

Sustainability report FY - 2022

Epidemic Sound Holding II AB

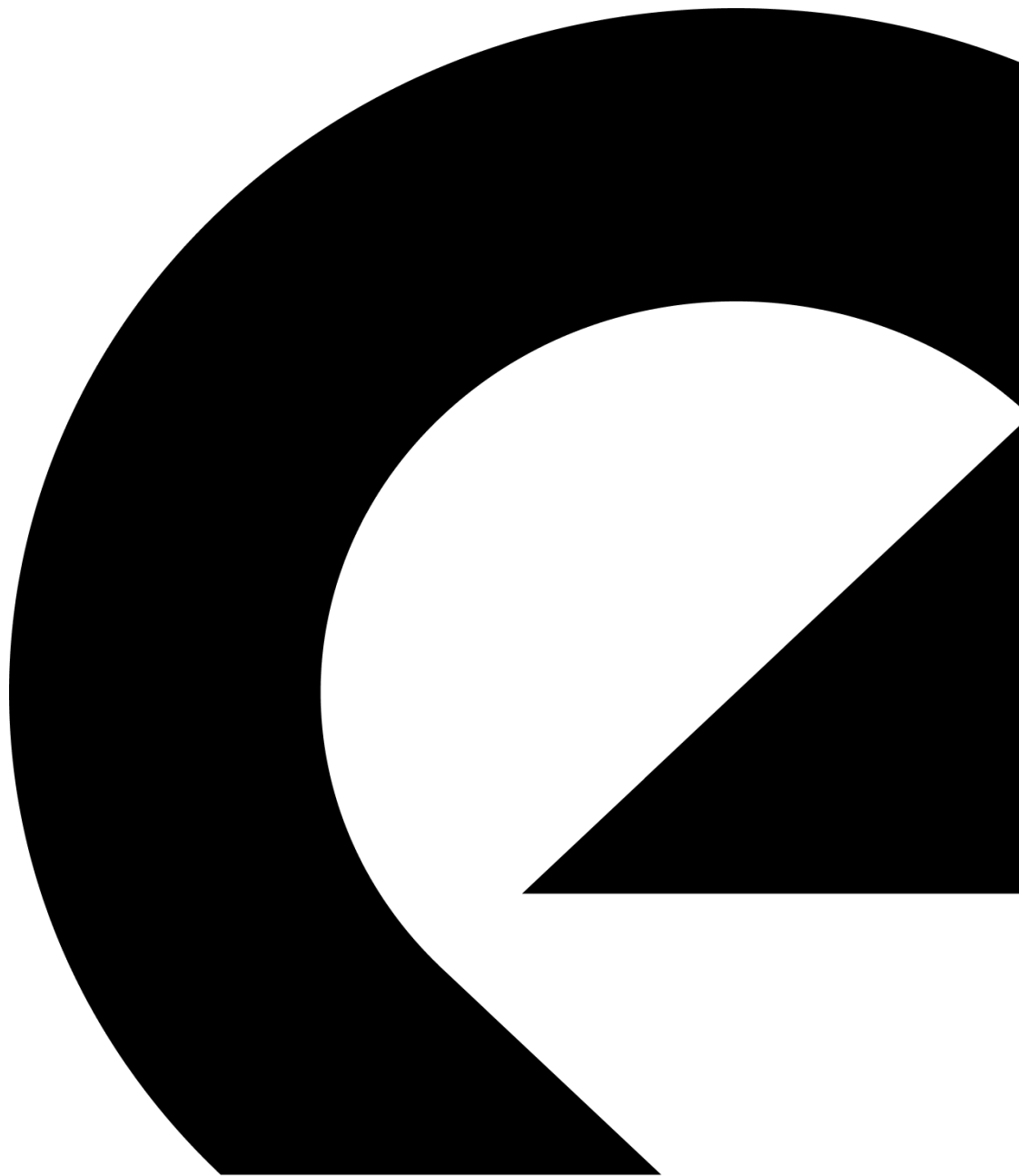




Table of contents

2022

Introduction	3
Our business model	4
Our people	7
People wellness and engagement	10
Diversity, equity and inclusion	13
DEI initiatives 2022	15
Human rights	17
Human rights initiatives 2022	18
Environment and climate	19
Our environmental impact	20
Sustainability governance and risk management	21
Managing risks	22
Policies and standards	24
About this report	28

Epidemic Sound



Introduction

Epidemic Sound is on a mission to soundtrack the world. We empower creators to bring their stories to life and engage their audiences with world-class soundtracks and sound effects.

We're the market-leading platform for restriction-free music that collaborates with artists all over the world to produce quality music that soundtracks everything from videos on social media to TV and film productions - consumers can also listen to tracks on music streaming platforms.

As the market-leading platform for restriction-free music, it is our responsibility to hold our partners and suppliers, storytellers and artists, and employees to the highest ethical standards.

As Epidemic Sound grows, so does our responsibility to be a force for good in the world. We stand proudly as we commit to advancing our sustainability efforts and ensuring we have a positive impact on our stakeholders, the communities and economies we are a part of, and the world at large.

This is Epidemic Sound Holding II AB's ("Epidemic Sound") second sustainability report and refers to the financial year 2022. The report is based on the requirements in the Swedish Annual Accounts Act and it covers our work within our main focus areas and risks, as well as the policies and ways of working that support us. Our focus areas in this report are our artists, our people, the environment and sustainability risk and governance.



Our business model

How we create value for storytellers

Epidemic Sound is a subscription-based software-as-a-service company that offers content creators and storytellers of all kinds worldwide access to a catalog of close to 40,000 high-quality, royalty-free tracks and more than 90,000 sound effects for use in their videos, podcasts, social media posts, and stories. The company is the only one with 100 percent affiliated-free songs and sounds and owns its music to 100 percent.

Epidemic Sound offers subscriptions for:

Personal content creators - from hobbyists to influencers, everyone creating videos and podcasts for channels of all sizes across YouTube, Facebook, Instagram, Twitch, TikTok, and podcast platforms.

Commercial content creators - for freelancers, businesses, and agencies looking to soundtrack content that can be published anywhere in the world, on any online platform. It also features simple solutions for third-party agencies and freelancers needing to clear videos that will be published on clients' channels.

Enterprises - for broadcasters, and global brands such as GoPro, Pinterest, and lululemon that need music to soundtrack a variety of productions, purposes, and stories. Subscriptions are tailored to the specific needs of each client and include dedicated music curation and clearing assistance from a Customer Success Manager.

On top of subscriptions, Epidemic Sound boasts a variety of state-of-the-art music discovery software features that aim to make it as easy and fast as possible for content creators to find the right track for their video or production.

These include:

- **Sophisticated search and filtering options** - the ability to filter tracks based on genre, mood, length, tempo, and vocal or instrumental.
- **Personalized recommendations:**
 - **Based on your previous downloads** - music recommendations based on the tracks you've downloaded previously from Epidemic Sound.
 - **Epidemic Audio Reference (EAR)** - an AI-powered audio-based search tool that lets you use a selected piece of music in the Epidemic Sound catalog to search for music with a similar rhythm and sound.
- **Featured lists** - music recommendations and 'Now Trending' tracks.
- **Staff picks** - a regularly updated list showcasing the newest and most interesting tracks, hand-picked by our expert music curators.
- **Find similar** - the ability to find similar tracks to a track that feels almost perfect for your production.
- **Stems** - all tracks come in four 'stems' (drums, bass, instrument, and melody) and you can either download a full track or each stem separately, depending on what fits best for your content.

- **Playlist collaboration** - the ability to invite anyone, including non-subscribers, to collaborate on playlists. They can then add and remove tracks, share the playlist with others and change its name.
- **Epidemic Sound app** - the app enables content creators to search, discover and save music for their projects, from wherever and whilst on the go.
- **Epidemic Sound Connect** - Connect is an API integration that enables third-party app users to sign up for or access their existing personal Epidemic Sound experience directly inside participating content creation apps. This includes "liked" tracks and playlists and enables creators to soundtrack content directly within their workflow.
- **Partnerships** - partnerships with Pinterest, Adobe, Canva, Getty, and TikTok enable the creator communities of the world's foremost creative tech companies to soundtrack content using Epidemic Sound music.

Epidemic Sound also provides a simple solution for businesses needing in-store music. Our dedicated app, Spaces, provides everyone from one-site business owners to multinational, 1000+ site brands with the ability to soundtrack their space with music that sets the perfect vibe. Expertly curated playlists with thousands of regularly updated tracks are available for a monthly subscription.

On its mission to soundtrack the world, Epidemic Sound's music has continued to see success on music streaming platforms where it is soundtracking people's lives. In February 2022, the company acquired the mood music record label AP Records to strengthen its position within this field, continue collaborating with world-class musicians, and grow its ability to soundtrack people's lives.

How we create value for artists

Epidemic Sound's vision is to create a world where music flows freely and fairly. Helping artists make a living in music and having time – more than just spare time – to create, is key. The company's aim is to not only pay artists for their work but to also provide them with predictability and stability in their profession. This means paying them for the work that they put in, as well as for commercial success.

Epidemic Sound's commitment to artists is based on three cornerstones: offering artists predictability and financial stability, helping them thrive creatively, and giving them access to a global audience.



Remuneration model

Epidemic Sound's remuneration offers a simple solution that allows artists (at Epidemic Sound artists, composers, producers, and studio musicians all go under the all-encompassing phrase 'artists') to be paid upfront, and with fewer intermediaries diluting their revenue.

At the heart of the company's remuneration model is the idea that artists should be remunerated for the work that they do, as well as for commercial success. It is not tied to exclusive agreements. Epidemic Sound wants its remuneration model to be transparent and to enable artists to make informed choices.

This is what it looks like:

Payment upfront

As of Q1 2022, Epidemic Sound pays an upfront fee of USD 1,200-6,000 per track when acquiring the rights to a track. The price depends on the complexity of the track, customer demand, the role of the artists, and their comparative experience. At Epidemic Sound the upfront fee is always paid out directly to artists before the track is even made available, and is not recouped against any future royalties.

50/50 split on all streaming royalties

Epidemic Sound distributes and markets all the music from our catalog on streaming platforms. We share the revenues from streaming equally with our roster of artists.

A quarterly soundtrack bonus

Epidemic Sound also offers a quarterly soundtrack bonus – a fixed pool that is distributed proportionally among artists based on popularity among our users. In 2022, the bonus was set at USD 2 million. We have said that the soundtrack bonus will grow as Epidemic Sound's business grows. As a result, the bonus will increase to USD 2.5 million in 2023.

Inviting artists to participate in the value creation at Epidemic Sound

As of 2021, Epidemic Sound also offered all its active artists the opportunity to participate in the Company's long-term incentive program. This enables them to take part in our value creation as a company.

In an ever-changing world, it is Epidemic Sound's ambition to continuously develop its remuneration model.

Inviting all active artists to participate in Epidemic Sound's long-term incentive program reflects our commitment to constantly evolving and improving how artists can make a living in music. By the end of 2022, Epidemic Sound will also distribute streaming royalties and the quarterly bonus to session musicians, exceeding industry standards.

Artists who work with Epidemic Sound earn over \$50,000 on average per year with our top earners making more than \$200,000 per year.



Our people

2022

Our success relies on creating an organization that can anticipate, respond and adapt to our storytellers' needs. Our ambition is to attract, engage, and grow the right skills and behaviors so that all storytellers become and stay our customers. If we are not able to attract and retain talent we would not be able to achieve our strategy. Therefore, we work systematically to ensure we attract and retain the right talent and ensure the right culture.

Epidemic Sound has, during 2022, continued to grow in terms of number of permanent full-time employees to 497 EOY 2022 (439 EOY 2021). We currently employ people in Amsterdam, Stockholm, Los Angeles, New York, Hamburg, Berlin, London and Seoul.

We use equality data as a method to ensure that we have an inclusive work environment for all. Equality data is an equal, ethical and scientific way to collect data based on the grounds for discrimination according to the Swedish Discrimination Act (see more information in the section Diversity, equity and inclusion).

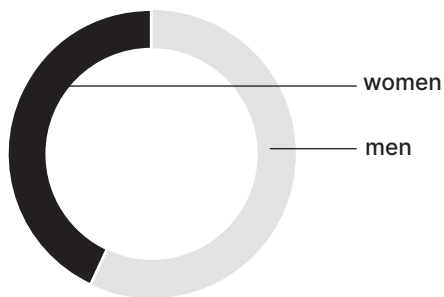
We do yearly mappings so that our equality and anti-discrimination work can be fact-based and goal-oriented. At Epidemic Sound all people should have equal opportunity to operate at their full potential and to be able to come to work and feel respected and welcomed regardless of who they are or how they identify.

Epidemic Sound



Positive people trends

Over the last year (EOY 2021 to EOY 2022), we have seen the following developments in our key demographic communities:



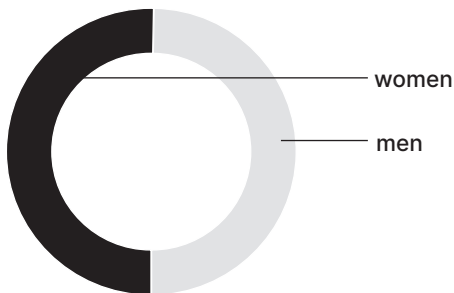
Within our Board of Directors we have 43% EOY 2022 (27% EOY 2021) women and 57% (73% EOY 2021) men*.

51%

In our senior management group (level 14 and above) 51% self-identify as female or non-binary EOY 2022 (49% EOY 2021).

34 yrs

Our average age within Epidemic Sound is 34 years old EOY 2022 (35 years EOY 2021).



50.45% of our company as a whole EOY (55% EOY 2021) self-identify as female or non-binary and 49.55% (45% EOY 2021) self-identify as male.

24.1%

24.1% EOY 2022 (25.5% EOY 2021) of our workforce self-identify as other than white.



Positive people trends

Our people

30.9%

30.9% EOY 2022 (18.7% EOY 2021) of our workforce self-identify as having a religion or other belief system (we expanded the definition of religion in 2022)

13.5%

13.5% EOY 2022 (5.2% EOY 2021) of our workforce self-identify as having a disability (we expanded the definition of disability in 2022 to include visible and non-visible disabilities).

15.8%

15.8% EOY 2022 (15.6% EOY 2021) of our workforce self-identify as other than heterosexual.

While we have seen progress this year, we acknowledge that there is more work to be done. These actions are described in the next sections (People wellness and engagement, and diversity, equity and inclusion).

2.1%

2.1% EOY 2022 (1.6% EOY 2021) of our workforce do not self-identify or express as the gender they were assigned at birth.

Epidemic Sound



People wellness and engagement

2022

We aim to build a workplace that attracts talent and where people can come together, grow, engage and feel included. Our objective is to be an outstanding place to work. To help us with this ambition, from 2022 onward, we will encourage all employees to provide feedback through a yearly company-wide engagement survey carried out by the organizational consultancy firm Great Place to Work. Our 2022 scores are as follows:

80%

We received an **80% response rate** and collected **370+ comments**. We were certified as a Great Place to Work in both Sweden and the United States.

84%

84% of our employees agree that Epidemic Sound is a great place to work (benchmark companies: US average employer: 57%, Sweden average employer: 61%).

The survey results show an employee experience that is substantially consistent regardless of where you are situated, organizationally or geographically. We are particularly strong within areas connected to inclusion (e.g. feeling that you can be yourself, people being treated fairly regardless of demographic variables, etc.) and psychological as physical safety (experiencing an emotionally healthy and welcoming work culture, people caring for each other and having fun together; equipment and facilities offered contributing to a productive work environment, etc).

We also measure our employee engagement through a pulse survey to ensure we can take active measures to improve how our employees experience life at Epidemic Sound based on the data.

We measure the following areas;

- 1) relationships with peers and managers
- 2) ambassadorships
- 3) alignment
- 4) happiness
- 5) wellness
- 6) recognition
- 7) feedback
- 8) personal growth
- 9) satisfaction.

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Our top scores are:

8.2

Ambassadorship 8.2
EOY 2022 (8.2 EOY 2021)

Our employee engagement score:

7.8

Our engagement score has decreased 0.1 points compared to last year 7.8 EOY 2022 (7.9 EOY 2021). The small negative deviation is considered normal variation.

8.4

Relationship with manager 8.4
EOY 2022 (8.6 EOY 2021)

8.2

Relationships with peers 8.2
EOY 2022 (8.4 EOY 2021)

Mental health

83%

We want our employees to feel safe and well at work so that they can perform well and reach their career goals. In our pulse survey 83% EOY 2022 (87% EOY 2021) of our employees say Epidemic Sound cares about the mental health of their employees.

We take active measures against stress in the workplace through our business governance structures, working with leadership and mental health support via Better Help and Skandia. Our current sick leave numbers are at 2,98%. During 2022 we changed our way of measuring sick leave to follow market practice.

We offer wellness grants, flexible work hours and parental leave top-up. We offer insurances (both legally required and additional), wellbeing benefits, and have workplace processes in place. In 2021 and again in 2022, Epidemic Sound organized workshops, and talks to mark World Mental Health Day where employees had the opportunity to explore mental health and learn about resources and tools available to support mental wellbeing.



Diversity, equity and inclusion

Diversity, Equity and Inclusion (DEI) is a top priority for Epidemic Sound. Our DEI Strategy defines our approach and is applicable to each department's initiatives and to all people at Epidemic Sound.

Epidemic Sound is on a mission to soundtrack the world by empowering all creators to tell their stories through our accessible and diverse music. Everyone in the company is responsible for improving DEI. We strive to increase authentic representation by casting a wider net when sourcing and by promoting learning about inclusive behaviors to make each other feel valued. We recognize that not everyone is at the same starting point so we are intentional in designing equitable systems to achieve equal results. Our mission requires that employees and our artists authentically represent the world.

We have one overarching ambition for this work; to create an equitable ecosystem for everyone. To get there we acknowledge that we need to raise awareness on limiting and exclusionary structures and find ways to remove barriers.

We take a holistic view by considering all seven grounds of discrimination according to the Swedish Discrimination Act within our definition of diversity and our objectives for this work:

- Sex
- Transgender identity or expression
- Ethnicity
- Religion or other belief
- Disability
- Sexual orientation
- Age

The Epidemic Sound Management Team is accountable for delivering on the objectives and key results (OKRs) and initiatives stated in the DEI strategy.

- Our Chief Executive Officer is overall accountable to ensure an inclusive workplace for all people at Epidemic Sound and to reduce the difference in employee net promoter score (eNPS) for the protected grounds of discrimination.
- Our Chief People and Culture is overall accountable for DEI strategy and to support the organization in creating a more diversified workforce (recruitment) and leadership (recruitment and promotion).
- Our Director of DEI is responsible for the strategic direction and day to day execution and evaluation of the program. They monitor progress through the annual DEI mapping survey and by analyzing the delivery of DEI related programs on an ongoing basis. The Director of DEI also facilitates key stakeholder groups.
- Domain and Department leads create quarterly action plans specific to their teams to support our DEI goals.

To further embed DEI in our organization we have the following employee groups:

DEI advisory board: The DEI advisory board represents and amplifies the voices of Epidemic Sound employees. All employees are welcome to apply to our DEI advisory board in our yearly selection process. Through open, frank and collaborative conversations, the Board shares insights and raises awareness to the People and Culture team and other departments within Epidemic Sound to help form enlightened decisions. Members of the DEI advisory board are DEI ambassadors and a crucial part of driving change both within and outside of the organization.

5-10%

Advisory board members have a dedicated part of their roles (5-10% of full time) devoted to this with monthly meetings, led by the DEI team where members advise on issues and support in forming decisions.

Employee resource groups (ERGs): ERGs aim to be safe spaces for employees who share a common identity or interest to come together, connect and share experiences. ERGs have a grassroots nature. Our ERGs have the experiences and passion to come up with ideas that are ambitious and visionary and play an important part in turning Epidemic Sound into a more diverse and inclusive space.

5-10%

ERG leaders have a dedicated part of their roles (5-10% of full time) devoted to this work.

Our DEI work focuses on:

Inclusion: Inclusion isn't about fitting in, it means being able to come to work knowing that you'll always be respected and valued for who you are. That's why we're ensuring Epidemic Sound is an inclusive space for everyone by promoting learning about inclusive behaviors.

Equity: Whilst talent is evenly distributed, opportunity isn't. We acknowledge the impact of inequality and we create equitable processes and systems to achieve equal results

Representation: It's hard to be what you can't see, which is why we're making diversity across all levels a top priority; we want our employees to be inspired and enabled to be able to operate at their full potential at Epidemic Sound. It is key for Epidemic Sound to attract and retain top talent and we need our workforce to be equipped for our journey ahead. We acknowledge that talent comes in all forms and we'll work actively to attract a broader pool of candidates. We're also extending this focus to the outside world, by fueling more diversity in our industry. We strive to increase authentic representation by casting a wider net with our sourcing processes.



DEI initiatives 2022

2022

Throughout 2022 we set ourselves the challenge to understand more about our people and how they experience life at Epidemic Sound and take action on the insights. We took a number of key steps:

DEI data mapping: For the third year running we conducted a survey to gather DEI insights. Respondents are asked to self-identify based on seven grounds of discrimination covered by Swedish law anonymously. We pose questions to understand how employees experience life at Epidemic Sound, and evaluate the data by identity factors to uncover concerns. The survey is carried out by a third party consultancy called Make Equal. We received a 86.05% response rate.

Employee resource groups (ERGs): ERG's are led by employees and have an executive sponsor in place; the groups have the experience and passion to initiate DEI enhancing ideas that are ambitious and visionary.

We introduced two new ERGs in 2022:

Divergent: community for employees with apparent and non-apparent disabilities

INDEX: community for immigrants and internationals, newcomers, debutantes to the diaspora, expats and everyone else.

They will join our five existing ERGs:

Amplify: community for People of Color, bi-racial, multi-racial and indigenous employees

BLK|Sound: community for Black employees

Queer Epidemic: our LGBTQIA+ community for employees

Green Team: environmental community for employees

Women@ Epidemic: community for employees that identify as Women

DEI learning journey: we believe that all of our employees have a role to play in making Epidemic Sound an inclusive workplace. To support this, in 2021 we introduced a DEI learning journey where employees are invited to increase their knowledge on critical DEI related topics. In 2022 the learning journey topics were unconscious bias and microaggressions.

Synergy week: In our mission to soundtrack the world, we're constantly synergising with our storytellers, artists, partners and those around us. But to understand the cultures and identities of others, we must first understand ourselves.

Between the 3rd -7th of October 2022, we held our inaugural Synergy week which saw events, workshops, talks, panels, music and food across our offices over five days. The purpose of Synergy week is to come together to learn from and celebrate our identities, with our Employee resource groups (ERGs) taking a leading role in planning engaging and insightful events.



Inclusive hiring: We have introduced inclusive hiring practices that identified aspirational goals to increase representation. Through external market analysis, headcount forecasting and succession planning, we have defined a roadmap to increasing diverse representation. For example:

- Epidemic Sound takes part in and supports several external programs and events to increase the diversity of our talent pipeline including Women in Engineering Day and Introduce a Girl to Engineering.
- All managers participate in yearly DEI training via the DEI learning journey.
- Hiring managers are educated in non-bias recruiting.

Unlocking music scouting markets: In 2022 we continued efforts to unlock new scouting markets; during the fall we unlocked a new scouting territory - the United Kingdom (UK). This means we can access an extended pool of diverse artists, as the UK holds important diasporas and has a large community of non-male writers and producers of high technical standard. We hired four scouts based in the UK, and signed our first music creator in October - Janset, a female Grime artist based in London.

New scouts: We planned several targeted scouting efforts during the year to try to reach and attract talent from underrepresented groups. We hired scouts with networks and experience from specific music creator communities, and partnered with organizations such as Shesaid.so to advertise our offering towards artists.

Empowering women and non-binary musicians: we started the year by hosting a writing camp. The purpose of the camp was to elevate non-male writers and producers and give them the opportunity to network, learn and get their music heard. We rented a studio space and invited the artists to Stockholm for a three-day camp enabling them to be immersed in the creative process.



Human rights

2022

We're committed to being fair and equal and respecting the fundamental human rights of all people across our value chain; in our own operations, our artists and in the communities where we operate. Everyone should be treated equally with respect and dignity, and empowered to be who they want to be. Respect and support for human rights is at the heart of our culture and values, and cuts across everything we do. It's a basic responsibility that we uphold the rights of our people, artists and storytellers across our value chain. We focus on meaningful jobs with fair compensation and benefits in safe and secure workplaces that are free from discrimination.

We love music and artists. Our vision is to create a world where music flows freely and fairly. Helping artists to make a living in music and to have time — more than just spare time — to create is key. Our aim is to not only remunerate artists for their work, but also to provide them with predictability and stability in their profession. This means remunerating them for the work that they put in, as well as for commercial success. Our remuneration model is transparent to allow for artists to make informed choices. In an ever-changing world, it is our ambition to continuously develop our remuneration model.

We recognise that unmanaged negative impact on human rights through inadequate labor conditions at companies owned by or suppliers of Epidemic Sound could entail a negative reputational risk for Epidemic Sound. Epidemic Sound may also risk its customers misuse of our products in ways that infringes human rights. Going forward we will continue to lead initiatives that support

health, safety and well-being and integrate human rights management and due diligence across our business, with a focus on our people and our artists. We will review and update our governance of human rights risks. We will engage on emerging regulation such as EU mandatory due diligence, and ensure Epidemic Sound meets any new requirements.

During 2022 we have had no whistleblowing cases reported.

Epidemic Sound



Human rights initiatives 2022

Community:

We offer all employees three days each year to use for volunteering in their community. Employees can choose which organizations they volunteer at, as long as the work that the organization does is in line with our values, then employees are empowered to support a cause they are passionate about. The scheme was inactive in 2020/2021 due to COVID-19. Looking ahead, we want to increase participation by further promoting the scheme, offering opportunities for peers to volunteer together and by partnering with organizations to present impactful skills-based volunteering opportunities to employees. We'll also improve our monitoring system to gather data and insights on our community impact.

Launching business partner code of conduct:

In 2022 we launched the business partner code of conduct and by that set the foundations for our external partnerships in terms of our expectations of how not only we but also our partners act as organizations. A key part of the document is our expectations of all business partners to abide by international principles on human rights and labor rights. The business partner code of conduct is available on the website and is also a part of contracts that we are negotiating with suppliers and other partners.

Ukraine actions:

When Russia invaded Ukraine, Epidemic Sound decided that as a company:

- We stand with the people of Ukraine against the Russian invasion.
- We stand with those in Russia suffering from the oppressive regime and speaking up against the war.

- We stand with individuals and organizations who are fighting for democracy.

As a company we took the following actions:

Empowering creators to fight for democracy:

We believe stories have the power to be a force for good and change the world, which is why we gave creators who are fighting for democracy free music.

Empowering employees to support in a way that matters to them: We matched all employee donations up to \$25,000 USD to UNHCR, UNICEF, Save the Children and Rescue.org.

Changing our volunteer policy: We changed our volunteer policy. Now our employees can use their three volunteer days to support the people affected by this war or any other cause (not relating to this war) that matters to them.

Complying with sanctions against Russia: We're complying with all relevant sanctions, which means we are not doing business with sanctioned parties or otherwise in breach of sanctions.

Internal employee support: We offered counseling services to our employees.

Supporting women in the US:

We stand behind the right to choose and support US colleagues who may be affected by the US Supreme Court ruling on Roe v. Wade. As of 2022, we offer an out-of-state abortion travel allowance to enable access to safe healthcare options for Epidemic Sound employees and their partners, or a chosen support person.



Environment and climate

2022

Epidemic Sound undertakes annual research on carbon emissions, supported by a consultancy, to identify areas of improvement and commit to making improvements. Emissions data is compiled in accordance with the Greenhouse Gas Protocol for Scope 1, 2 and 3 and is used to assess progress against our commitment to being a net-zero carbon Company (by 2030, at the latest).

Epidemic Sound recognizes that our climate is changing, and in response, we urgently need to change our behavior. The consequences of climate change are increasing by the day, and we all must work to be a part of the solution. Not only do we, Epidemic Sound, have a responsibility to handle our own impact as a company, but we also have the opportunity to use our global reach to raise awareness of the climate crisis and make an impactful, long-lasting difference to our planet.

As a platform for restriction-free music, our impact on the climate is not always obvious. We exist in the digital space, but ultimately, our business is grounded in the physical world and our climate impact comes from our office spaces, the energy consumption of our storytellers, artists and suppliers, along with our travel and other purchases. We recognise that we're a growing company in an energy-intensive industry, therefore we are committed to making an impact in the areas we can.

This means a commitment to reach a state of no impact on the climate from greenhouse gas emissions. We will, according to the Science Based Target Initiative, make changes to reduce carbon emissions to the lowest amount possible – and offset as a last resort. During 2022 we adopted a new code of conduct policy applicable to our business partners to align with our sustainability goals and collectively reduce our emission impact. We also committed to sourcing renewable electricity to contribute to the goal we set in 2021 to become a net zero-carbon Company.

Epidemic Sound



Our environmental impact

2022

We measure, report and assess the progress of Epidemic Sound's emissions impact in accordance with the Greenhouse Gas Protocol for Scope 1, 2 and 3.

The total carbon emissions of Epidemic Sound's operations for the calendar year 2022 was 39,017.21 metric tons of carbon dioxide equivalent (tCO₂e).

Our Scope 1 emissions represent 0.01% of total emissions and come from direct fuel such as natural gas. Scope 2 emissions represent 0.03% of total emissions and come from purchased electricity. Scope 3 represents 99.97% of total emissions.

The largest source of emissions within Scope 3 arose from purchased goods and services at 94.81%; the second largest source was capital goods 2.64%, followed by business travel at 1.58%.

We adjusted the methodology used for our 2021 emissions calculation to include additional spend categories within Scope 3, and to provide a more complete view of activities for 2022. Thus, the year-on-year data is not comparable. We are committed to continuously improving the accuracy of our data which will be used to set informed reduction measures.

This environmental assessment highlights that there is a need for an environmental action plan to guide improvement efforts, therefore we will prioritize creating a strategy in 2023.

Epidemic Sound



Sustainability governance and risk management

2022

At Epidemic Sound, we aim for sustainability to be integrated into everything we do. We continuously assess the impact we have on the world and our stakeholders. We have policies, complementing instructions and guidelines in place to steer all representatives of Epidemic Sound to act ethically and responsibly and in line with our policies and code of conducts.

The Epidemic Sound Board of Directors is the ultimate governance and supervisory body for our strategy and sustainability efforts, whereas the senior management is responsible for execution of our strategy and ensuring that it is implemented throughout the group. The General Counsel is, together with the Head of Internal Communications, policy custodians and managers, responsible for awareness of and compliance with our standards and policies. Operationally, our Chief of People and Culture is responsible for our sustainability goals, whereas our success is dependent on individuals taking responsibility and ownership for sustainability. We encourage this through our Code of conduct and by frequently communicating our values (come together, rebel without a pause, let's celebrate, be a force for good) and the importance of being a sustainable business.

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Managing risks

2022

We address and assess the material sustainability risks in a systematic way on a quarterly basis, conducted by the Management team who is responsible for the daily management and monitoring of the risks. All risks are rooted and addressed in policies, implemented through various programs and/or training, and the Management team can through various management channels and activities monitor the effectiveness of the approaches and strategies set out for each area of focus in relation to desired risk appetite. Residual risks in relation to determined targets and desired risk appetite in respective areas are reported to the Audit committee and to the Board on a regular basis throughout the year.

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Managing risks

Risk category	Risk	Policy	Program	Monitoring	Outcome 2022
Diversity, equity, and inclusion (DEI)	Ability to create a diverse, equitable and inclusive work culture free from discrimination and harassment, impacting the ability to attract key talent and skills and lost business opportunities.	Code of conduct Diversity, equity and inclusion policy Anti-discrimination and anti-harassment policy	DEI programs and various initiatives and training Whistleblower channel	Yearly DEI mapping and Great Place to Work survey, Officevibe survey Whistleblower cases reported to the Board quarterly	Page 13-16, 26
Employee health and safety	It is important to maintain a healthy and safe workplace that is free from injuries, illness and fatalities to ensure strong operational productivity and uphold positive views from the perspective of regulators.	Fire routine Workplace security and safety guidelines Business continuity plan (BCP)	Safety training and programs for employees regularly BCP scenario testing yearly	Quarterly monitoring and reporting to management	Page 10-12
Human rights	Respecting the fundamental human rights of all people across our value chain where everyone should be treated equally with respect and dignity. A negative impact on human rights through inadequate labor conditions at companies owned by or suppliers of Epidemic Sound could entail a negative reputational risk	Code of conduct Business partner code of conduct	Whistleblower channel	Continuously monitoring and reporting whistleblower cases to the Board	Page 17-18, 24
Environment	Carbon emissions and environmental footprint. Emissions goals and commitments to environmental legislation in our operations to reduce impact on climate.	Travel policy Business partner code of conduct	Accredited program to offset carbon emissions	Independent annual research and reporting to the Board	Page 19-20, 27, 29
Business ethics	Risks related to ethical conduct of business, including fraud, corruption and bribery and other behavior that might have an ethical component.	Anti-bribery and corruption policy Whistleblowing policy Business partner code of conduct Code of conduct	Ethics program and whistleblower channel	Continuously monitoring and reporting whistleblower cases to the Board	Page 25

Epidemic Sound



Policies and standards

2022

Code of conduct

Our Code of conduct (Code) reflects who we are and our values. We have a responsibility to our colleagues, customers, suppliers, authorities, and the world in general to act ethically and within legal frameworks. Our Code sets out the general principles governing how we act (and do not act), and is in place to help guide us through ethical and legal situations that we may come across while doing business, or to at least point us in the right direction for further guidance. We expect everyone working for or on behalf of Epidemic Sound to be aware of and adhere to the Code. Each employee is required to sign and acknowledge their compliance with our Code of Conduct before joining Epidemic Sound.

Business partner code of conduct

The business partner code of conduct (BPCoC) sets the foundation of our partnerships and not only how we do business but also what we expect from our suppliers and other external partners. We expect our partners to live our values and to partner with us in being a good force. The BPCoC is built around four pillars. The first is Thriving Together where we set out the principles around working conditions in terms of equity, diversity, non-discrimination and safety. The second pillar Caring for the Environment addresses environmental requirements and our request to the business partners to join us in our net-zero carbon commitment. The third and fourth pillars Doing Business and Protecting Data and Information lays out the requirements in terms of business ethics and compliance to international trade laws and confidentiality and compliance around sensitive data and information. These four pillars guide us, our current business partners as well as potential ones in the way we do business.

Epidemic Sound



Anti-Bribery and corruption

Epidemic Sound strongly believes in open and fair competition and is committed to conducting business in an honest and ethical manner, acting with integrity, openness and accountability – and always in accordance with applicable law. We base our success on the quality of our products and services, never on unethical or illegal business practices. On our journey to soundtrack the world, we believe that any initiative promoting a society where storytellers and artists thrive works to the benefit of not just us and those around us, but the world at large. We conduct our business with integrity and do not tolerate any form of bribery or corruption, regardless of whether such would be allowed under local legislation. Likewise, we want our suppliers, business partners and others doing business with us to embrace and share our standards and conduct themselves in a manner consistent with our values. The business partner code of conduct is setting out these expectations being a part of contracts and signed by all external parties.

We continuously monitor and measure the effectiveness of all of our compliance efforts. As a growing company, we recognize that our presence throughout the world grows, including in countries in which the ethical landscape and the perception of what constitutes corrupt behavior may differ from what we are used to. We also recognize that a lack of awareness in the area of anti-bribery and corruption can entail a risk for Epidemic Sound, not only in relation to external facing employees of the company, but also our business partners. Epidemic Sound has a global Anti-Bribery and corruption policy that sets out our no-tolerance

approach to bribery and corruption, and which applies in relation to anyone we do business with. The policy is complemented with detailed guidelines containing practical guidance on how to conduct oneself in an ethical manner. In addition, we encourage anyone to bring any concerns to our attention, including through our recently launched external whistleblowing channel. During 2022, no cases of bribery or corruption have been reported to or otherwise discovered by the company.

During 2022 we continued the company-wide training programme in this area, with face to face training completed during the year by 62 individuals deemed holding higher risk functions and the launch of mandatory e-Learning, to ensure everyone working for or on behalf of Epidemic Sound knows how to act honestly and ethically. While everyone at Epidemic Sound is expected to take part in training, the frequency as well as the level and extent of training is based on risk assessments taking into account the individuals' roles and responsibilities. Going forward, we will continue and increase our risk identification and mitigation efforts, including education of our representatives and integrated risk-based due diligence of our business partners across our business.



Anti-Discrimination and Harassment

Everyone shall have equal opportunities, the same rights, and be treated with respect.

Epidemic Sound does not accept any incidents of discrimination or harassment of or from its workers in the course of or related to the work. All forms of discrimination and harassment are strictly prohibited at Epidemic Sound; we are committed to being a value-driven workplace and are taking active measures to fight against inequality and discrimination. Everyone at Epidemic Sound plays a vital role in achieving a culture of inclusion, trust, and respect. Epidemic Sound is taking active measures to stop, address and prevent discrimination and harassment from occurring. In 2022, an anti-discrimination and anti-harassment course was created and made mandatory for all current employees and new hires to complete. Over the year we achieved a 72% completion rate and will continue our efforts to get to 100% at the end of each year.

Reporting violations of our policies and standards

All Epidemic Sound employees, including members of the Management team, consultants, contractors, interns, job applicants, shareholders with an active or operative role within the company and temporary workers having concerns about suspected wrongdoings, are encouraged to come forward and speak up.

Epidemic Sound has a whistleblowing policy in place, as well as an external whistleblowing channel. The policy is our statement that Epidemic Sound will take all concerns seriously, conduct appropriate investigations and if any wrongdoings

have occurred, take measures to rectify them and prevent future occurrences.

Epidemic Sound has a strict zero-retaliation policy, meaning that everyone can raise genuine concerns without fear of reprisal, even if a concern turns out to be a mistake. In the case of reporting, confidentiality will be respected and it will not be perceived as disloyal to Epidemic Sound or one's colleagues to speak up and alert the company to any wrongdoings. During 2022, no cases have been reported through the external whistleblowing channel.

Additionally to the whistleblowing channel, we always encourage our people to raise concerns to people managers or the People and Culture department. To support the reporting framework, we developed an internal process for raising concerns which is operated by appointed members of the People and Culture department.

Environment policy

Epidemic Sound accepts responsibility for and is committed to reducing the impact of our operations on the environment. We're committed to achieving net zero carbon by 2030 at the latest. All employees have a responsibility to follow this goal and our Sustainability team is responsible for setting and implementing activities to keep improving our performance. We adhere to the following objectives:

- Measure and take action to mitigate climate change by reducing the carbon footprint of our activities.
- Comply with environmental legislation where we operate.
- Use an accredited program to offset carbon emissions.
- Conduct annual research to identify areas of improvement and commit to improving upon those. The research will be supported by a consultancy or other non-biased contractor.

Travel policy

All employees at Epidemic Sound have the responsibility to assess if a business trip is business critical or not. For a trip to be approved it needs to follow these criteria;

- A physical presence is needed to reach company/ department/team objectives
- The specific tasks that need to be completed cannot be accomplished over video call
- The trip needs to have a clear agenda

For those instances where we believe travel is deemed business critical; Epidemic Sound makes sure to offset the carbon emission (CO₂). Epidemic Sound is connected to a carbon offsetting program called GreenPerk. GreenPerk offsets 100% of the carbon dioxide (CO₂) emissions for all business trips booked via our travel booking system. GreenPerk works with Atmosfair, a non-profit organization that selects carbon offsetting projects. These projects are fully certified to the highest standards by global bodies, including the United Nations.



About this report

2022

This is Epidemic Sound Holding II AB:s second Sustainability Report and refers to the financial and fiscal year 2022. The report is based on the requirements in the Swedish Annual Accounts Act and outlines why sustainability is important for our business and operations, our sustainability priorities and the impact on our people and environment. The report describes how we measure progress and manage sustainability risks.

The Sustainability Report covers the parent company, Epidemic Sound Holding II AB (corporate ID no. 559286-5231), headquartered in Stockholm, Sweden, and all subsidiaries as per note 17 of Epidemic Sound Holding II AB annual financial statements. In signing the annual financial statements, the Board of Directors has also approved the Sustainability Report.

In accordance with the Swedish Annual Accounts Act chapter 6, §11, Epidemic Sound has chosen to establish the statutory sustainability report as a report separated from the Annual Report.

Epidemic Sound commits to improving the transparency of its ESG disclosures by adhering to the Corporate Sustainability Directive (CSRD) for sustainability reporting and following the European Sustainability Reporting Standards (ESRS).

People Data

The information on our people refers to full-time employees per year end 2022. In addition to our full time employees of 497 EOY 2022 (439 EOY 2021), we had 49 EOY 2022 (55 EOY 2021) fixed term employees or intern/student contractors working at Epidemic Sound in December 2022.

With regard to diversity, we ask employees to anonymously identify themselves based on all discrimination grounds determined in the Swedish Discrimination Act through a third party mapping (via consulting firm Make Equal AB). Employees are also given the option of not responding. 86.6% EOY 2022 (59% EOY 2021) of our full time employees have responded to the report.

With regards to engagement we ask our employees to anonymously answer an employee survey in the tool Officevibe on a bi-weekly basis as well as a Great Place to Work survey conducted in November 2022. Great Place to Work survey results that are presented in this report represent all employees except contractors or employees on leave.



Emission Data

Epidemic Sound has partnered with Schneider Electric (SE) for emissions data which is compiled in accordance with the Greenhouse Gas Protocol for Scope 1, 2 and 3.

For the 2022 GHG inventory, Epidemic Sound provided data and cost estimations and SE calculated scope 1 and 2 in Resource Advisor. For Scope 1 emissions (Location-Based and Market-Based) fuel-specific emission factors for CO₂, CH₄, N₂O are used for all sites using the DEFRA emissions dataset and IPCC AR5 GWP values, while IPCC AR5 values are also used for refrigerant-specific emissions factors.

For Scope 2 emissions (Location Based) factors were calculated from the International Energy Agency (IEA) (2022) for sites outside of the USA, and for the USA, US EPA eGRID 2022 was used. For Scope 2 emissions (Market Based) factors were calculated from the RE-DISS Residual European Mix (European sites) and Green-e Energy US Residual Mix Emissions Rates (for USA sites). For Scope 3 calculations, actual data was used where available, otherwise, the GHG Protocol Scope 3 Evaluator web-based tool was used to estimate emissions.

Other Data

If not otherwise stated, data is per December 31st, 2022.