



UNIVERSAL MUSIC

UNIVERSAL MUSIC GROUP SECTION 172 STATEMENT FOR FINANCIAL YEAR ENDING DECEMBER 2022

Under section 172 of the Companies Act 2006, the board of directors of a company must act to promote the success of the company for the benefit of its members as a whole.

This statement is made by UMG's UK holding company, Universal Music Holdings Limited, on behalf of the following entities ("the companies"), each of which meets the criteria requiring it to publish a Section 172 statement:

- **Bravado International Group Limited**
- **Calderstone Productions Limited**
- **UMG Supply Chain Limited**
- **Universal Music Group International Limited**
- **Universal Music Operations Limited**
- **Universal Music Publishing International Limited**
- **Universal Music Publishing Limited**
- **Universal Music Publishing MGB Limited**
- **Virgin Records Limited**

The board of directors of the companies (the "board"), constantly assesses the implications of decisions made, in terms of both the potential long-term consequences for the companies, together with the impact on our stakeholders, including shareholders, artists, employees, suppliers and customers, the wider community and the environment.

The companies are a member of the Universal Music UK group ("UMUK"). In making this statement the directors are referring to the relevant activities of the group.

Shareholders

The companies are ultimately owned by Universal Music Group N.V. ("UMG N.V."), a company incorporated in the Netherlands. The board regularly communicates with UMG N.V. regarding strategy and performance through multiple channels, including:

- Regular and timely management accounts;
- Detailed and accurate financial budgets and forecasts;
- Collaboration as part of the Group cash management policy; and
- Consultation and approval of any significant investment and acquisition decisions.

Artists

The board recognises that the success of our artists is key to maintaining Universal Music's position as the UK's leading music company. Our Artist & Repertoire teams continue to work with their existing artists to create great new music, whilst identifying and nurturing emerging artists.

In 2022, UMG launched its worldwide goodwill program benefiting certain legacy recording artists and songwriters with unrecouped balances. Under the ongoing program, eligible creators and their immediate heirs who have not received any payments since January 1, 2000, will begin receiving royalties, subject to certain conditions.

Relatedly, UMG's Royalty Artist Assistance Program continues to assist our partners in need. The program offers featured artists in financial need with the ability to request advances on royalty payments during times of financial hardship. Additional Universal Music Group initiatives address artists' mental health and wellbeing. For example, recognising that the life of an artist can present unique challenges and stressors, UMUK created a bespoke program to provide artists with a confidential space to support their personal development, wellbeing, and mental health. In addition to confidential counselling services provided by an inhouse BACP-registered counsellor with over 20 years of experience in the music industry, the service includes referrals to other kinds of professional wellbeing services and assistance as needed. The program supports artists at all stages of their careers and provides a resource for staff working with an artist to flag potential concerns with a trained professional.

UMUK also hosted its second artist wellbeing and mental health seminar in May 2022 for artist managers at the offices in King's Cross, following an earlier event in 2018 at Abbey Road Studios.

In 2022, UMUK partnered with Help Musicians to launch the "Co-Pilot" program, a ground breaking musicians' mentoring network. The Co-Pilot initiative matches UMG employee mentors with musicians to share knowledge, skills, and expertise, with many of the mentorship relationships continuing beyond the program's culmination.

Employee engagement

The board understands that UMUK's staff are at the heart of everything we do as a business, and also the importance of an engaged and dynamic workforce to ensure we can respond to the changing musical landscape.

Mental health and well-being remain a key focus. UMUK provided targeted programming and resources to honour World Mental Health Day and Mental Health Awareness week, including therapist sessions focused on "Improving Connection and Belonging" as well as community meet-ups and art therapy classes.

Finally, to ensure all employees share in the success of the business, we have continued the policy of employees on lower salaries receiving larger percentage pay increases following the annual pay review.

Business relationships - suppliers and customers

The board considers that our relationship with all suppliers and customers is critical to the day to day running of our operations.

Our accounts payable team continues to work closely with suppliers to ensure that the payment process runs smoothly, and for the 6 months ended 31 December 2022 our average time to pay invoices was 42 days.

The community

The board believes that music can play a vital role in bringing people together, working for positive change within communities.

In 2020 Universal Music Group established its Task Force for Meaningful Change, an employee led group focussed on equality, justice and inclusion. Initiatives in 2022 in the UK included:

- Partnering with Generation Works to develop a unique opportunity for young musicians to access recording space and receive mentorship from music industry experts, including A&R, production, management, and digital marketing professionals.
- Production of a series of interactive workshops to showcase classical instruments and repertoire from marginalized Black classical composers, performed by Black and ethnically diverse musicians from Decus Ensemble. The workshops were conducted in partnership with Live Music Now in six London primary schools with high percentages of pupils from minority ethnic backgrounds with limited or no classical music tuition

UMUK supports the Universal Music UK Sound Foundation (UMUKSF), an independently funded charity that focuses on lifting up the next generation of talent across the region. UMUK also maintains its partnership with East London Arts & Music (ELAM), the free school for 16-19-year-olds founded in 2014, which involves providing curriculum advice and work experience to trainees

Likewise, we continue to support The BRIT Trust - the music industry charity that promotes education and wellbeing through music, such as The BRIT School and Nordoff Robbins music therapy.

In April 2022, over 100 guests from the music industry, government, academia and the health and social care sectors came together at UMUK's offices for the launch of the Power Of Music. This is a new study, supported by UMUK, from Music for Dementia/UK Music which outlines a blueprint for using music to help improve the nation's health, particularly for those living with dementia.

The environment

In 2017 UMUK moved into its current headquarters at 4 Pancras Square certified as 'Outstanding' by BREEAM, reflecting the board's desire to make the business as environmentally friendly as possible. The location of the office means that virtually all staff now come to work on public transport. We provide facilities with secure parking for 186 bikes, showers and a towel service. 2022 operations at this location and at Abbey Road Studios were powered by 100% renewable electricity

Furthermore, the staff cafe promotes a low carbon diet by offering daily vegetarian and vegan dishes and a Meat Free Monday. Food waste is actively managed and food provenance schemes, such as MSC seafood, are adhered to when sourcing ingredients.

UMG signed the Music Climate Pact in 2021, with high level commitments to change, including signing up to the Science Based Targets initiative.

UMUK has been an active board member and financial supporter of Julie's Bicycle, the environmental non-for-profit organisation that supports the creative sector, since its inception in 2007. We achieved a 4* certification from their Creative Green accreditation scheme for 2021.

Our staff sustainability forum, Team Green, was established in 2007 and has board level support. It works on numerous initiatives throughout the year, including those mentioned above. This also included celebrating Earth Month which featured sessions on sustainable merchandise and UMG's response to the climate crisis.

Maintaining a reputation for high standards of business conduct

The companies have a code of conduct, on which all employees are certified annually, to encourage ethical behaviour as well as to highlight ethical matters which could be faced by employees.

The companies maintains high standards of expected conduct for its employees and has clearly defined procedures for its employees to report any concerns internally or via the Whistleblowing policy and procedure. This incorporates anti-bribery training, commercial sensitivity and appropriate workplace conduct.

The directors are acutely aware of the high-profile nature of the Universal Music brand and make every effort to both protect this reputation and live up to its standards.

This statement has been approved by the board of directors of Universal Music Holdings Limited and has been signed by:

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Simon Carmel
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Simon Carmel

Director, Universal Music Holdings Limited

Date: