

# Sustainability Report FY - 2023

Epidemic Sound Holding II AB





# Introduction

2023

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 affiliate-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.

Epidemic Sound



# Our business model

2023

## How we create value for storytellers

Epidemic Sound is a subscription-based software-as-a-service (SaaS) company that offers content creators and storytellers of all kinds - whether personal, professional, commercial or enterprise - access to a catalog of over 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 affiliate-free songs and sounds and fully owns its music.

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. Some of these features 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 recently uploaded videos to your connected YouTube channel(s), as well as music recommendations based on the tracks you've downloaded previously from Epidemic Sound.
- **Soundmatch™** - which uses AI to analyze frames within a creator's chosen video, then leverages data insights from over two billion daily views of YouTube videos with Epidemic Sound music to recommend tracks perfectly suited to each visual scene.
- **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.
- **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.
- **Epidemic Sound App** - the app enables content creators to search, discover and save music for their projects, from wherever and whilst on the go.
- **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, provides everyone from one-site business owners to multinational, 1000+ site brands with the ability to soundtrack their space with music

Epidemic Sound



that sets the perfect vibe. Expertly curated playlists with thousands of regularly updated tracks are available for a monthly subscription. For more information on features that have been launched in 2023, see our Annual report on our website.

### **How we create value for music creators**

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 2023, Epidemic Sound pays an upfront fee of between USD 1,500 - 8,000 per track when acquiring the rights to a track (increased from USD 1,200 - 6,000 in 2022). The price depends on the complexity of the track, customer demand, the artist's role, 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 isn't recouped against any future royalties.

- **50/50 split on all streaming royalties**

Epidemic Sound distributes and markets all music in 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's distributed proportionally among artists based on popularity among our users. In 2023, the bonus was set at USD 2.5 million (up from USD 2 million in 2022). We have said that the soundtrack bonus will grow as Epidemic Sound's business grows. As a result, the bonus will increase again to nearly USD 2.9 million in 2024.



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 2023, we also paid out additional royalty payments of nearly USD 1M through our new Music Ambassador Program. This program invites selected creators and tastemakers to market our music via their YouTube channels in exchange for a revenue share.

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.

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

Epidemic Sound



# Our people

2023

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 had 448 (497) permanent full-time employees in 2023 (EOY).<sup>1</sup> We currently have offices in Amsterdam, Stockholm, Los Angeles, New York, London and Seoul.

Over the last year, we have seen the following developments in our key demographic communities:

- Within our Board of Directors, we have 33% EOY 2023 (43% EOY 2022) women and 67% (57% EOY 2022) men.<sup>2</sup>
- 50% EOY (50% EOY 2022) of our company self-identify as female or non-binary and 50% (50% EOY 2022) self-identify as male.<sup>3</sup>
- Of our senior management group (level 14 and above) 45% self-identify as female or non-binary EOY 2023 (51% EOY 2022).
- Our average age within Epidemic Sound is 35 years old EOY 2022 (34 years EOY 2022).

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.

## 50/50

Within our workforce, 50% EOY (50% EOY 2022) self-identify as female or non-binary and 50% (50% EOY 2022) self-identify as male.

## 45%

Of our senior management group (level 14 and above) self-identify as female or non-binary EOY 2023 (51% EOY 2022).

## 35 yrs

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

Epidemic Sound

<sup>1</sup> The number of permanent full-time employees include full-time employees and employees on sabbatical.

<sup>2</sup> Based on legal gender.

<sup>3</sup> Based on employees who have reported gender in our HR-system.



# People wellness and engagement

2023

We aim to build a workplace that attracts talent and where people can come together, grow, engage and feel included.

We 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

Our engagement score has decreased 0.3 points compared to last year 7.5 EOY 2023 (7.8 EOY 2022). The small negative deviation is considered a normal variation.

We want our employees to feel safe and well at work so that they can perform well and reach their career goals. In our bi-weekly pulse survey, we ask questions on mental health, work load and the feedback culture within Epidemic Sound.

Our top scores are:

# 7.5

Engagement score 7.8 EOY 2022

# 8.2

Ambassadorship 8.2 EOY 2022

# 8.3

Relationship with manager 8.4 EOY 2022

# 8.1

Relationship with peers 8.2 EOY 2022

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2023

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 long-term (over 2 weeks) sick leave are at 1.63% (1.43% EOY 2022) and our short-term (up to 2 weeks) are 11.5% (12.84% EOY 2022).<sup>1</sup>

We offer wellness grants, flexible work hours and parental leave top-up. We offer insurances (both legally required and additional), well-being benefits, and have workplace processes in place. In late 2023 we launched our work environment committee, headed by our Director of People Operations and People Partner. The committee consists of two employee representatives, one from our Swedish office and one from our US office. Together with our ERG Leaders and People Partners, they will ensure that the risk of ill-health and injuries are assessed and addressed efficiently.

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<sup>1</sup> Sick leave is presented as the average percentage of the total workforce that has been on short/long-term sick leave per month during the reporting year.





# Diversity, equity and inclusion

2023

Diversity, Equity and Inclusion (DEI) is a top priority for Epidemic Sound and it is embedded in our approach and applies 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 of limiting and exclusionary structures and find ways to remove barriers.

We take a holistic view by considering all seven grounds of discrimination within our definition of diversity and our objectives for this work: sex, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation and age.

Our DEI work focuses on:

- **Diversity:** 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.
- **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.
- **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.

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# Governance of DEI

2023

Our Chief Executive Officer is overall accountable for ensuring an inclusive workplace for all people at Epidemic Sound and for reducing the difference in employee net promoter score (eNPS) for the protected grounds of discrimination.

Our Chief People and Culture Officer is overall accountable for our work environmental committee where DEI is included as a risk and opportunity factor, and to support the organization in creating a more diversified workforce (recruitment) and leadership (recruitment and promotion).

Our Chief People and Culture Officer has the overall responsibility of our day-to-day execution and evaluation of our DEI efforts.

Our Chief People and Culture Officer together with our Director of Sustainability is responsible for the strategic direction within DEI.

We also have 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 enhance ideas within each of the ERGs that are ambitious and visionary.

We have seven ERGs:

- Amplify: community for People of Color, bi-racial, multi-racial and indigenous employees
- BLK|Sound: community for Black employees
- Divergent: community for employees with apparent and non-apparent disabilities
- Green Team: environmental community for employees
- INDEX: community for immigrants and internationals, newcomers, debutantes to the diaspora, expats and everyone else
- Queer Epidemic: our LGBTQIA+ community for employees
- Women@ Epidemic: community for employees that identify as Women

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# DEI initiatives 2023

2023

Throughout 2023 we have continued to challenge ourselves to understand more about our people and how they experience life at Epidemic Sound.

- **Manager training:** All managers are responsible for the work environment at Epidemic Sound and to ensure they understand their responsibility they participate in work environment training. The training included what their responsibility entails and what is expected from them regarding how to act to ensure no risk of ill-health due to the work environment and how to report unwanted behaviors.
- **Salary mapping:** We have conducted the yearly salary mapping to ensure no unfair salary gaps between genders. We took a broader perspective than required by law to ensure an overall fair salary structure. The few cases we discovered where salary difference couldn't be explained (less than 5) have been adjusted.
- **Internal recruitment:** we continue to encourage our employees to challenge themselves and seek opportunities within Epidemic Sound. During the year, we have posted upward of 60 internal jobs, within engineering, music, legal, UX design and People and Culture.
- **Building networks** as sponsors and hosts in events such as WomenHack and with ChangersHub. The latter aims to "democratize success" among talent from minorities in Stockholm's outer suburbs.

We believe that our artists are part of Epidemic Sound and we want to extend our DEI efforts to include them as well. Here are some of the initiatives that focus on our artists:

- **Unlocking music scouting markets:** In 2023 we continued efforts to unlock new scouting markets; during the year we unlocked new scouting territories - South Korea and Japan. This means we can access an extended pool of diverse artists, as these markets hold important communities with global impact and have a large community of non-male writers and producers of high technical standards. We have already signed 11 artists in South Korea, ranging in styles from traditional Korean folk music to K-pop and K-Drama.
- **Empowering women and non-binary musicians:** We hosted our second writing camp for female and non-binary artists this summer. 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.
- **New Strategy:** We partnered with Allbright to analyze the current DEI work within the Sound Domain at Epidemic Sound. Allbright has assessed risks and opportunities with the current approach for the Sound Domain and Epidemic Sound and suggested adaptations in working methods, strategy, and approach. These will be implemented as part of the updated Sound Domain Strategy.

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# Human rights

2023

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 develop our remuneration model continuously.

We recognize that unmanaged negative impact on human rights through inadequate labor conditions and prohibitions of environmental regulation at companies owned by or suppliers of Epidemic Sound could entail a negative impact on affected communities and employees of the suppliers. Epidemic Sound may also risk its customers' misuse of our products in ways that infringes human rights. Going forward we will develop a corporate sustainability due diligence process across our value chain in accordance with the Corporate Sustainability Due Diligence Directive.

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# Governance of human rights

2023

## **Anti-Discrimination and harassment Policy**

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.

Our anti-discrimination and anti-harassment course is mandatory for all current employees and new hires to complete. Over the year we achieved a 60% (72% EYO) completion of those who were enrolled this year, we will improve our reporting of our progress and 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 2023, one case was reported through the external whistleblowing channel and zero whistleblowing cases (whistleblower cases are defined as described in the EU Directive 2019/1937) were reported to our internal channel operated by appointed members of the People and Culture department.

We have identified, through our DEI mapping in 2022, that employees lack information and knowledge on our whistleblowing process within Epidemic Sound. This could be a reason for the low number of cases reported. In 2023 People and Culture have further provided clear information and visualisations on how the report process functions and what happens once a report is made. We hope this will encourage more people to report wrongdoings.

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# Human rights initiatives 2023

2023

- **Further implementation of our business partner code of conduct:** In 2022 we launched the Business partner code of conduct which describes our expectations and requirements on our business partners and suppliers. The policy is available on our website and is also a part of contracts that we are negotiating with suppliers and other partners. To further ensure that our suppliers receive and sign-off on our Business partner Code of Conduct we have had a project in 2023 to further clarify in our procurement policy the requirement to include the code as well as in our vendor form.
- **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. In 2023 our employees volunteered in six different organizations adding up to approx. 92 hours of volunteering.

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# Environment

2023

Epidemic Sound recognizes that our climate is changing, and in response, we 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 impact as a company, but we also have the opportunity to use our global reach to raise awareness of climate change 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 greenhouse gas emissions come from our office spaces, the energy consumption of our storytellers, artists and suppliers, along with our business travel and other purchases. We recognize that we're a growing company that requires energy to grow and operate, therefore we are committed to making an impact in the areas we can.

In 2023, we committed to setting scientifically-based climate targets following the Science Based Target initiatives. We will develop our climate target to align with the Paris Agreement of 1.5 degrees and cover our entire value chain. Our decarbonization plan will mainly focus on reducing emissions through changes in behavior, sourcing renewable energy and review of low-carbon suppliers where possible.

## **Governance of environment**

Epidemic Sound accepts responsibility for and is committed to reducing the negative impact of our operations on the environment. All employees have a responsibility to do what they can to reduce our negative impact on the environment, specifically the climate. To ensure that we continuously improve we measure and take action to mitigate climate change by reducing the carbon footprint of our activities and comply with environmental legislation where we operate.

One of our main sources of scope 3 emissions is business travel. 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

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**Our greenhouse gas emissions 2023**

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

The total carbon emissions of Epidemic Sound's operations for the financial year 2023 was 4,985 metric tons of carbon dioxide equivalent (tCO<sub>2</sub>e; location-based).

Our Scope 1 and 2 (location-based) emissions increased by 50% in 2023 to 22 (11) tCO<sub>2</sub>e. The increase is due to an increased use of natural gas at our LA office as well as an increased use of electricity across our offices as a result of refurbishments and an increased number of employees working from the offices.

Scope 3 represents 99% of total emissions. The largest source of Scope 3 emissions was capital goods (scope 3.2) at 45%; the second largest source was purchased goods and services (scope 3.1) at 39%, followed by business travels (scope 3.6) at 14%.

Updates have been in 2023 in calculating scope 3 emissions, increased granularity of spend categories for calculating purchased goods and services and capital goods and updates of emission factors. Thus, the total year-on-year emissions and scope 3 emissions are not comparable.





# Sustainability governance and risk management

2023

At Epidemic Sound, we aim for sustainability to be integrated into everything we do. 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 conduct.

The Board of Directors is the ultimate governance and supervisory body for our sustainability strategy and efforts, whereas the senior management together with the Director of Sustainability are responsible for executing 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 Director of Sustainability is responsible for our sustainability goals, whereas our success is dependent on individuals taking responsibility and ownership for sustainability. We encourage our employees 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

2023

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.

## **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 climate target 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.

## **Anti-Bribery and corruption**

Epidemic Sound strongly believes in open and fair competition and is committed to conducting business honestly and ethically, acting with integrity, openness and accountability - and always following applicable law. We base our success on the quality of our products and services, never on unethical or illegal business practices. 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

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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.

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 with externally facing employees of the company but also our business partners. Epidemic Sound has an anti-bribery and corruption policy that sets out our no-tolerance approach to bribery and corruption, and which applies to anyone we do business with. The policy is complemented with detailed guidelines containing practical guidance on how to conduct oneself ethically. In addition, we encourage anyone to bring any concerns to our attention, including through our recently launched external whistleblowing channel. During 2023, one case of bribery or corruption was reported to the company via our whistleblower channel. The incident was handled according to our policy and processes on whistleblowing and anti-bribery and corruption as well as our company values and code. In 2023, 80% of our enrolled employees had completed the eLearning in Anti-bribery and corruption.

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.

### **Sustainability risks**

We address and assess the material sustainability risks systematically throughout the year. 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.



Risk category	Risk	Policy	Program	Monitoring	Outcome 2023
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 training to all employees Work environment committee Whistleblower channel	Yearly Great Place to Work survey, and regular Officevibe survey Whistleblower cases reported to the Board quarterly	Page 10, 17
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 Work environment committee	Quarterly monitoring and reporting to management	Page 7, 17
Supply chain	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 Procurement policy and process	Whistleblower channel	Continuously monitoring and reporting whistleblower cases to the Board	Page 12-13, 17-18
Environment	Carbon emissions and environmental footprint. Emissions goals and commitments to environmental legislation in our operations to reduce the impact on climate.	Travel policy Business partner code of conduct	Accredited program to offset carbon emissions from business travel Renewable electricity use	Independent annual research and reporting to the Board	Page 14-15, 17
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 12- 13, 17-18



# About this report

This is Epidemic Sound Holding II AB:s third Sustainability Report and refers to the financial and fiscal year 2023. 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 and all subsidiaries 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.

Following 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.

All data is per the December 31st, 2023, if not otherwise stated.

## People Data

Data on employees in our sustainability report is in headcount.

The information on our people refers to full-time employees per year end 2023. In addition to our full-time employees of 448 EOY 2023 (497 EOY 2022), we had 38 EOY 2023 (49 EOY 2022) fixed-term and part-time employees, hourly contractors and intern/students working at Epidemic Sound in December 2023.

Our sick leave data is a calculated average across the year and employees.

## Greenhouse gas emission data

Epidemic Sound has partnered with a supplier of a tool for calculating greenhouse gas emissions. We have compiled data according to the Greenhouse Gas Protocol, applied IPCC AR5 GWP values and included all seven greenhouse gases.

The data is per the 31st of December where possible. For our scope 3 data category purchased goods & services the greenhouse gas emissions are calculated based on spend data per the 20th of December due to limitations in the data collection process.

For our electricity use in our co-working places in Amsterdam and Seoul, we have estimated the use based on the average electricity use per employee at the Stockholm headquarters.

Scope 1 emissions are calculated based on activity data collected from our natural gas supplier. Fuel-specific emission factors from DEFRA are applied.

Scope 2 (location-based) emissions were calculated based on emission factors from the International Energy Agency (IEA) (2023). Scope 2 (market-based) emissions were calculated from the RE-DISS Residual European Mix (European sites), Green-e Energy US Residual Mix Emissions Rates (for USA sites) and IEA (for our Korean site).

Scope 3 calculations are based on spend data for all categories besides business travel that are based on emissions calculated by our business travel tool TravelPerk.