

# The sound of the future today: Sustainable development

We compose the future of music in harmony  
with the environment. In a sustainable way.

September 2023

Closer Music Sp. z o.o.'s  
ESG Strategy for 2023-2026



# Who are we?



Closer Music Sp. z o.o. is a **global music and technology company** whose business is **the production of high-quality proprietary music bases and their commercialization** in multiple fields of exploitation, including through synchronization (sharing music on social media, in commercials, in movies, and in television series), DML (Direct Music License), streaming services, and earning royalties from public performances. Sales are made primarily through the modern “One Stop Shop” application, where the customer enters into one simple contract for the use of the works.

In creating our music, we work **with the best music producers from around the world** who have comprehensive knowledge of current trends and the latest music production techniques. As a result, our music database, which is growing by several hundred songs per month, is **at the highest level in the world** and includes a variety of music genres.

We mix the final versions of the music pieces and subject them to the mastering process **in our own music studios**. In cooperation with DML Studio, we have also launched our first studio in Las Vegas. One of our partners is **RealBlood Records/-Blackwood Studios** located in the USA in Burbank (Los Angeles). The co-owner and producer of that studio is also a Grammy Award winner for music production. Cooperation with such renowned partners opens the way for Closer Music to produce music content at an even higher level.

We are **the owner of all rights to every song** in our music library and, as a result, we are among the first in the world to offer music catalogs in the **Direct Music Licensing** model.



**CEE RETAIL AWARDS**

Thanks to our unique business model, in February 2023, Closer Music Sp. z o.o. became **the winner, in the Professional Service Provider category, of the prestigious CEE Retail Awards contest** organized by the Polish retail industry. This is an excellent confirmation of a path well taken.

We encourage the creation of an **inclusive work environment** that promotes individual expression, innovation, and achievement. In short, we value our **diverse backgrounds and skills**. Thanks to our passion, creativity, honesty, integrity, and relationships based on mutual respect, we have created **an ethical culture of collaboration**. We are different, but our common quality is **responsibility**.

Since we want to grow in accordance with the principles of sustainable development, in May 2023 we began work on the **“Closer Music Sp. z o.o.’s ESG Strategy for 2023-2026.”** This document is the result of the strategic workshop, conversations, and employee surveys we held.



**closer music**

# Key topics identified in relation to the UN Sustainable Development Goals

“Closer Music’s ESG Strategy” is part of the implementation of the UN Sustainable Development Goals.

Topic	UN Sustainable Development Goals
Culture based on diversity, equality, and inclusiveness	<div>   </div> <b>Goal 5:</b> Gender equality <b>Goal 10:</b> Reduced inequalities
Working with producers, musicians, and sound engineers in line with the principles of sustainable development and social responsibility	<div>    </div> <b>Goal 5:</b> Gender equality <b>Goal 8:</b> Decent work and economic growth <b>Goal 10:</b> Reduced inequalities
Respect and protection of the intellectual property rights of producers, musicians, and sound engineers	<div>   </div> <b>Goal 8:</b> Decent work and economic growth <b>Goal 16:</b> Peace, justice, and strong institutions
High work standards and a friendly working environment	<div>    </div> <b>Goal 3:</b> Good health and well-being <b>Goal 4:</b> Quality education <b>Goal 8:</b> Decent work and economic growth
Positive impact on employees and stakeholders	<div>  </div> <b>Goal 10:</b> Reduced inequalities
Equal and fair access to digital technologies and online information and services	<div>  </div> <b>Goal 10:</b> Reduced inequalities
Sustainable purchasing processes	<div>   </div> <b>Goal 8:</b> Decent work and economic growth <b>Goal 12:</b> Responsible consumption and production
Sustainable products	<div>  </div> <b>Goal 12:</b> Responsible consumption and production
Innovative products and services	<div>  </div> <b>Goal 9:</b> Industry, innovation, and infrastructure
Protection of the climate and reduction of energy consumption	<div>   </div> <b>Goal 7:</b> Affordable and clean energy <b>Goal 13:</b> Climate action
Sustainable supply chain	<div>  </div> <b>Goal 13:</b> Climate action
Data security and privacy protection	<div>  </div> <b>Goal 16:</b> Peace, justice and strong institutions
Freedom of speech	<div>  </div> <b>Goal 16:</b> Peace, justice and strong institutions
Integrated management approach taking into account ESG aspects	<div>  </div> <b>Goal 16:</b> Peace, justice and strong institutions



# E - Environmental



Sustainable products



Climate protection



Innovative products and services



Reduction of energy consumption



Zrównoważony łańcuch dostaw

In the Environmental area, Closer Music supports the following UN Sustainable Development Goals:



**SUSTAINABLE**  
DEVELOPMENT  
GOALS





# We are reducing our environmental impact

As conscious and not concerned professionals, we take steps to reasonable and efficiently manage our resources and work style, to modernize them in accordance with the latest guidelines, and to organize their daily operations in such a way as to minimize our negative environmental impact.



In our industry - and especially in the recording studios we run with top-of-the-line analog equipment - the fundamental and essential factor is electricity, the production of which - depending on the source used - can have an impact on the environment, such as through CO2 emissions.



During our strategy workshop, we made an initial effort to calculate our carbon footprint (scope 1 and scope 2). The next step will be to calculate our organization's total energy consumption. We will also determine the share of clean energy in relation to its total consumption in all our offices and studios.



At the same time, our innovative products and services, including those offered on our "One Stop Shop" e-commerce platform, enable us to digitize the process of selling legal music, thus eliminating the need to sign multiple separate "paper" contracts with our customers. This makes it possible to avoid the use of many valuable resources, including paper, thus reducing the negative environmental impact of our operations.

## Performance indicators to be prepared in 2023-2026:

- Greenhouse gas emissions (scope 1 and scope 2)
- Total direct energy consumption in the organization (in MWh)
- Share of energy from renewable sources (%)
- Reduction in the consumption of paper and other resources as a result of replacing multiple contracts with one (%)

## Assumed schedule of activities:



- The first pilot measurement of carbon footprint and energy consumption (for one selected study)
- Calculation of the amount of paper and other resources the use of which is avoided by digitizing the process of selling legal music on the basis of a single service offered on the "One Stop Shop" e-commerce platform - estimation of such savings on a company-wide basis
- Extension of the measurement to all studios and company headquarters
- An analysis of the reduction of the carbon footprint and the increase of energy efficiency; activities leading to continuous improvement based on the results of the analysis

## Examples of actions:

- Use of more energy-efficient equipment
- Turning off equipment during closing hours of the studio
- Education of employees on how to reduce electricity consumption on a daily basis
- Optimization of the use of heating and air conditioning
- Use of green energy and energy from renewable sources
- Gradually moving away from air transportation and replacing it with teleconferencing or using economy class if air travel is necessary



# S - Social



Culture based on diversity, equality, and inclusiveness



Working with producers, musicians, and sound engineers in line with the principles of sustainable development and social responsibility



High work standards and a friendly working environment



Equal and fair access to digital technologies and online information and services



Positive impact on employees and stakeholders



Freedom of speech

**In the Social area, Closer Music supports the following UN Sustainable Development:**



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# Diversity as a basis for our success

The force that has contributed to Closer Music's successes from day one is people: our employees, producers, sound engineers, musicians, and contractors. The work and commitment of these people results every day in the best quality music pieces available to our clients.



We are committed to the greatest possible diversity in each of the above groups. Therefore, going one step further, we offer top talent and professionals competitive financial terms and unique opportunities for growth.



As a rapidly growing organization, we are increasing the number of employees and associates in a steady and stable manner. In our recruitment processes, everyone is given equal opportunity, and we select people to join our staff regardless of gender, age, race, ethnicity, etc. At Closer Music, we are all equal.



It does not stop there, as we also support the local communities living near our recording studios, as our current and future producers come from those communities, and their families and friends live there. We want our brand - as well as our music - to evoke positive emotions in the people we interact with every day.

## Performance indicators to be prepared in 2023-2026:

- Total number of employees and associates
- Employees and associates by gender and age
- Total number of producers, musicians, and sound engineers
- Producers, musicians, and sound engineers by gender and age
- Number of initiatives supporting local communities near our offices and music studios

## Assumed schedule of activities:

### 2023/2024

- Collecting data on all employees and associates, and breaking them down by gender and age
- Collecting data on producers, musicians, and sound engineers, and breaking them down by gender and age
- Collecting information on initiatives supporting local communities near our offices and studios

### 2025

- Analyzing and communicating for the first time the results of our study, and actions leading to continuous improvement based on the results of the analysis

## Examples of actions:

- Recruitment conducted in a transparent manner, taking into account the principles of equality and diversity
- Creating friendly and inclusive working conditions
- Ensuring the freedom of expression
- Providing digital access from all parts of the world - a subscription service
- Engaging in selected activities intended to support local communities near our offices and music studios





# G - Governance



Respect and protection of the intellectual property rights of producers, musicians, and sound engineers



Sustainable purchasing processes



Data security and privacy protection



Integrated management approach taking into account ESG aspects

**In the Governance area, Closer Music supports the following UN Sustainable Development Goals:**



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# We protect copyrights and fight piracy

Due to the special nature of our product, which is music pieces, from a government perspective, it is most important for us to ensure policies and procedures that guarantee the protection of copyrights, as well as to combat piracy.



That is why our organization has procedures in place to guarantee the legitimate use of the works of our creators and producers. By making it quick and easy to purchase licenses that make it possible to use music legally, our offerings contribute to the reduction of illegal use of music.



Closer Music guarantees its customers around the world the right to use our music on the Internet and in film productions, among others, as well as to legally play them in public places under simple, transparent, and - most importantly - favorable terms and conditions without additional, often hidden, obligations arising from copyright law.



In addition, due to the special nature of the “One Stop Shop” e-commerce service we provide, with access to the online music database from the level of both our website and our mobile application, it is important for us to maintain data security and protect the privacy of our artists and customers.

As an organization, we approach ESG issues in a very conscious and responsible manner, so we intend to appoint a person from the company's Management Board who will be responsible for and will manage our activities in this regard in a systemic way.

## Qualitative indicators to be prepared in 2023-2026:

- ✓ Implementation of the Direct Music License (DML) for the service of playing our music in public places
- ✓ Implementation of the Direct Music License (DML) for synchronization as part of the “One Stop Shop” e-commerce service
  - Continuous improvement of data security and privacy protection procedures
  - A system for the management of ESG issues and responsibility for the preparation and implementation of relevant policies and objectives at the level of the company's Management Board

## Assumed schedule of activities:

### ● 2023/2024

- Continuous improvement of data security and privacy protection procedures
- Formal appointment of a Management Board member responsible for ESG issues in the organization

Thank you for reviewing our ESG Strategy for 2023-2026. We hope that this document will inspire you and your organizations to work together to achieve the UN Sustainable Development Goals and to responsibly build a future for the future generations.



# Emotions for your Purposes!

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# The sound of the future - today: Sustainable development

We compose the future of music in harmony with the environment. In a sustainable way.

We are a producer of high-quality music bases containing thousands of music pieces for use in many fields of exploitation. We want to develop in a sustainable way, so we have prepared this document, in which we have set the most important goals for us, as well as quantitative and qualitative indicators to assess their achievement in 2023-2026.

This is the first such document in our company that comprehensively summarizes our activities in the area of sustainable development. We will refine and supplement as necessary in the coming years.

## E - Environmental

-  Sustainable products
-  Climate protection
-  Innovative products and services
-  Reduction of energy consumption
-  Sustainable supply chain

In the Environmental area, Closer Music supports the following UN Sustainable Development Goals:



**SUSTAINABLE**  
DEVELOPMENT  
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## S - Social

-  Culture based on diversity, equality, and inclusiveness
-  Working with producers, musicians, and sound engineers in line with the principles of sustainable development and social responsibility
-  High work standards and a friendly working environment
-  Equal and fair access to digital technologies and online information and services
-  Positive impact on employees and stakeholders
-  Freedom of speech

In the Social area, Closer Music supports the following UN Sustainable Development Goals:



**SUSTAINABLE**  
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## G - Governance

-  Respect and protection of the intellectual property rights of producers, musicians, and sound engineers
-  Sustainable purchasing processes
-  Data security and privacy protection
-  Integrated management approach taking into account ESG aspects

In the Governance area, Closer Music supports the following UN Sustainable Development Goals:



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