ▪ specifically, make decisions about ongoing Board of Director's information requirements, ensure new Board members are appropriately oriented to governance and ensure appropriate succession of the Board of Directors ▪ propose By-law changes for approval by members, when appropriate 																																																																																																																								
Attendance at Board/ Committee Meetings	<p>The Board of Directors has four scheduled meetings per year and in 2009 held one additional meeting. All Committees of the Board also meet four times a year, on a scheduled basis. The Executive Governance Committee meets generally three weeks before Board meetings to prepare the agenda for the board. Other Board Committees meet either the day before or the day after the Board meetings to minimize traveling expenses. Occasionally, a Committee may require more than the scheduled meetings to discharge of its mandate.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 35%;">January – May 2009</th> <th style="width: 10%;">Board Meetings</th> <th style="width: 10%;">Executive Governance Committee Meetings</th> <th style="width: 10%;">Risk ID & Management Committee Meetings</th> <th style="width: 10%;">Tariff, Licensing & Distribution Committee Meetings</th> <th style="width: 10%;">Membership Committee Meetings</th> </tr> </thead> <tbody> <tr> <td>Number of meetings held:</td> <td style="text-align: center;">(1)</td> <td style="text-align: center;">(3)</td> <td style="text-align: center;">(1)</td> <td style="text-align: center;">(1)</td> <td style="text-align: center;">(1)</td> </tr> <tr> <td colspan="6" style="text-align: center;">Meeting Attendance</td> </tr> <tr> <td>Rosaire Archambault A, B</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> <td></td> <td></td> </tr> <tr> <td>François Cousineau¹ B</td> <td style="text-align: center;">1</td> <td></td> <td style="text-align: center;">1</td> <td></td> <td></td> </tr> <tr> <td>Paul Cram¹ D</td> <td style="text-align: center;">1</td> <td></td> <td></td> <td></td> <td style="text-align: center;">1</td> </tr> <tr> <td>Victor Davies C</td> <td style="text-align: center;">1</td> <td></td> <td></td> <td style="text-align: center;">1</td> <td></td> </tr> <tr> <td>Jodie Fernyhough C</td> <td style="text-align: center;">1</td> <td></td> <td></td> <td style="text-align: center;">1</td> <td></td> </tr> <tr> <td>Gary Furniss D</td> <td style="text-align: center;">1</td> <td></td> <td></td> <td></td> <td style="text-align: center;">0</td> </tr> <tr> <td>Bill Henderson A, D</td> <td style="text-align: center;">1</td> <td style="text-align: center;">3</td> <td></td> <td></td> <td style="text-align: center;">1</td> </tr> <tr> <td>Craig Horton B</td> <td style="text-align: center;">1</td> <td></td> <td style="text-align: center;">1</td> <td></td> <td></td> </tr> <tr> <td>Michael McCarty C</td> <td style="text-align: center;">1</td> <td></td> <td></td> <td style="text-align: center;">0</td> <td></td> </tr> <tr> <td>Stan Meissner A, B, C</td> <td style="text-align: center;">1</td> <td style="text-align: center;">3</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td></td> </tr> <tr> <td>Sébastien Nasra C</td> <td style="text-align: center;">1</td> <td></td> <td></td> <td style="text-align: center;">1</td> <td></td> </tr> <tr> <td>Pierre-Daniel Rheault³ A</td> <td style="text-align: center;">1</td> <td style="text-align: center;">3</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Earl Rosen A, B</td> <td style="text-align: center;">1</td> <td style="text-align: center;">3</td> <td style="text-align: center;">1</td> <td></td> <td></td> </tr> <tr> <td>Carol Ryan D</td> <td style="text-align: center;">0</td> <td></td> <td></td> <td></td> <td style="text-align: center;">0</td> </tr> <tr> <td>Marty Simon¹ A, D</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td></td> <td></td> <td style="text-align: center;">1</td> </tr> <tr> <td>Laura Smith¹ D</td> <td style="text-align: center;">1</td> <td></td> <td></td> <td></td> <td style="text-align: center;">1</td> </tr> <tr> <td>Gilles Valiquette C, D</td> <td style="text-align: center;">1</td> <td></td> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> </tbody> </table>	January – May 2009	Board Meetings	Executive Governance Committee Meetings	Risk ID & Management Committee Meetings	Tariff, Licensing & Distribution Committee Meetings	Membership Committee Meetings	Number of meetings held:	(1)	(3)	(1)	(1)	(1)	Meeting Attendance						Rosaire Archambault A, B	0	1	0			François Cousineau ¹ B	1		1			Paul Cram ¹ D	1				1	Victor Davies C	1			1		Jodie Fernyhough C	1			1		Gary Furniss D	1				0	Bill Henderson A, D	1	3			1	Craig Horton B	1		1			Michael McCarty C	1			0		Stan Meissner A, B, C	1	3	1	1		Sébastien Nasra C	1			1		Pierre-Daniel Rheault ³ A	1	3	1	1	1	Earl Rosen A, B	1	3	1			Carol Ryan D	0				0	Marty Simon ¹ A, D	1	2			1	Laura Smith ¹ D	1				1	Gilles Valiquette C, D	1			1	1
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SUBJECT	SPECIFICS					
	June – December 2009 Number of meetings held:	Board Meetings (3)	Executive Governance Committee Meetings (2)	Risk ID & Management Committee Meetings (3)	Tariff, Licensing & Distribution Committee Meetings (3)	Membership Committee Meetings (3)
	Meeting Attendance					
	Rosaire Archambault A, B	2	2	2		
	Geneviève Côté D	2				1
	Victor Davies A, C	3	2		3	
	Jodie Fernyhough D	3				1
	Gary Furniss A, C	3	2		3	
	Edmund Glinert B	3		3		
	Bill Henderson D	3				3
	Craig Horton B	3		3		
	Michael McCarty C	2			2	
	Ben Mink D	2				2
	Glenn Morley B	3		3		
	Stan Meissner A, B, C	3	2	3	3	
	Marc Ouellette C	3			3	
	Pierre-Daniel Rheault A, B	3	2	3		
	Earl Rosen ³ A	3	2	3	3	3
	Carol Ryan C	3			3	
	Gilles Valiquette A, D	3	2			3
	Jim Vallance B	3		3		
	<p>A – Denotes membership in the Executive Governance Committee B – Denotes membership in the Risk Identification and Management Committee C – Denotes membership in the Tariff, Licensing and Distribution Committee D – Denotes membership in the Membership committee</p> <p>Notes: ¹ – Directors whose term ended in 2009 ² – Directors newly elected to the Board in 2009 ³ – President of the Board may attend all Committee meetings in his capacity as ex-officio</p>					
Strategic Plan	<p>In conjunction with Management, the Board elaborates and approves SOCAN's Strategic Plan. The Plan is the roadmap to SOCAN's future success and the blueprint against which the company's business activities, both operations and corporate initiatives are measured.</p> <p>The first Strategic Plan was developed in 2000. In 2005, it was felt that a new plan was needed to reflect the internal and external changes that had occurred since the beginning of the millennium. The new plan, approved on September 20, 2005, put forward 23 distinct key strategies to attain the long-term objectives that the Board has set, grouped into the following areas:</p> <ul style="list-style-type: none"> ▪ Service to Members ▪ Industry Leadership ▪ Growth The Future ▪ Human Resources ▪ Infrastructure ▪ Public Advocacy & Policy <p>SOCAN's Corporate (business) Planning Process and annual budgets flow directly from the Strategic Plan. Hence there is a need to continually ensure its validity and appropriateness, something that is accomplished through an annual "review and refresh" of the Plan.</p>					

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Code of Conduct for Directors	<ol style="list-style-type: none"> 1. Act in the overall best interests of all members of SOCAN. 2. Declare known or potential conflicts of interest to the President, e.g. possibility of personal pecuniary gain when a company owned, operated or affiliated (majority or minority) by a Director, wishes to do business with SOCAN. This includes acting as a Director for one or more organizations whose interests are or may be conflicting with those of SOCAN or those engaged on opposing sides of the same transaction. <ol style="list-style-type: none"> (a) All Directors of SOCAN are also members of the organization and therefore have a business relationship with SOCAN that is bound by the membership agreement. Any other business relationship a Director may have with SOCAN will likely find the Director facing conflicting interests: those of his/her fiduciary responsibility as a SOCAN Director and those of his own business or of the business that he/she represents. Therefore these business relationships should generally be avoided. However there may be times when it is in SOCAN's interest, as determined by the CEO, to have such a business relationship with a Director. When that is the case, the advantages may outweigh the risks. However, great care must be taken by the Director to ensure the following: <ul style="list-style-type: none"> ▪ that SOCAN's President and Executive Governance Committee are notified and kept apprised of the relationship ▪ that the Director abstains from voting on any resolution to approve the contract or transaction in question ▪ that the contract or transaction is fair and reasonable to SOCAN (b) Regarding notification: The President and EGC must be notified and informed by the Director of all relevant matters: <ul style="list-style-type: none"> ▪ at the time SOCAN decides to initiate a business relationship with the Director ▪ at the time a business agreement is reached with SOCAN ▪ at any time of a breakdown in negotiations and/or decision to not go forward with agreement ▪ at any time when a dispute arises between SOCAN and the Director over the business agreement or relationship <p>The Director must answer any questions the President or EGC may ask him/her at any time regarding any business relationship the Director may have with SOCAN.</p> 3. Vote on all motions before the Board unless potential conflict of interest exists. 4. Maintain confidentiality of information related to employees, licensees, members and SOCAN's strategic interest (survives the Director's term). 5. Return all documents and materials received as a Director to SOCAN if requested. 6. Make every effort to be fully prepared in advance of meetings including reviewing the advance materials. 7. Attend meetings as scheduled (missing 3 consecutive meetings may result in being dismissed from the current Board). 8. Recognize that SOCAN's CEO is the only member of SOCAN's management and staff that is directly accountable to its Board of Directors, and that no individual director, only the Board as a whole, has authority over the CEO. The President, however, acting on behalf of the Board, interfaces with the CEO between meetings as required by the day-to-day development of issues. 9. Do not advocate on behalf of individual members. 10. Acknowledge leadership role of the Chair of the Board of Directors in managing discussion according to agreed upon rules and interpreting this Code of Conduct. 11. Regardless of individual vote, supporting and championing decisions of the Board in public. 12. Forward requested agenda items or informational materials through the Chair for circulation to the Board.

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Director Information, Education and Orientation	<p>SOCAN provides an orientation program for new Directors and a refresher for returning Directors on Governance Policies and Procedures at the beginning of the Directors' three-year term.</p> <p>Directors are provided with a Resource Guide in a choice of hard copy, CD Rom, and on-line. It covers subjects such as:</p> <ul style="list-style-type: none"> ▪ Tariffs ▪ Distribution Rules ▪ Financial and Management tools ▪ Code of Conduct (for both Directors and Management) ▪ Strategic and Corporate (Business) Plans ▪ Board Values ▪ SOCAN By-laws ▪ Media Guide <p>Directors are also encouraged to further their governance knowledge through attendance at the Institute of Corporate Directors' (ICD) workshops and seminars, as well as through tutorials provided by the Canadian Institute of Chartered Accountants (CICA).</p> <p>Throughout the year, Directors are exposed to scheduled formal presentations by the heads of the various business units / functional areas to enhance their understanding of the company's operations.</p>
Board Access to Management	<p>While the formal interface between the Board and Management is through the CEO, there are numerous opportunities, both formal and informal, for Board members to interact with management. Directors are encouraged to discuss matters that they may wish to pursue with management. Board members are also able to meet with other employees at social functions throughout the year.</p>
Executive Governance Committee – Terms of Reference	<ol style="list-style-type: none"> 1. The Executive/Governance Committee is a standing committee of the Board. 2. The purpose of the Committee is to: <ol style="list-style-type: none"> a) Ensure the governance system and processes are effective, efficient and enhance corporate performance. b) Enable efficient and effective Board work. c) Provide continuity for SOCAN operations between Board meetings. 3. Work of the Committee will include:
Governance	<p>For recommendation to the Board:</p> <ul style="list-style-type: none"> ▪ Review and revise, on an ongoing basis, structures and processes to address governance issues and maintain compliance with governance guidelines, including but not limited to: <ul style="list-style-type: none"> – The Roles of the Board of Directors and Management – Code of Conduct For Directors – Board Policy on Committees – Terms of Reference for Committees – A Competency Profile for potential directors – New Director Orientation Program and Board Development Program – Board Competencies and Effectiveness Evaluation ▪ Develop and maintain SOCAN Board Policies containing, at a minimum, the above. ▪ Monitor the result of the Board's election rules and processes; revise rules and processes as appropriate. ▪ In an election year, create a slate of Committee members for all Board Committees (except the Executive/Governance Committee) on behalf of the incoming Board (after receiving the election results but before the first meeting of the new Board). Identify candidates to fill vacancies if these occur. ▪ Analyze and make recommendations for Directors' compensation changes for Board approval.

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Board Operations	<ul style="list-style-type: none"> ▪ Monitor developments in the field of Governance Best Practices and consider options for SOCAN. ▪ Review the information and documentation provided by management and committees to ensure consistency with the Board's information framework and to enable the Board to conduct its work effectively and efficiently. ▪ Provide leadership to help focus strategic issues, including acting as a sounding board for the President/Chair of the Board. ▪ Act as Board contact point for Management if the need arises between meetings. ▪ Manage the Human Resources function for CEO's position, including recruitment and selection, performance management and compensation. ▪ Ensure that Board agendas are structured for completeness, while ensuring that the Board's business is done in a time effective manner.
Risk ID & Management Committee – Terms of Reference	<ol style="list-style-type: none"> 1. The Risk Identification and Management Committee is a standing committee of the Board. None of its members are signing officers or other employees of the organization. 2. The purpose of the Committee is to assist the Board of Directors to fulfill its oversight responsibilities by: <ol style="list-style-type: none"> (a) ensuring that management has implemented appropriate systems to identify, monitor, and mitigate significant business risks, both strategic and operational (b) ensuring that the risk identification and management process incorporates priorities and new initiatives as outlined in the organization's Strategic Plan (c) ensuring, through the work of the Operational Audit function, that management has implemented appropriate systems of internal control, and that those systems are operating effectively (d) ensuring that the annual financial statements of the organization are fairly presented in all material respects (e) ensuring a thorough review of the budget in order to recommend acceptance to the board (f) ensuring that the External Audit function is operating effectively, and (g) acting as a key communication point between the External Auditor and the Board 3. The work of the committee will include: <ol style="list-style-type: none"> (a) <u>Risk Management</u> <ol style="list-style-type: none"> (i) agreeing on the significant risks identified by management and the plans to mitigate those risks (ii) monitoring management's implementation of those plans (b) <u>Internal Controls and Operational Audit Function</u> <ol style="list-style-type: none"> (i) reviewing Operational Audit findings and recommendations (ii) reviewing the independence of Operational Audit, and the appropriateness of resources allocated to the function (iii) receiving in-person updates from the Operational Auditor twice per year (iv) ensuring that the Operational Auditor has direct access to the Risk Committee when the Auditor deems it necessary, and that the Risk Committee has direct access to the Operational Auditor when the Committee deems it necessary (c) <u>Financial Reporting</u> <ol style="list-style-type: none"> (i) reviewing annual financial statements with management and the External Auditor to

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	<p>ensure they are prepared in accordance with Generally Accepted Accounting Principles, and that accounting policies selected are appropriate</p> <p>(ii) reviewing the financial forecasts with management to ensure the continued financial health of SOCAN</p> <p>(d) <u>External Auditor</u></p> <p>(i) liaising with the Operational Auditor on a regular basis - meeting in person at least twice annually</p> <p>(ii) reviewing the External Auditor's fees, independence, and performance</p> <p>(iii) arranging for at least two meetings annually between the Board of Directors and the External Auditor</p> <p>(iv) recommending the appointment of External Auditors to the Board of Directors</p> <p>(e) <u>Business Continuity</u></p> <p>(i) ensure business continuity plans, crisis management plans and IT recovery plans are kept up to date and practiced by management</p> <p>(f) <u>Investments – Security and Performance</u></p> <p>(i) ensure the funds awaiting distribution (capital funds) are kept secure and at the same time earn an appropriate rate of return</p> <p>(g) <u>IT Security</u></p> <p>(i) ensure that member & company information is always kept secure while respecting the applicable privacy policies in effect</p> <p>(h) <u>Records Management</u></p> <p>(i) ensure that records management policies and procedures are kept up-to-date and practiced by management</p> <p>4. The Committee will meet at least four times per year. Additional meetings may be held as deemed necessary by the Chair of the Committee or as requested by the External or Operational auditors, or Management.</p> <p>The Committee may retain external expertise to assist it in fulfilling its responsibilities.</p> <p>5. The Committee has the authority to investigate any activity of the organization in order to fulfill its duties and responsibilities.</p> <p>The Committee may, in addition, inquire into any other matters referred to it by the Board of Directors.</p>
Tariff, Licensing and Distribution Committee – Terms of Reference	<p>1. The Tariff, Licensing and Distribution Committee is a standing committee of the Board.</p> <p>2. The purpose of the Committee is to assist the Board of Directors to fulfill its responsibilities to members to:</p> <p>a) ensure appropriate tariffs are proposed to the Copyright Board</p> <p>b) oversee SOCAN's licensing strategies</p> <p>c) ensure fair and appropriate Distribution Rules</p> <p>3. Work of the Committee will include to:</p> <p>a) annually review SOCAN's tariffs and, where required, propose changes</p> <p>b) monitor and review the use of music in the marketplace and, where appropriate, propose new tariffs</p>

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	<ul style="list-style-type: none"> c) review SOCAN's positions before the Copyright Board and review Copyright Board decisions d) review SOCAN licensing strategies and monitor results e) review and recommend approval of negotiated agreements with licensees f) review SOCAN's Distribution Rules; monitor the results and effectiveness of those rules and to propose changes as required g) review the effectiveness and efficiency of SOCAN documentation and distribution methods and practices and to recommend changes as required h) review and consider concerns of members regarding the application of tariffs and distribution rules
Membership Committee – Terms of Reference	<ol style="list-style-type: none"> 1. The Membership Committee is a standing committee of the Board 2. The purpose of the Committee is to: <ul style="list-style-type: none"> a) identify and recommend member service opportunities, considering all of SOCAN's constituencies b) determine retention and growth strategies for SOCAN's membership c) develop policies and strategies to ensure a high integrity link between the Board and SOCAN members 3. Work of the Committee will include, for recommendation to the Board: <ul style="list-style-type: none"> a) policies and strategies to retain high earning members b) policies and strategies for the professional development of SOCAN members c) policies and strategies for SOCAN member events, such as the AGM, Awards, etc. d) opportunities to improve member satisfaction based on analysis of member satisfaction data
Government Affairs Committee – Mandate	<p>Context:</p> <ul style="list-style-type: none"> ▪ Government affairs are a strategic issue and thus, a SOCAN <u>Board</u> concern. ▪ SOCAN Board Directors want to actively participate in discussing Government affairs before SOCAN takes a position on issues. ▪ Since the SOCAN Board meets only 4 times a year, it is necessary to offer SOCAN's Management a working connection to the Board so it can properly manage Government affairs on a timely basis. ▪ Thus, <ol style="list-style-type: none"> 1. Government Affairs Committee is a Committee of the Board, mandated by the SOCAN Board to discuss and offer assistance to Management at times when the SOCAN Board is unavailable or for practical reasons. 2. The purpose of the Committee is to assist the Board of Directors in fulfilling its responsibilities to Members to: <ul style="list-style-type: none"> a) Ensure that SOCAN has appropriate policies with regard to Canadian and international law; and the policies and programs of the Canadian government and its regulatory agencies, as they affect the rights of SOCAN and SOCAN Members.

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	<p>3. Work of the Committee will also include to:</p> <ul style="list-style-type: none"> a) Review SOCAN's government policies, and where required, propose changes; b) Review policy statements and submissions to government by SOCAN (excluding tariff-related submissions to the Copyright Board, which are the responsibility of the TLD Committee); c) Review SOCAN's Public Advocacy Strategy. <p>4. The President of SOCAN will act as Chair of the Committee.</p>
Directors' Compensation Policy	<p>SOCAN's Directors' compensation policy is positioned as to recognize:</p> <ul style="list-style-type: none"> ▪ the demands placed on elected Directors by their fiduciary duties ▪ the special nature of SOCAN as a not-for-profit member owned organization and ▪ the responsibility associated with the stewardship of a \$200M organization with 300 employees and offices across Canada <p>To this effect, SOCAN positions its Directors' compensation by reference to the compensation paid by a group of Canadian publicly listed financial sector organizations with annual revenues of \$100 to \$500M. The median compensation paid by these organizations (50th percentile) is discounted by at least 25 to 40% to reflect the unique character of the organization in order to arrive at the compensation to be paid to SOCAN Directors.</p> <p>Every three years, the outgoing SOCAN Board of Directors obtains relevant market data from a reputable, independent compensation consultancy organization and uses that information to establish the compensation of the incoming Board for the following term in accordance with the above policy.</p>
Board and CEO Evaluation	<p>On an annual basis:</p> <p>The CEO's performance is measured in two ways. First, through results related to the financial, operational and strategic objectives set between the CEO and the Executive Governance Committee.</p> <p>Second, through a structured qualitative assessment by the Board of the CEO's leadership, administrative, people management, interpersonal, communication and strategic business skills.</p> <p>The Board also uses a self-assessment questionnaire that zeroes in on individuals' contribution and the effectiveness of the Board as a group.</p>
Annual Reports of Board Committees	<p>These will be available on-line at www.socan.ca following the Annual General Meeting scheduled for June 21, 2010.</p>
Management	<p>The role of Management through the office of the CEO of SOCAN is to:</p>
Board / Management Relations	<ul style="list-style-type: none"> ▪ Work with the Board of Directors to manage the affairs of SOCAN in the best interests of members. ▪ Establish the scope of issues on which senior managers will communicate directly to the Board, its committees and individual Board members.
Operations	<ul style="list-style-type: none"> ▪ Take decisions and manage day-to-day operational performance of SOCAN, informing Board of Directors of significant issues as appropriate. ▪ Ensure efficiency and effectiveness of the means through which the approved strategic plan is accomplished.
Human Resources	<ul style="list-style-type: none"> ▪ Take decisions and manage SOCAN's human resources below the level of CEO including hiring, performance evaluation, compensation and termination, within the guidelines of approved budgets

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	<p>and payments are only generated if the company achieves its targeted net management expense ratio.</p> <ul style="list-style-type: none"> ▪ Included, as part of the executive compensation package, are a competitive health plan, pension arrangements and use of a company leased automobile.
<p>Annual Report of Management</p> <p>Financial Report</p>	<p>In spite of recessionary and other downward pressure on revenues, 2009 turned out to be another very successful year for SOCAN and our members.</p> <p>The 2009 distributions topped \$210 million, a record figure that included our first ever ringtones distribution made in November of last year.</p> <p>Gross expenses were lower than in 2008 by about 2.0% and lower than budget by over 6.0% thanks to a sustained effort to control and reduce expenses wherever and whenever possible.</p> <p>Domestic revenues were negatively impacted by reductions in licence fees from large media customers as a result of their own lower advertising revenues. On the bright side, we've added thousands of new licensing accounts during the year as a result of our intensive business development efforts.</p> <p>Helped by strong member activity and two special distributions from JASRAC in Japan and KODA in Denmark, our international revenues grew by almost 5% in 2009 to nearly 47.1M dollars.</p> <p>Other income – mainly interest on money that we invest between distributions – was down sharply by over 27.5% from 2008 and by 5.0% compared to budget mainly due to record low interest rates. This is important for members to know as interest earned on these investments reduces the net administrative expenses that members must support to run SOCAN.</p> <p>When all is said and done, it was solid financial management that got us through a difficult year. The Management Net Expense Ratio (MNER) at 15.8% compared to a budgeted level of 16.9% attests to Management's diligent stewardship of SOCAN's financial affairs.</p>
<p>Member Satisfaction</p>	<p>More than 2,000 Members completed surveys compared to some 4,000 in 2008. Overall satisfaction levels and ratings remain similar to 2008. Respondents indicated higher satisfaction levels in two key areas: communications and the website.</p> <p>Last year a strategy was put in place to more fully engage new Members. We are seeing the results of this strategy as new members report increasingly positive views in a number of areas.</p> <p>We take Member views very seriously. Each year after reviewing survey results an Action Plan is developed and followed throughout the year to ensure we respond promptly to Member concerns and address any outstanding issues.</p>
<p>2009 Achievements</p>	<p>Employee engagement is the best assurance of your continued satisfaction with SOCAN. We regularly measure that engagement and in the last few years we have participated in the Best Small & Medium Employers Survey run by Queen's University and Hewitt Associates. In 2009, companies from coast to coast participated in the survey, including SOCAN, and our employees' engagement score came in at 70% placing us 62nd amongst all companies and well into the Best Employers' zone.</p> <p>2009 saw a continued evolution of our brand with a new design for our magazines, Words and Music and Paroles et Musique, as well as a new look and new and improved functionality for our website. I hope that you visit www.socan.ca often both to register works and look after your catalogue, but also to</p>

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	<p>get daily news about SOCAN, its members and what's going on in the music industry.</p> <p>Last November, we celebrated the 20th Anniversary of the SOCAN Awards. While our organization has roots that are nearly 100 years old, the modern day SOCAN is the product of the merger of PROCAN and CAPAC, 20 years ago. Today, SOCAN boasts its own distinct identity and culture and it has grown to be one of the leading PROs in the world.</p> <p>We are very demanding of our foreign affiliates when we represent you and expect them to be diligent and professional in dealing with our requests on your behalf. Hence, we must be prepared to provide them with equally excellent service when they need us. So, late last year, SOCAN asked its 10 principal trading partners to rate our service to them. The results: we averaged 27.9 out of a possible maximum score of 30, with a majority of PROs rating our service as "excellent."</p> <p>In 2009, as in the past, SOCAN has continued to contribute to the development of IT tools and standards that facilitate proper identification of works internationally and accurate distribution, notably in the pursuit of the on-going project to further disseminate unique work identifiers – the ISWCs (International Standard Musical Work Code) – amongst PROs and third parties such as digital music service providers.</p> <p>Over the last year, new tariffs were approved for Satellite Radio and Background Music and we negotiated a licensing agreement for the use of music at the Vancouver Olympics. During that same period, hearings were held to set a tariff for CBC Radio and we are expecting a decision shortly, hopefully, one that will reflect the increased use of your music by Canada's national broadcaster.</p> <p>In 2010, we are expecting a decision on the Commercial Radio Tariff as a result of last year's mega hearings. Also, the Judicial review processes for our internet tariffs should move closer to conclusion this year and even though these are not completed yet, we are moving forward to have new tariffs established and certified for on-line music stores, as well as all other new media usage of your music.</p>
2010 Challenges	<p>This year is one of major changes at SOCAN.</p> <p>When I first joined the organization, one of the pressing challenges was to replace and enhance a number of aging information technology platforms as we saw the need to prepare for a quantum leap in the number of transactions that would need to be processed from new media applications. The changes that we made in the first half of the last decade served us well throughout the last 10 years but we must now prepare for the second decade of the 21st century and beyond.</p> <p>A team of technology and business experts have been analyzing our requirements and ways to meet them in the future. The leadership team, along with the Board, will be making significant decisions in the months to come to keep SOCAN ahead of the curve as traditional and new media continue to evolve so that we can accurately track and properly pay you for the use of your music for years to come.</p> <p>Similarly, we are re-engineering our distribution processes to streamline them, avoid unproductive operations and ensure the consistency, accuracy and robustness of our operations. This is a massive project that started three years ago and will continue for another three years. On the heels of similar re-engineering initiatives undertaken in recent years in our membership and licensing areas, the distribution re-engineering will bring about significant economic and service improvements. With the advent of new technologies, and the consistent evolution of best practices around Communications and Marketing, we began to re-engineer our C&M department in 2009. We are now in the final stages of deciding how we will organize our communications and marketing function to meet the challenges of this decade.</p> <p>Finally, this year marks a change of the guard in the CEO position. The Board appointed Eric Baptiste. I've known Eric since I came into this business 10 years ago. I had the pleasure of working closely with him as SOCAN's representative on the CISAC – the International Confederation of Authors and</p>

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	<p>Composers Societies – Board, of which he was the CEO.</p> <p>I know that I am leaving SOCAN in the best of hands with Eric. His experience and expertise, along with his dedication, work ethic and vision, will be key to SOCAN's future success. I look forward to see him and the rest of the team take the organization to the next level.</p>