BEGGARS GROUP

2022 carbon report

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OUR COMMITMENT TO SUSTAINABILITY:

Like many artists and music fans, we're concerned about the impacts of the climate emergency. The landscape we work in is changing rapidly. According to the International Panel on Climate Change (IPCC), we have until 2030 to avoid substantial climate and ecosystem breakdown.

Arts industries – as the bedrock of culture – can play a vital role in encouraging and supporting widespread action on the climate agenda. Towards this end, we're taking steps to reduce our environmental impact in line with the latest climate science and holding ourselves to account by publishing our progress.

In 2022 we joined the UN Race to Zero campaign and in doing so we joined the world's largest coalition of non-state actors taking immediate action to halve global emissions by 2030. We publicly commit to:

1. **Measure emissions** – we'll publish an annual report that summarises our emissions profile, to help continuously improve our understanding of the impact that we have (see below).

2. **Reduce emissions** – we'll halve our emissions (scope 1, 2 & 3) by 2030, against a 2019 baseline with an ambition to achieve net zero by 2050.

3. **Price emissions** – for emissions that we cannot yet avoid, we'll adopt a price per tonne based on the recommendation of our partner organisation, Murmur.

4. **Support transformative action** – with the funds from step 3, we'll work with Murmur to support initiatives for transformational action to address climate change.

OUR GLOBAL CARBON PERFORMANCE 2019- 2022

Our headline carbon emissions for UK-based and US-based operations combined are as follows:

2019 – Absolute carbon emissions: 6,112 tonnes/CO2e

Relative carbon intensity: 3.43 Kg/CO2e per unit produced

2020 – Absolute carbon emissions: 4,471 tonnes/CO2e

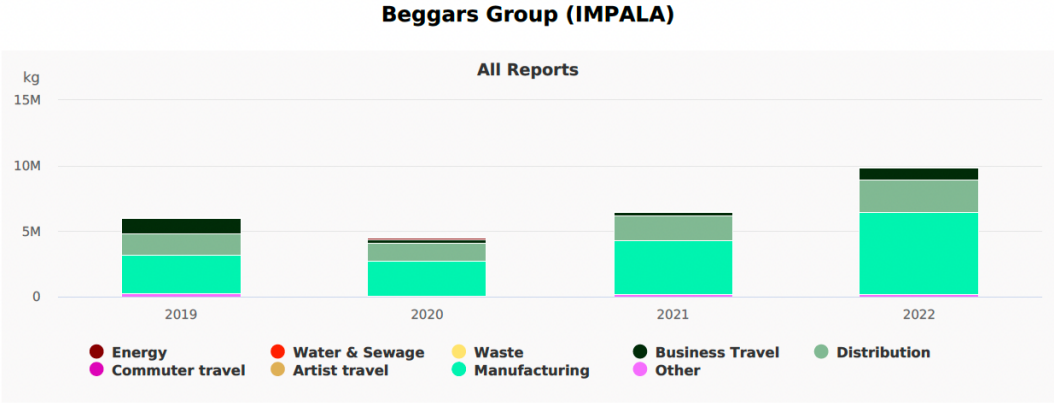
Relative carbon intensity: 3.12 Kg/CO2e per unit produced

2021 – Absolute carbon emissions: 6,485 tonnes/CO2e

Relative carbon intensity: 3.32 Kg/CO2e per unit produced

2022 – Absolute carbon emissions: 9,880 tonnes/CO2e

Relative carbon intensity: 3.58 Kg/CO2e per Unit produced



This table presents your organisation's environmental impacts in Carbon Dioxide Equivalent (CO2e) year-to-year.

YEAR	ENERGY	WATER & SEWAGE	WASTE	BUSINESS TRAVEL	DISTRIBUTION	COMMUTER TRAVEL	ARTIST TRAVEL	MANUFACTURING	OTHER	TOTAL
2019	121 tonnes CO_2e	0 kg CO_2e	349 kg CO_2e	1,197 tonnes CO_2e	1,537 tonnes CO_2e	0 kg CO_2e	0 kg CO_2e	2,970 tonnes CO_2e	287 tonnes CO_2e	6,112 tonnes CO_2e
2020	113 tonnes CO_2e	0 kg CO_2e	86 kg CO_2e	271 tonnes CO_2e	1,348 tonnes CO_2e	0 kg CO_2e	0 kg CO_2e	2,646 tonnes CO_2e	94 tonnes CO_2e	4,471 tonnes CO_2e
2021	91 tonnes CO_2e	0 kg CO_2e	84 kg CO_2e	208 tonnes CO_2e	1,880 tonnes CO_2e	0 kg CO_2e	0 kg CO_2e	4,095 tonnes CO_2e	210 tonnes CO_2e	6,485 tonnes CO_2e
2022	91 tonnes CO_2e	0 kg CO_2e	145 kg CO_2e	843 tonnes CO_2e	2,540 tonnes CO_2e	0 kg CO_2e	0 kg CO_2e	6,247 tonnes CO_2e	159 tonnes CO_2e	9,880 tonnes CO_2e

In 2022, our absolute global emissions increased by 3768 Tonnes/CO2e from our baseline year (2019). The vast majority of this increase in emissions (3502 Tonnes/CO2e) has come from our US business which has significantly grown over the 4 year period. Manufacturing our physical product remains the biggest area of emissions and has also shown the largest increase since 2019. Associated with this has been the increase in emissions associated with the distribution of these products- compounded by the challenges that there have been in the vinyl supply chain during the reporting period.

As an indicator of relative increase in carbon to increased business growth the KG CO2e / unit figure has seen a more modest growth increasing from 3.43Kg / Unit to 3.58Kg/ Unit

ACTION ON OUR EMISSIONS

Some of the steps we have taken to reduce our emissions across the business to date are as follows:

Office energy consumption:

- *We've installed 45 solar PV panels at our head office, which produce a significant quantity of our energy needs, reducing our reliance on energy from the grid*
- *We have retrofitted our head office with the installation of energy efficient LED lighting and motion sensors throughout, as well as upgraded heating systems*
- *We've switched all server systems to cloud-based providers, which has significantly reduced IT-related energy demand. Our server providers are all 'carbon neutral'*

Product manufacturing (vinyl and CDs)

- *Wherever possible (supply permitting) vinyl releases contain pre-consumer recycled PVC granulate, which reduces our reliance on virgin raw materials*
- *Sleeves are made from sustainably sourced (FSC) or recycled card, with plastic jewel case compact discs now largely discontinued*

- *A vast majority of releases are pressed on 140 gram vinyl, instead of 180 gram. This lighter-weight vinyl has a proportionally smaller environmental footprint, without any loss in audio quality*
- *Overstocks and faulty items (both vinyl and CDs) are sent to a specialist facility for material separation and recycling*

DISTRIBUTION OF PHYSICAL PRODUCTS:

- *wherever possible we prioritise road and sea freight over air freight however recent challenges in the global vinyl supply chains have impacted upon our ability to do this.*
- *We're working with our distribution partners to discuss where we can achieve efficiencies and collect more granular data to measure the impact of changes in a more accurate manner*

BUSINESS TRAVEL

- *We encourage our people to minimise flying and to take the train wherever possible*

Office waste

- *100% of our office waste was diverted from landfill in 2022 with 60% going to recycling facilities*

INDUSTRY COLLABORATION

Coordinated action is absolutely essential in order to bring about systemic change in how we make and distribute music. We're supporting the whole industry to pull in the same direction on climate topics by elevating conversations between industry groups and providing the resources needed to undertake the same work at the same time. We're always on the lookout for productive collaborations, and are currently active members of the following groups:

• IMPALA Sustainability Taskforce – founding member and contributor to IMPALA's Carbon Calculator

• Association of Independent Music (AIM) Climate Action Group

• Music Climate Pact – founding signatory

• BPI Sustainability Working Group

In addition, we give time and resources to support the development of sustainability conversations across the industry.

PRICING EMISSIONS AND SUPPORTING TRANSFORMATIVE ACTION

When we first set out our stall on sustainability, we made the commitment to become a 'carbon negative' business (by 2022 for UK operations, and by 2024 for global operations). This involved working to measure and reduce our greenhouse gas emissions before buying carbon offsets to cancel out emissions that we could not yet remove.

Over the last few years, a groundswell of research has brought the credibility of carbon offsetting under intense scrutiny. In October 2021, new guidance was published telling businesses that they should only consider buying carbon offsets once they had reduced their emissions by 90%. At the same time, new approaches to financing climate action have emerged with a focus on achieving more holistic benefits for climate, nature and society which are not achieved through offsetting alone.

In response to this shifting consensus, we've changed our approach to reflect the latest guidance advocated by organisations such as WWF, and the Science Based Targets initiative. Rather than focussing our strategic carbon funding on achieving 'Carbon Negativity' instead we'll set an internal carbon price on each tonne of our emissions and use this money to fund projects that have more immediate and more strategic impact for society and for the music industry.

To help establish a robust mechanism for dealing with unabated emissions, Beggars is a founding member of Murmur – a charity which connects businesses in the arts with organisations doing high-impact climate mitigation work.

Throughout 2022 we have worked closely with Murmur to mobilise the organisation and to help make sure our money is used in the best way on behalf of the wider music sector. Murmur's strategic climate fund, overseen by climate experts, gives grants to climate organisations working across three areas:

1. Climate action driving systemic change – organisations working towards highly leveraged, systemic change on the climate crisis.

2. Decarbonising the arts – organisations that are helping to drive the decarbonisation of the arts industry.

3. Inspiring the arts to become change agents – organisations that will empower artists and arts organisations to use their platform and help ignite widespread cultural change on climate topics.

2023 CONTRIBUTION

Following our commitment to take responsibility for UK-based emissions by the end of 2022, we have made a contribution to Murmur. This was based on applying a carbon price of £50 per tonne to UK-based emissions from our latest dataset (2022 annual year).

£50 per tonne is a price deemed consistent with climate science and global efforts to reach net-zero, as defined by The Grantham Institute On Climate Change and the Environment at LSE. The carbon price is set by Murmur and will change over time according to the latest climate science.

2022 CARBON REPORT

Introduction

This report has been created using the IMPALA Carbon Calculator tool, powered by Julie's Bicycle. Designed specifically for record companies with input from a wide variety of experts, the Tool helps businesses within our sector measure emissions in a consistent and comprehensive manner and with a high degree of accuracy.

Measuring emissions on an annual basis helps us to identify the areas of our business that have the largest environmental impacts and develop targeted strategies to reduce these. We work closely with suppliers across our value chain to measure and reduce emissions, helping to promote sustainability throughout our industry.

The Tool is based upon international best-practice guidelines contained within the GHG Protocol Scope 3 Standard to help us identify all relevant emission sources.

Report scope

This report includes a detailed analysis of global scope 1, 2 and 3 GHG emissions for 2022. There has been a significant growth in the emissions that are associated with the US managed operations meaning that US managed side of the business now accounts for approximately 58% of global emissions.

The report covers emissions from the following activities:

• Offices: energy consumption, waste production

• Business travel: travel booked for staff and on behalf of artists

• Product manufacture: vinyl, CD, overstock destructions

• Distribution: distribution of physical products from tier one suppliers to distribution partners globally, other shipping that is material to our emissions that we pay for directly

• Capital goods: the purchase of office furniture, IT equipment, recording equipment and company vehicles

The Tool does not currently cover some Scope 3 impact areas which record companies do not own or control and which are considered to be the responsibility of third parties such as digital distribution (streaming services) and physical retailers, or where there is a lack of readily available data, e.g. consumer use of purchased products.

Emissions from downstream digital distribution (the distribution of digital recordings through Digital Service Providers [DSPs] and consumption by fans through streaming services or digital download) are excluded from this report for the following reasons:

• Size – due to a lack of available data, it's not possible for the recorded sector to estimate with accuracy the size of emissions from digital distribution.

• Influence – record companies have little or no direct control over the distribution of digital files once they have distributed to DSPs, or influence over emission reduction programmes.

Digital distribution is a vital part of our industry and makes up a significant portion of our business. As part of the IMPALA Sustainability Taskforce, we are working closely with DSPs to

encourage greater transparency and will support towards measuring and reducing the impact of streaming.

We are committed to estimating the footprint of the digital music warehousing we use to deliver our music to DSP's- through the Music Climate Pact we are working with DSP's collaboratively to share data and knowledge.

Methodology

Any carbon footprint analysis is based on a number of best estimates and is not an exact science. All carbon conversion factors used for each activity are provided by Julie's Bicycle via the IMPALA Carbon Calculator and are updated regularly as new data arises.

Carbon reduction targets

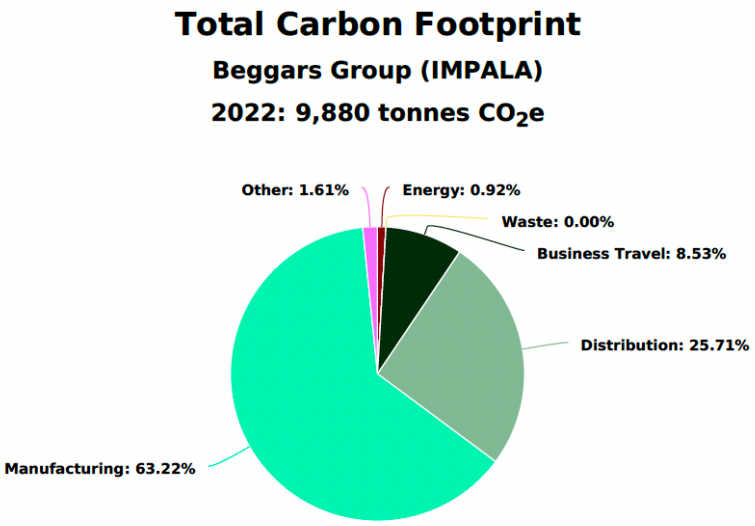
Scope 1 & 2 emissions

In 2022 we joined the UN Race to Zero campaign and in doing so we joined the world's largest coalition of non-state actors taking immediate action to halve global emissions by 2030. As part of this, we have committed to reduce absolute scope 1 and scope 2 GHG emissions, as well as emissions from business travel, 50% by 2030 (from a 2019 base year), and to measure and reduce scope 3 emissions.

Scope 3 emissions

We have set an absolute GHG emission reduction target for scope 3 emissions. This target is aligned with a 1.5 degree science-based reduction pathway in accordance with the UN Race to Zero requirements.

We will also set an economic intensity target to support reduction efforts. At this time, we are not looking to achieve external validation of the scope 3 target.



This table presents your organisation's environmental impacts in Consumption and Carbon Dioxide Equivalent (CO2e) terms.

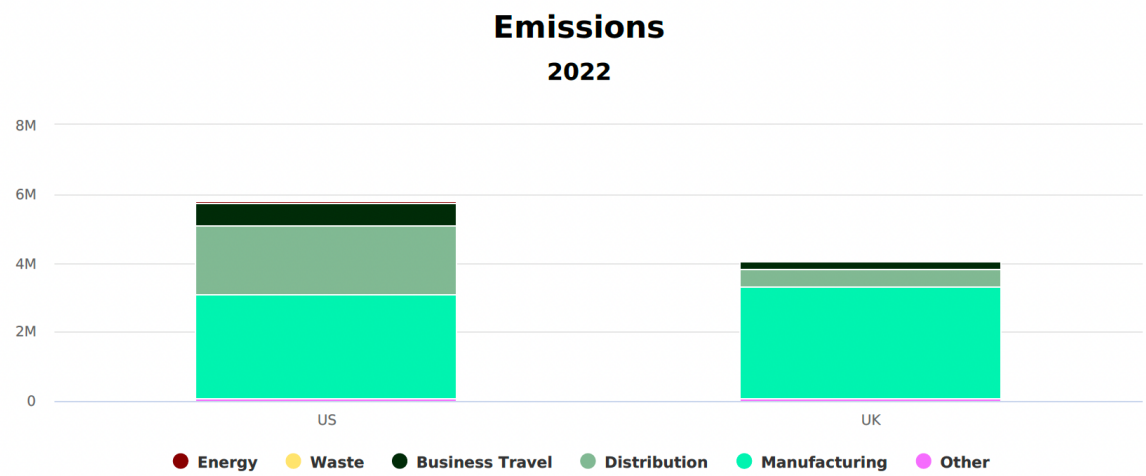
IMPACT	CONSUMPTION	CARBON
Energy	368,088 kWh	91 tonnes CO_2e
Waste	8 tonnes	145 kg CO_2e
Business Travel	3,746,715 km	843 tonnes CO_2e
Distribution	0 km	2,540 tonnes CO_2e
Manufacturing		6,247 tonnes CO_2e
Other	313,435 GBP	159 tonnes CO_2e
	Emissions Total	9,880 tonnes CO_2e

2022 GLOBAL PERFORMANCE ANALYSIS

In 2022, our absolute global emissions increased by 3768 Tonnes/CO2e from our baseline year (2019). The vast majority of this increase in emissions (3502 Tonnes/CO2e) has come from our US business which has significantly grown over the 4 year period. Manufacturing our physical product remains the biggest area of emissions and has also shown the largest increase since 2019. Associated with this has been the increase in emissions associated with the distribution of these products- compounded by the challenges that there have been in the vinyl supply chain during the reporting period.

As an indicator of relative increase in carbon to increased business growth the KG CO2e / unit figure has seen a more modest growth increasing from 3.43Kg / Unit to 3.58Kg/ Unit.

The carbon intensity of our operations has increased by 4% since 2019.



This table presents your organisation's environmental impacts in Carbon Dioxide Equivalent (CO_2e).

FOOTPRINT	TOTAL
US	5,795 tonnes CO_2e
UK	4,085 tonnes CO_2e

Analysis

Energy Consumption

There has been a steady reduction in energy consumption from both our US and our UK offices from our 2019 (25-30%). This has been largely due to the installation of solar panels at our UK office

as well as introduction of energy efficient technologies as part of our Head office refurbishment.

Business Travel

Carbon emissions from business travel represent 8.5% of or total footprint in 2022- this is down from 20% of our global footprint in 2019.

US- 11% of the US footprint is associated with Business Travel. As a result of opening up from covid restrictions has been a significant increase in business travel year on year (502 Tonnes of Carbon (T/CO2e)) however since 2019 this has decreased by 30% (354 Tonnes of Carbon).

UK- 5% of the UK footprint is associated with Business Travel**.** Again as a result of opening up from covid restrictions there has been a year-on-year growth in carbon emissions (132 T/CO2e) however since the 2019 baseline year there has been a decrease of 56% (271 T/CO2e).

The reason for these patterns of reduction is largely due to the increase in the use of video conferencing and remote meetings over the 2019-2022 period. There is an opportunity to further improve the performance by favouring economy / economy plus flights over business and first class travel as well as increased rail travel in particular within Europe.

Manufacturing

Carbon emissions from manufacturing of CD's and Vinyl represent 63% of our global footprint- as a proportion this is up from 2019 when it represented just under 50%.

US- There has been a substantial increase in emissions associated with the manufacturing of CD's and Vinyl year on year (1357 T/CO2e) this is in part due to a general increase in production as well as an increase in scope of vinyl formats included in the 2022 data (now including 3x and 4x 12" variants) this accounts for approximately a 10% increase in scope.

The rest of the increase is associated with a general increase in production year on year associated with increased vinyl sales.

55% of the total increase in carbon in the US is associated with Manufacturing of physical product (approximately 10% of this can be attributed to the increase in scope).

UK- Emissions associated with manufacturing have increased in the UK by 38% since 2019. Again this is partly attributed to an increased scope of vinyl formats included in the 2022 data (now including 3x, 4x and 5x 12" variants) however in the UK this accounts for approximately 3.5% increase in emissions. The rest of this increase is attributed to an increase in vinyl production volumes.

Of the total global increase in carbon from 2019-2022- 87% can be attributed to the increase in carbon associated with manufacturing

Distribution

At a global level the carbon emissions associated with the distribution of our physical releases represents 25% of our overall carbon footprint. The amount of carbon associated with distribution has increased by 35% year on year and 87% from 2019- 22.

US- Carbon emissions associated with the distribution of our physical product has increased substantially from 274 T/CO2e in 2019 to 2033 T/CO2e in 2022. Much of this can be attributed to the fact that we have produced more products and therefore the shipping requirements have gone up. There is also a marked increase in the use of Air Freight in the US since 2019 with no emissions from air freight recorded in 2019 and 762 T/CO2e reported in 2022. This is due to sourcing from European pressing plants during the year.

There have been some improvements made to how the distribution data is calculated in the US with raw data being split between Road, Sea and Air for 11 months of the year. However the US distribution data still uses financial data as an indication of impact. Spend based calculations such as these should only be taken as an indication of scale of emissions due to inherent assumptions. There is an action to improve this raw data to capture the tonnes / km figures for the three types of distribution used for 2023 meaning that the accuracy of this data will be greatly improved.

UK- Carbon emissions associated with distribution of our physical products has increased by 65% since 2019 this is largely associated with the increase in production volumes. However

Air freight usage has roughly doubled since 2019 as a proportion of shipping methods

This is largely due to an increase in the quantity of physical products that we manufactured and distributed in the US.