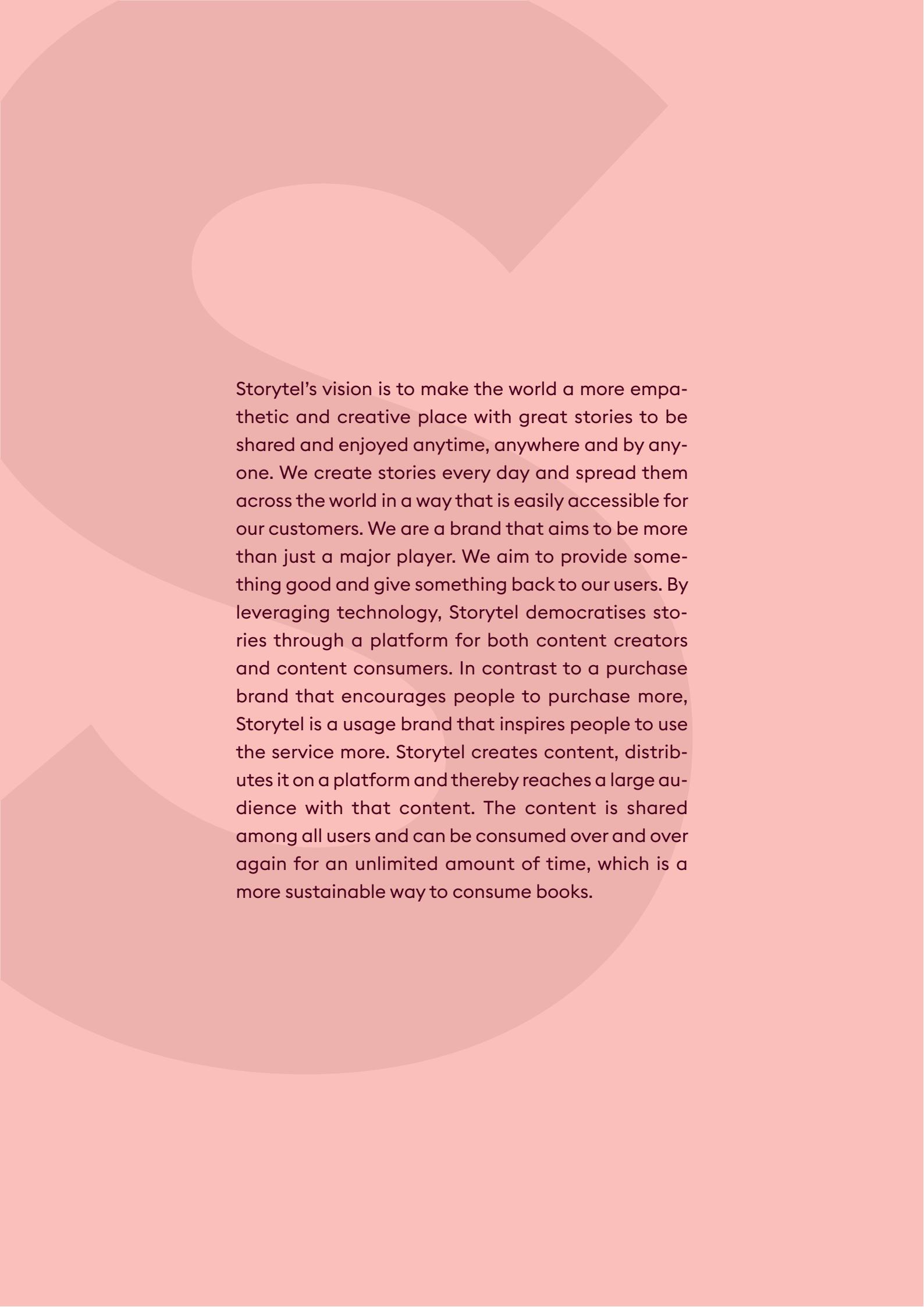


# Sus taina bility Report

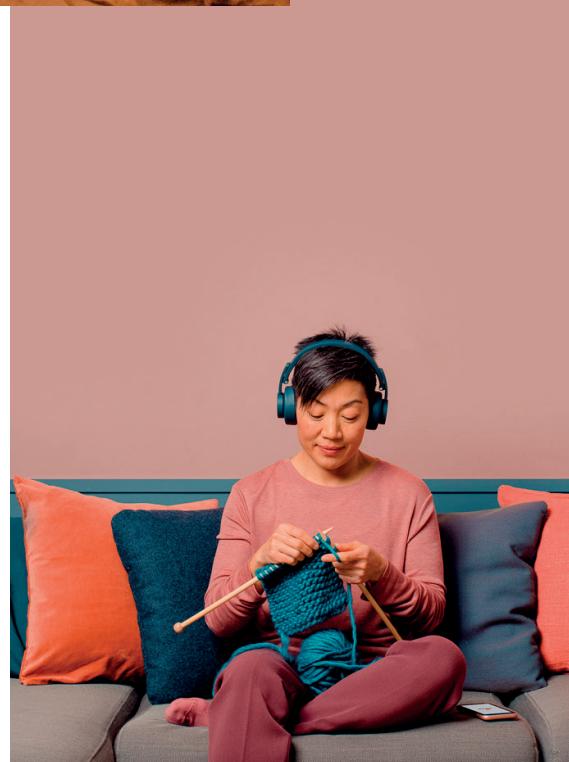
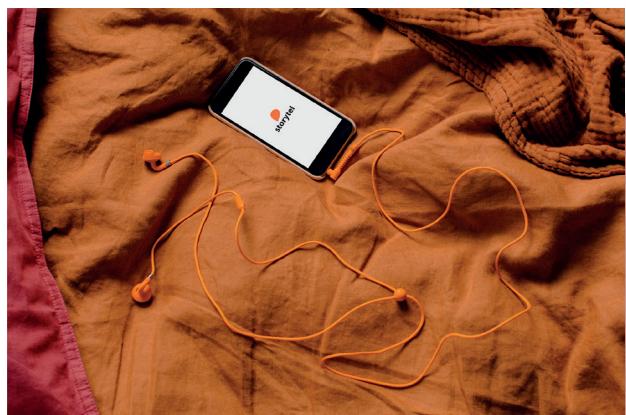
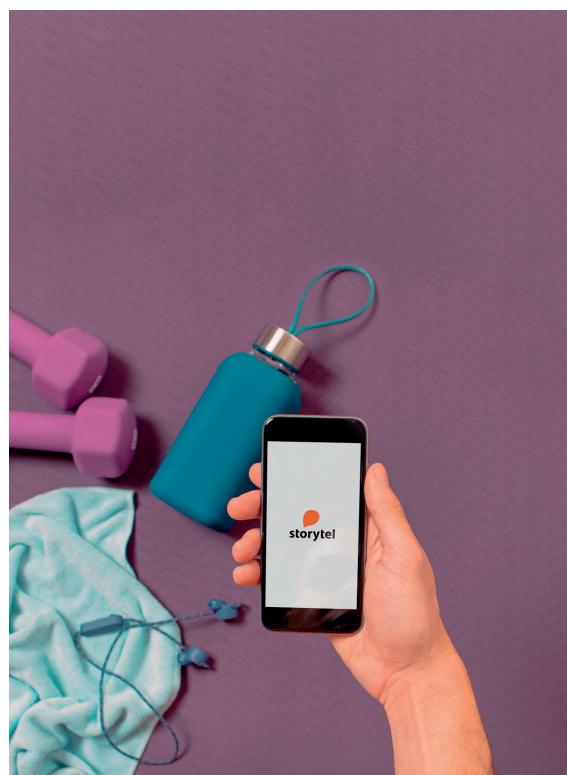
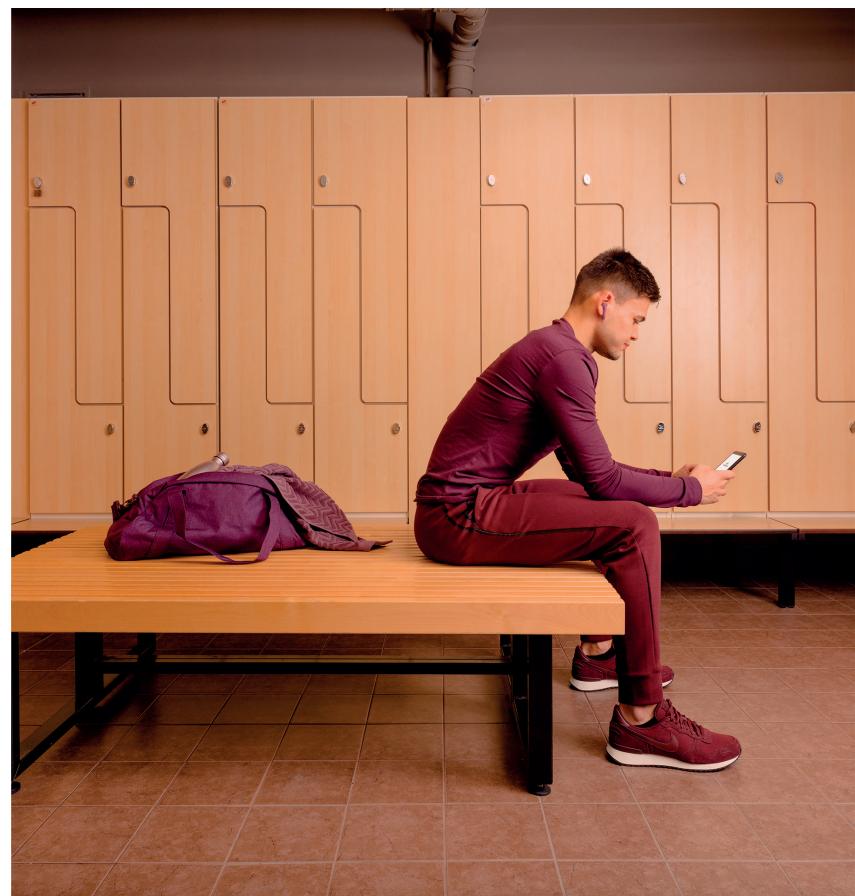


Storytel's vision is to make the world a more empathetic and creative place with great stories to be shared and enjoyed anytime, anywhere and by anyone. We create stories every day and spread them across the world in a way that is easily accessible for our customers. We are a brand that aims to be more than just a major player. We aim to provide something good and give something back to our users. By leveraging technology, Storytel democratises stories through a platform for both content creators and content consumers. In contrast to a purchase brand that encourages people to purchase more, Storytel is a usage brand that inspires people to use the service more. Storytel creates content, distributes it on a platform and thereby reaches a large audience with that content. The content is shared among all users and can be consumed over and over again for an unlimited amount of time, which is a more sustainable way to consume books.

## Organizational Profile & Business Model

Storytel is both a publishing group and a digital platform provider of stories, which allows it to bring together the best parts of publishing and technology. The Storytel Group consists of two main divisions, Streaming and Print Publishing, which operate within the media & entertainment and print publishing industries respectively. Streaming can be split into two subdivisions, the technological platform and digital publishing. In 2019, Storytel acquired Ztory, which is a digital all-you-can-read newspaper and magazine subscription service. The Print Publishing division comprises physical book imprints such as Norstedts, Massolit, Printz Publishing, the Danish publisher People's Press and the children's books publishers B. Wahlströms and Rabén & Sjögren.

Storytel charges its customers in advance on a monthly basis, and after payment is made subscribers have unlimited access to the books in the service. All consumption is tracked, and at the end of a reporting period, Storytel calculates the total number of hours consumed per book. Revenues from customers are shared with publishers in a revenue share model where Storytel normally keeps 40%-50% and the publisher receives 50%-60%. Publishers pay royalties to the authors based on the revenues received from Storytel.



# Storytel Group in numbers

Number  
of employees:



500+

Number of languages  
in the catalogue:

20+   


Number of  
launched markets:

16

Number of  
titles in the service:



260 000+

Number of  
Nationalities:

38



## Materiality assessment

This is the first year that Storytel has produced a sustainability report, and even though there have been several sustainability initiatives within the company before, this marks the beginning of a comprehensive approach to sustainability work at Storytel. The report highlights how Storytel deals with sustainability challenges and what we believe can be improved given the risks that we have identified. A big focus area for 2019 is to set an explicit sustainability strategy that pushes us towards becoming a more sustainable company. The management team has been in charge of selecting sustainability focus areas and drafting a sustainability strategy. At the moment, responsibility for executing the sustainability initiatives is on management team level, but in 2019 sustainability work will be integrated further within the organization.

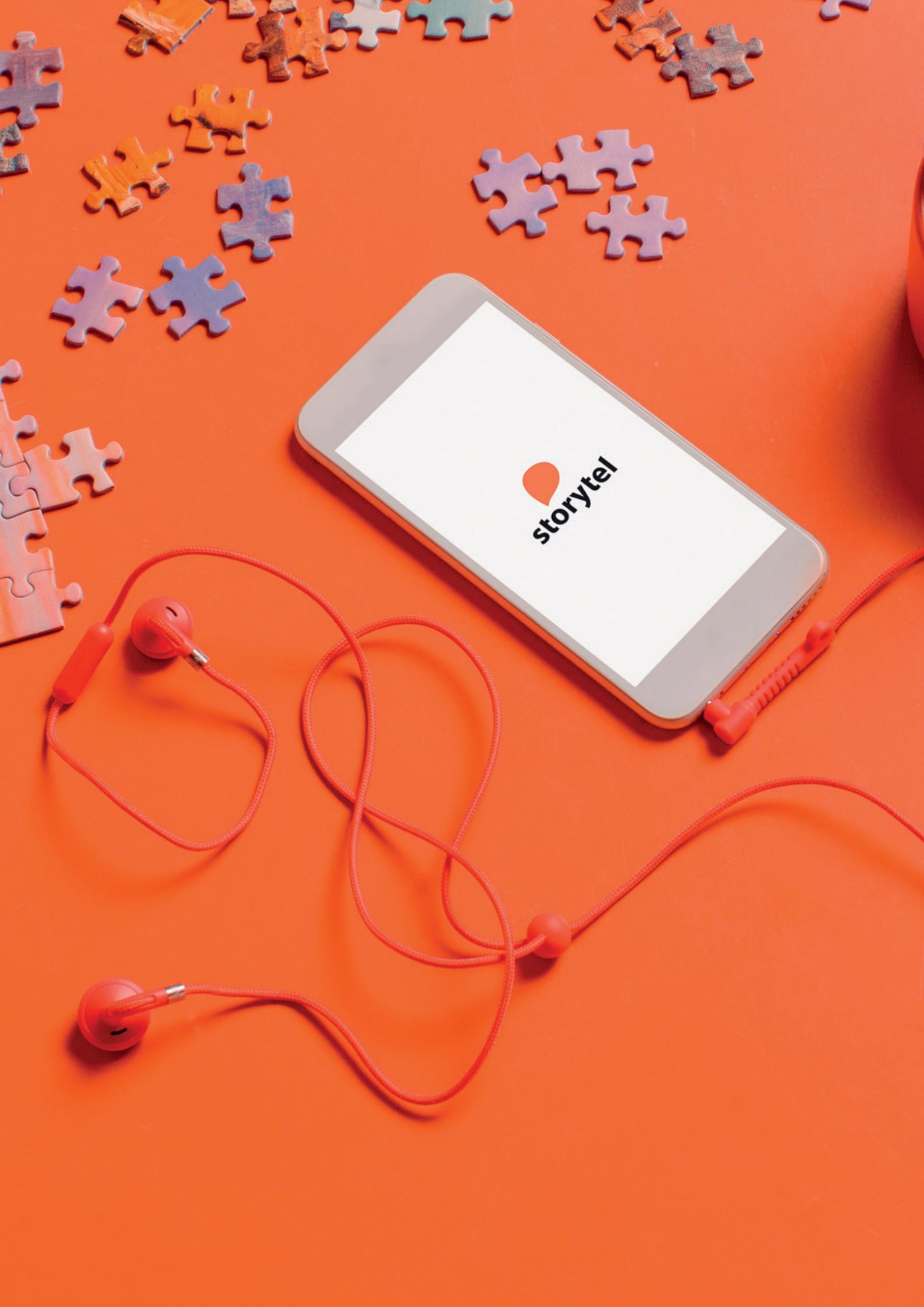
A materiality assessment of sustainability topics has been carried out and employees, owners, the Board of Directors, customers, publishing houses and the management team have all partaken. Based on the results, eight topics have emerged as the key sustainability areas for Storytel. These topics have each been linked to one of Storytel's mission statements.

Storytel's mission	Inspire people of all ages to discover the world of stories by building an accessible and personalised storytelling experience using technology, insights and data	Attract and develop exceptional people by nourishing a diverse workplace built on trust, innovation and collaboration	Help people unlock their creativity and share stories by connecting storytellers with a global audience	Provide meaningful context to people's lives by establishing Storytel as a sustainable brand synonymous with storytelling
Focus areas	Customer Value Customer Integrity	Employee Working Conditions Equality & Diversity	Intellectual Property Responsible Content	Energy Use & GHG Emissions Ethical Business

In line with the Swedish Annual Accounts Act, Storytel is presenting its first sustainability report. We have been inspired by the GRI Standards.

# Storytel's Sustainability Strategy

Companies leave traces on our planet and Storytel is no exception – but we are motivated to make positive marks. Besides the eight topics mentioned above, the impact that Storytel has on society as a whole can be divided into: our Footprint, our Brainprint and our Fingerprint. We want to offer a service and products that are sustainable by design, and our inner determination is for Storytel to improve society. Furthermore, using the Storytel service should not result in negative externalities on the planet or its people.



storytel

# Our Foot- print

Long-term ambition:  
Be a climate neutral publisher and provider of  
a streaming service

The Storytel Group's operations are not climate neutral today. Storytel Streaming uses data centres to provide the platform, which makes use of energy. Storytel Print Publishing prints books, which is also a source of carbon emissions. A lot of initiatives have been launched, and are about to be launched, in this area. In the Streaming division we are committed to using green energy exclusively in the future and to fly less. In the Print Publishing division, we are committed to using certified paper and to reducing excessive printing of books.

#### **Reduction of GHG emissions & energy use: Storytel's service and production**

- Provide a climate neutral technical platform
- Look into how Storytel's physical products can become more environmentally friendly with regards to production, distribution and recycling

Providing a climate neutral technical platform is one of the most important sustainability initiatives in the near future, and more specifically we have committed to providing a climate neutral technical platform by the end of 2021.

#### **Reduce Storytel's GHG emissions: Business travel**

- Start tracking our air travel
- Make sure Storytel's travel policy is known and respected
- Invest in better conference systems for all our offices

#### **Reduce Storytel's GHG emissions & energy use: Operations**

- Start measuring our climate impact on Group level
- Create a global environmental policy
- Raise awareness in the organisation on sustainability and climate change



# Our Brain- print

Long-term ambition:  
Be a provider of a service and a distributor of content  
which improve people's lives

Organisations that create and distribute content hold a powerful position in society through the impact and influence of that content. Digital media means we have information and entertainment constantly available at our fingertips: from earbuds on the bus to relaxing before bed. There is an avalanche of content competing for our time, and in this flood, we search for what is truly meaningful. The content provided by Storytel is meant to offer users new ways to learn, relax and be entertained. Since we want the Storytel service to be an integrated part of everyday life, we work hard to make sure that Storytel truly adds value to people's lives.

#### **Inspire people to read more**

- Initiate partnerships that encourage more reading in society

#### **Set stories free around the world**

- Make more languages available to Storytel's users
- Influence more people to write their (first) stories

# Our Finger- print



Long-term ambition:

Be best-in-class at simultaneously providing value to employees,  
business partners, investors and society at large

Our fingerprint is our DNA and who we are as an organisation. Storytel is a values-driven company that embraces differences which are present in many different cultures, and then draws from those differences. The culture at Storytel is characterised by dedication, innovative thinking, collaboration, a customer-first mindset and a non-hierarchical atmosphere. We believe in fair play and ultimately, we want to be a company that everyone wants to work with and for. Integrity is valued deeply, and respect towards business partners is imperative. Simply put, we want our interactions with people – employees, business partners, investors and customers alike – to be constructive and to contribute to improvements.

#### **Employee Net Promoter Score: Sustain score above 50**

- Ensure that everyone at Storytel knows our Code of Conduct and adheres to it
- Initiate leadership training on several levels of the organisation
- Create development plans for employees at Storytel

#### **Have a mutually beneficial and fruitful relationship with publishers**

- Improve how we share data and insights with publishers
- Roll out our new time-based financial model to ensure a more fair compensation for publishers



# Sustainability focus areas

# Mission

**Inspire people of all ages to  
discover the world of stories by  
building an accessible and  
personalised storytelling  
experience using technology,  
insights and data**

Storytel is for anyone who enjoys the new media landscape and uses a device to discover content. Our priority is always to connect stories and people, and we do so by using modern technology. The first mission statement is linked to our touchpoint with customers, and two sustainability focus areas have been identified: *Customer Value and Customer Privacy*.

### Customer Value

As mentioned under “Brainprint” we want the Storytel service to enrich people’s everyday life with great stories. Storytel is dependent on satisfied customers who continue using the service over time, so to be able to operate we must always innovate and find new ways to improve the customer experience. Customer satisfaction surveys are evaluated closely to pick up feedback.

At Storytel we talk about “positive screen time” when we refer to using a phone, tablet or e-book reader in a way that is good use of technology. We live in a world of information overflow, and Storytel is designed to be a way to slow down and to be a source of both entertainment and education. Research shows that reading makes people smarter, more relaxed and even more empathetic.<sup>[1]</sup> By focusing on making stories available on a digital platform, we help Storytel’s subscribers reap the benefits of reading in a way that fits into a modern lifestyle and makes reading feel simple and enjoyable.

Another focus area is product safety that has grown in importance since Storytel released the Storytel Reader, which is a physical e-book reader. In late 2018 Storytel introduced Kids Mode, which allows users to put the Storytel app in a safe mode that only shows age-appropriate content.

### Customer Privacy

Our stakeholders entrust us with processing their personal data, and we do our uttermost to protect and store this data as prescribed by law and in the best possible way. Most employees at Storytel encounter personal data in different situations. This data might pertain to the personal data of employees, customers or business partners. Storytel’s approach to managing data privacy is to have processes and procedures in place which ensure privacy matters are considered,

prioritised and a natural part of our business operations. More specifically, we have a “Privacy by Design” process in place which means that we take a proactive approach to promote privacy and data protection throughout the entire data, IT and process lifecycle.

At Storytel, we have two main privacy policies – one concerning customer data and one concerning employees and data. The Storytel Internal Data Privacy Policy applies to all subsidiaries and employees of the Storytel group and extends to all processing of personal data anywhere in the group. No affiliate in the group may adopt any practices that go against this policy, unless required by national law.

Besides the above policies, every team within Storytel has its own set of data privacy guidelines to mitigate the risks related to handling personal data within the specific function. There has been extensive awareness training within the group in 2018, for example tailored sessions for the country managers and for marketing, CRM and customer support. In addition, we have implemented an incident management process, i.e. a data breach response plan that is available on Storytel’s intranet so that everyone is aware of the process and can report potential incidents.

The biggest challenge for Storytel with regard to data privacy is our rapid growth and expansion, which can result in limited time to entrench the established processes, procedures and policies. To meet this challenge, training within the organisation is essential. During 2019, privacy training activities for new employees, regardless of location and position, will be prioritised. Furthermore, it is critical to identify areas or type of positions in the organisation where tailored training or other awareness raising activities are needed to ensure compliance with the privacy policies and, if applicable, also national privacy law.

We will also invest in our IT infrastructure and in securing data, thus strengthening operations from a privacy point of view. In 2019 a data privacy committee led by the Data Protection Officer will be established to address upcoming privacy issues, especially those related to ongoing expansion to new markets.

<sup>1</sup> Gabriel S. & Young A.F. – Becoming a vampire without being bitten: the narrative collective-assimilation hypothesis. Robert S. Wilson, Patricia A. Boyle, Lei Yu, Lisa L. Barnes, Julie A. Schneider & David A. Bennett – Life-span cognitive activity, neuropathologic burden, and cognitive aging. Dr. David Lewis (Mindlab International, Sussex University) – Galaxy Stress Research.

# Mission



**Attract and develop exceptional people by nourishing a diverse workplace built on trust, innovation and collaboration**

At Storytel everything starts with our employees. Without them we would not be able to reach our goals, which means it is especially important that we create the best possible conditions for our employees to thrive at work. We want everyone to have a long and healthy life, and we believe that being part of the Storytel journey should be a marathon rather than a sprint. To succeed, strategic planning is required in terms of how we allocate energy and resources in the right way.

At Storytel we are proud of our culture and we want it to be reflected in everything we do and in all aspects of our business and operations. For this we have identified two specific areas that are especially important for us: *Employee Working Conditions and Equality & Diversity*.

### **Employee Working Conditions**

Storytel wants to be a workplace that represents sound values and where everyone feels secure in being who they are and where differences are cherished. Naturally we do not accept any form of bullying, discrimination, harassment or racist statements. To uphold a good working environment, we work closely with our safety committee where both employees and management are represented. Together we take a structured approach to improve Storytel as a workplace and to follow the rules and guidelines set up by the Swedish Work Environment Authority.

Our Code of Conduct sets the guidelines for how we expect our employees to behave towards each other, our customers and partners. This is an important document for us and we use it when onboarding new employees, and expect everyone to act according to it.

Most of our work is done in an office environment, and the risk of physical injuries is quite low. The challenge that we see is instead related to workload and stress. We know that stress-related illnesses in society as a whole is on the rise, and we need to work very hard to make Storytel an exception. As a growth company where employees are characterised by dedication and going that extra mile, there is always

a risk of positive stress turning into negative stress. By using employee pulse surveys, we measure and keep track of the general level of stress within the company and teams. This triggers a continuous dialogue between employees, HR and managers. Parental leave is encouraged, and Storytel is a flexible employer in general. Storytel also has regular running and yoga sessions during work hours. We do our best to create a work environment that allows employees to have a good balance between work and personal life.

Another key aspect of thriving employees is good leadership. The Storytel Group has grown quickly from being a small startup to having over 500 employees spread out all over the world, which increases the need for good leadership. We have Leadership Forums for managers within Storytel to encourage the sharing of best practises and to learn from each other. In 2019 Storytel will launch several additional activities to develop leaders within the organisation.

### **Equality & Diversity**

At Storytel we believe that every individual is unique and special in their own way and that everyone is entitled to equal opportunity and treatment. We have employees all over the world and welcome people regardless of gender, transgender identity, disability, sexual orientation, ethnicity, age, religion or other belief. We always strive to be inclusive and never to exclude anyone. We are strong believers in that individuals who feel safe and can be themselves are happier and more productive at work. Storytel's goal is to be a diverse workplace where we can evolve and learn from everyone's differences.

A challenge within Storytel that we see is the skewed gender distribution in different teams, where for example our tech team is predominantly male, and our content and publishing teams are primarily female. This is something that we will focus on in 2019 in order to improve how we reach out to a broader pool of applicants. Every year our HR team and safety committee conduct a salary mapping to detect salary inequalities due to gender.

# Gender and Age Distribution

## The Board of Directors, Storytel

Under 30 years old	30-50 years old	Over 50 years old
-	71%	29%

Female	Male	Other
29%	71%	-

## The Management Team, Storytel

Under 30 years old	30-50 years old	Over 50 years old
-	90%	10%

Female	Male	Other
50%	50%	-

## Employees, Storytel Group

Under 30 years old	30-50 years old	Over 50 years old
20%	66%	14%

Female	Male	Other
60%	40%	-

# Mission



**Help people unlock their  
creativity and share stories by  
connecting storytellers with  
a global audience**

The global media & entertainment and publishing industries are changing and Storytel, operating in these industries, is in a position to leverage key industry trends and forces. Storytel aspires to create the best digital service for storytelling, while cultivating and expanding the publishing industry. By being both a digital publisher and providing a distribution platform, Storytel has managed to benefit from more than one part of the value chain – which provides value not only to Storytel but also to its subscribers and rights holders. Another value-added effect that Storytel's presence has on publishers is that our service increases the willingness of customers to pay for premium digital content, which can help prevent or reduce piracy. Through Storytel's business model, authors and publishers can earn money from backlist titles in a new and effective way. Furthermore, stage performers and actors are given the opportunity to engage in work as narrators of audiobooks, creating a new revenue stream for many cultural workers. In the materiality assessment, two topics were identified: *Protecting Intellectual Property and Responsible Content*.

### Protecting Intellectual Property (IP)

Given Storytel's expansion into new markets and, in part, the new legislative landscape for intellectual property, Storytel is planning to carry out an oversight of its trademark and domain strategy during 2019. In this area, Storytel's aim is to make a practical contribution to the streaming society through the creation and utilisation of IP assets based on the services and products we create and manage.

Storytel takes a strict and consistent approach to activities that infringe on our IP rights. Storytel collaborates with industry organisations and belongs to several business-related associations in order to monitor any changes and developments in the industry as a whole. Such surveillance is conducted not only through our network of organisations and business partners but also through our collaboration with specialised advisors. Since respect for, and protection of, intellectual property is a core business aspect for Storytel, the issue is top priority worldwide.

For Storytel's business activities to be conducted in line with our intellectual property strategy, intellectual property rights management, including management of the trademark portfolio, is managed by the Storytel Legal Team. Other rights at Storytel, such as copyright and neighbouring rights, are mainly handled by the relevant teams, for example the Publishing Team (including the Rights Team) and the Content Team. The set processes and cross-functional collaboration ensure that Storytel maintains a high and adequate level of protection for intellectual property rights and has secure processes in place to handle both internal and external rights. All of our employees' different qualifications and experiences in intellectual property-related areas allow Storytel to maintain a high level of knowledge and respect for intellectual property throughout the group. To

ensure consistency in the level of quality, Storytel conducts awareness training related specifically to trademark and copyright.

### Responsible Content

Storytel aspires to be a global market leader in storytelling, and aims to provide our customers with a diverse and abundant world of stories to inspire them. Storytel has a broad catalogue of content, which is a mixture of original content produced by Storytel in all of our local markets and content that is acquired from third parties globally.

As a content producer, Storytel embraces its responsibility pertaining to human rights topics such as education and freedom of expression. Studies have shown that through different types of stories, people can learn about themselves and each other, and by embracing diversity and pluralism in our content, Storytel aims to facilitate understanding and empathy in our readers.<sup>[2]</sup>

The Storytel-owned print publisher Norstedts Förlagsgrupp also has freedom of expression as a cornerstone of its sustainability work. Norstedts Förlagsgrupp supports several organisations that focus on this topic, including the Swedish PEN and PEN International Publishers Circle, which protect freedom of expression and are important voices in terms of protecting the free word and harassed authors.

In relation to third party content, which forms the majority of content available in the service, Storytel similarly values the freedom of expression of authors and rights holders and respects readers' choices in determining which books they would like to consume. In order to discuss issues related to content, Storytel has established a Content Committee. The committee is a collaborative initiative between departments in the organisation. It aims to give a cumulative view of the content reported by customers as explicit or in other ways unsuitable for the service.

The Storytel app inspires people of all ages to discover the world of stories by offering an accessible and personalised storytelling experience on their smartphone. Every day Storytel enables more than 800,000 people to travel the world through great stories. At Storytel we strongly believe that reading and listening to stories opens our minds to the world around us. Making the world a more empathetic place is at the heart of Storytel's vision.

We also see that there are ways to use technology to offer responsible content. Storytel introduced Kids Mode in 2018, which allows a user to put the Storytel app in a safe mode that shows age-appropriate content. The feature highlights children's titles to improve discovery and engagement in a safer environment, and demonstrates our commitment to readers of all ages.

# Mission

**Provide meaningful context to people's lives by establishing Storytel as a sustainable brand synonymous with storytelling**

Storytel has great plans for the future, but we have identified two areas that could pose a risk to these plans if we do not take them seriously. The first one is *Energy Use & GHG Emissions* and the other is *Ethical Business*. If we do not incorporate clear and ambitious sustainable processes and policies within the company, we will not achieve our business objectives. We are working to make sure that our business model continues to deliver value in a way that is consistent with environmental limitations.

### Energy Use & GHG Emissions

Reducing the negative impact on the planet which arises due to Storytel's use of energy is a major priority for 2019 and the following years. This effort requires an integrated approach, and we are still working on getting a complete picture of the Storytel Group's carbon footprint. Obtaining a clear picture is one of the key focus areas for 2019. Once that has been established, we will be able to present a goal-specific and action-based plan for how we can reduce our carbon footprint.

### Storytel Group initiatives

The Storytel Code of Conduct outlines a couple of green initiatives that are applicable to all employees. For example, we minimise business travel and only travel by air when necessary, and we invest in good conferencing systems so that virtual meetings can replace many physical meetings. At Storytel's head office in Stockholm, we also avoid travelling by car to meetings by having both bicycles and public transportation cards available for employees to borrow.

At the Stockholm office we also recycle materials. This includes waste such as plastics and biowaste and office waste such as paper. Unfortunately, this is not the case in all markets, so in 2019 we want to spread this practice to more Storytel markets. In 2018 the offering of vegetarian and vegan alternatives in the Stockholm lunch canteen was increased, and a focus area for 2019 is to reduce the use of single-use plastic at the office with the aim of eliminating it within the near future. Storytel's head office, the Norstedts building, is also certified as a "Green Building" by Sweden's Green Building Council.

### Storytel Streaming

Storytel is committed to having a sustainable technology infrastructure. This will be a big focus area in the next few years as we have set a goal to provide a climate neutral technical platform by the end of 2021. For Storytel this will require using renewable energy, being more efficient and offsetting any remaining carbon emissions.

### Storytel Publishing

The Print Publishing arm of Storytel has several initiatives in place to reduce its impact on the planet. For example, the

majority (97%) of all the books published by Norstedts in 2018 were printed on FSC (Forest Stewardship Council) certified paper and all non-books products are CE certified. Another important area is to constantly work to optimise the number of copies of a book that are printed to reduce the wastefulness that arises due to excess books being de-structed each year.

### Ethical Business

Storytel believes in fair play and wants to be a constructive and good player in the market that helps the industry as a whole prosper. We support efforts that help create more stories and introduce more people to the world of books. We believe that all initiatives that foster a positive attitude to any type of reading will benefit not only Storytel, but also the sector and the world at large. Storytel cooperates with several different market players, ranging from publishing houses to telecom operators. We choose business partners based on trust, not only in their business, but also in their corporate values and ability to conduct themselves fairly in the market. From a Storytel sustainability standpoint, ethical business can be split into efforts linked to anti-corruption and anti-competitive measures.

### Anti-corruption

Storytel adheres to local legislation concerning bribery and corruption in all markets. However, irrespective of the provisions of local legislation, we never seek to exert undue influence on anyone, directly or indirectly, by offering or accepting bribes or tolerating corrupt behaviour. Storytel has a global Code of Conduct that outlines zero tolerance for bribes and corruption.

Sweden and other Nordic markets traditionally have a history of low occurrence of corruption, but as the company grows so does its presence in markets where undue influence is more prevalent. This changed landscape has, of course, amplified the level of risk for the group of companies both in terms of an increased risk of incidents in these markets and in terms of the risk that different cultures have different perceptions of what corruption is and what is regarded as normal business practice. To mitigate these risks Storytel has made several efforts, the most prominent being the launch of the new Code of Conduct in 2018 and raising awareness through training and awareness sessions. The Code of Conduct is presented to all new employees before entering a contract of employment with Storytel. For Storytel the Code of Conduct is a value statement, a binding code and a guide that is used by everyone working at Storytel. It applies to all employees, consultants and board members alike. Additionally, Storytel holds a conference during the on-boarding process for new employees and new markets. As part of the conference, everyone attends a workshop in Stockholm held by the Finance and Legal Teams

to reinforce the Code of Conduct and go through anti-corruption in more detail. In 2018, to further strengthen the compliance efforts within the group of companies, Storytel also hired its first compliance and regulatory officer who joined the legal team in February 2019. With this Storytel hopes to be even more proactive in the area and in many other compliance-related fields.

In 2019, as a means to build on previous efforts and to reduce the risk of corruption and bribery, Storytel plans to take a more solid country-by-country approach through a cross-functional effort (HR/Operations and Legal/Compliance) and carry out a more thorough risk assessment to provide a solid platform from which we can provide a tailored awareness programme.

### **Anti-competitive measures**

Storytel adheres to local legislation concerning competition law in all markets, and we believe that competition creates a better market for our customers. The main risks identified by Storytel are, that an employee of Storytel due to lack of knowledge or otherwise, fails to follow the law or the Storytel policies by not treating all business partners on equal terms or by unlawfully communicating business aspects such as pricing or marketing with a competitor. To ensure that Storytel does not engage in these or other unlawful practices and that all employees follow the law and our Code of Conduct, Storytel identified awareness training for relevant employees as an important measure. In this effort selected employees underwent training during 2018. The programme will expand in 2019 into a broader competition law awareness programme.

### **Going forward**

Storytel will produce a sustainability report on an annual basis to follow up on our sustainability areas and goals and to present new information. In 2019 Storytel will take an integrated approach to sustainability and start tracking and measuring KPIs related to the sustainability areas presented in this report.

# The auditor's report on the statutory sustainability report

To the general meeting of Storytel AB (Publ) corporate, identity number 556575-2960

## Engagement and responsibility

The Board of Directors is responsible for that the statutory sustainability report on pages 30-55 has been prepared in accordance with the Annual Accounts Act.

## The scope of the audit

Our examination of the statutory sustainability report has been conducted in accordance with FARs auditing standard RevR 12 The auditor's report on the statutory sustainability report. This means that my (our) examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. I (We) believe that the examination has provided me (us) with sufficient basis for my (our) opinions.

## Opinion

A statutory sustainability report has been prepared.

Stockholm 15th of April 2019

Ernst & Young AB

Alexander Hagberg  
Authorized Public Accountant

