

Sustainability Report

Intro to Storytel

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. Leveraging technology and the power of storytelling, Storytel democratizes stories by providing a platform for both content creators and content consumers.



Vision

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.

Missions

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

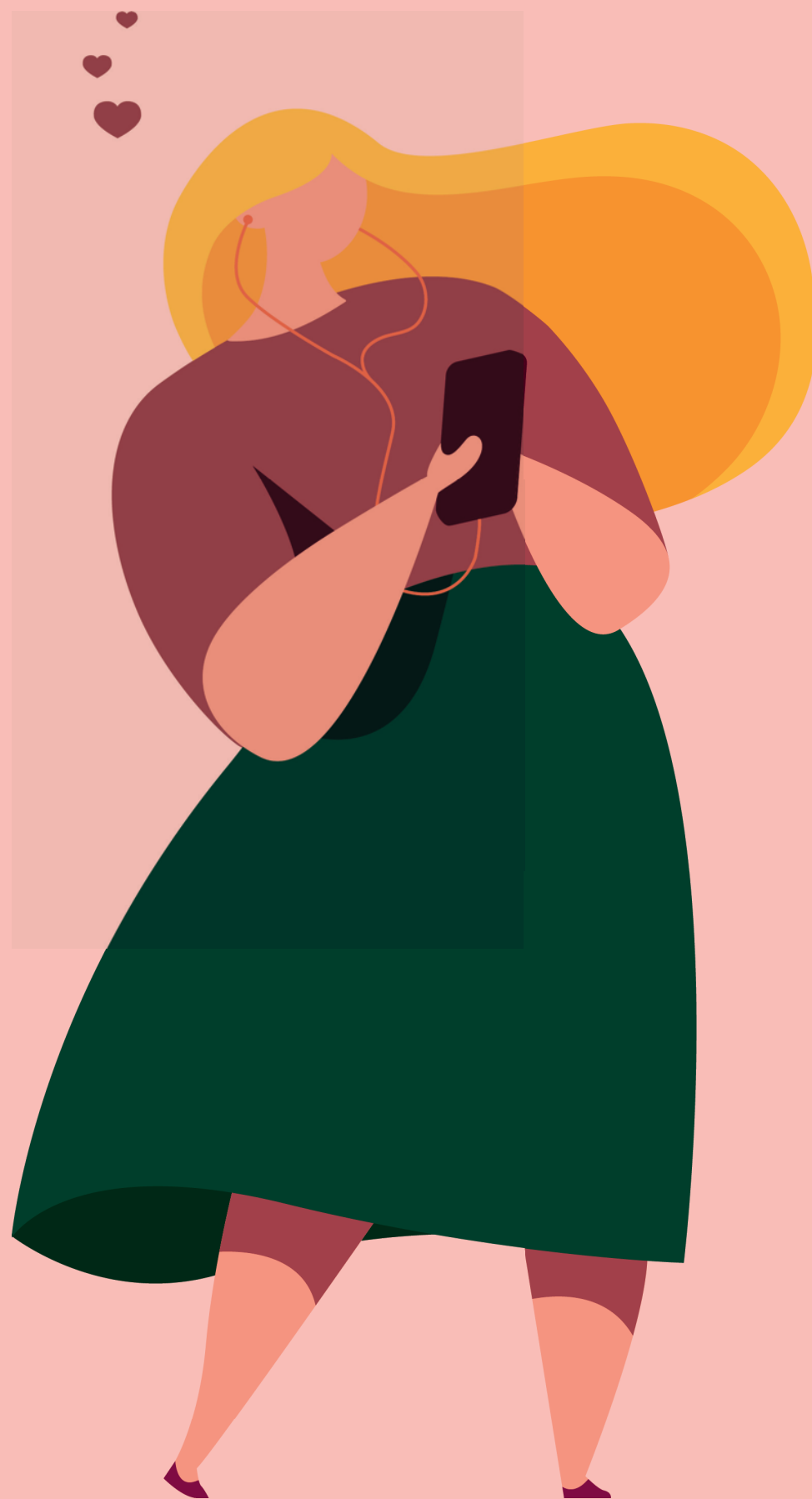
Inspire people of all ages to discover the world of stories by building an accessible and **personalized storytelling experience** using technology, insights and data.

Empower people to unlock their creativity and share stories by **connecting storytellers with a global audience**.

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



Storytel was founded with the ambition of adding value to people's everyday lives through great stories. Time spent with Storytel should be time well spent, something that we refer to as "meaningful recreation." In this space, we believe that we can address social issues such as well-being and mental health, literacy and learning, and self-development. Therefore, we care deeply about the impact our product and stories have on people's lives. We know that our product helps people read more, and more often. We also know that Storytel helps users explore new genres, something that we attribute to both our business model and our book recommendations. In some markets, such as Russia and Turkey, our users say that Storytel has helped them broaden their general knowledge, which means that we also help users learn. At Storytel, we are passionate about helping people read more and make the book, now in a digital format, a competitive media and source of entertainment alongside streaming video, music and social media.



87%

of users in the Netherlands say that they read/listen to more books since subscribing to Storytel.

83%

of users in Sweden say that they read/listen to books more often since subscribing to Storytel

69%

of users in Spain say that they read/listen to more books from different genres since subscribing to Storytel

72%

of users in Russia say that using Storytel has helped broaden their general knowledge.

Storytel adds value to the publishing industry and the cultural community in a number of ways. The company drives the digitization of books, which helps publishers and authors profit from sustainable backlist revenues. Storytel has a catalogue of 400,000 titles in 27 languages, and in 2019, 93% of all audiobooks were listened to in full at least once during the year, thereby creating an entirely new source of revenue for some storytellers. As a global company, Storytel also provides an international platform for authors, which can help them achieve international recognition. Storytel employs narrators, often actors, in its productions, which creates new job opportunities. In 2019, Storytel commissioned actors for 165,000 hours globally, which amounts to 70 full-time actors. When Storytel enters a new market, it invests in the local language and local authorships. We see

that 85% of consumption is in the local language, and that 85% of the Top 50 list in each market also consists of local authors. We are continuously investing in the long term (our own studios, audiobooks in countries where they do not yet exist, and new, unique Storytel Original content) in order to build an industry around the spoken word.

This report highlights how Storytel works with sustainability and what we believe can be improved given the sustainability issues and risks we have identified. Storytel presents its second sustainability report in accordance with the Swedish Annual Accounts Act. We have looked to the GRI Standards for inspiration and will report accordingly in the future.

Organizational Profile & Business Model

Storytel is Northern Europe's leading audiobook and e-book streaming service and offers unlimited listening and reading of more than 400,000 titles on a global scale. Our vision is to make the world a more empathetic place with great stories to be shared and enjoyed by anyone, anywhere and anytime. Storytel is a digital platform provider as well as a comprehensive publishing group. The streaming business area offers subscriptions for audiobooks and e-books under the Storytel and Mofibo brands. Storytel's publishing business area is carried out through the publishing houses Norstedts, Massolit, StorySide, Printz Publishing, People's Press, Rabén & Sjögren, B.Wahlströms, Gummerus Kustannus and Norstedts Kartor. Ztory—a subscription-based digital all-you-can-read streaming service for newspapers and magazines—has been part of Storytel since January 2019. Storytel operates in twenty markets around the globe and is headquartered in Stockholm, Sweden.

Storytel charges its customers in advance on a monthly basis. After their payment is registered, subscribers gain 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 per book consumed. Revenues from customers are shared with publishers in a revenue share model. Publishers then pay royalties to their authors based on the revenues received from Storytel.

Storytel in numbers in 2019



Number of
subscribers

1,100,000+



Number
of employees

400+



Number of
books in the service

400,000+

Number of
launched markets

20



Storytel's approach to ESG

Companies leave traces behind on our planet, and Storytel is no exception—but we are motivated to eliminate negative traces and only leave positive ones. ESG stands for Environmental, Social and Governance, and together these words make up a well-established framework for corporate sustainability. At Storytel, we have drawn from this framework and divide our sustainability initiatives into Footprint, Brainprint and Fingerprint to better understand and show the impact that Storytel has on society at large. We want to offer a service and products that are sustainable by design. The ultimate goals are for Storytel to contribute to improvements in society and that using the Storytel platform should not result in negative externalities on the planet or its people.

Long-term objectives

Our Footprint - the impact that we have on the environment

Be a climate-neutral publisher and streaming service provider

Our Brainprint - the stories that we create and how we distribute them

Be a service provider and distributor of content that enriches people's lives

Our Fingerprint - the impact that we have on our employees, business partners, investors and society at large

Be a company that people benefit greatly from by working for and/or with

Sustainability operations and responsibilities

We aim for sustainability to be a natural part of everything we do and for our sustainability goals to be integrated into our business plans. The management team reviews the progress toward our sustainability goals twice a year. The goals, policies and processes connected to sustainability are reviewed by the Board of Directors once a year. We report our progress toward our goals in our annual Sustainability Report.

Storytel's success in its sustainability initiatives is largely dependent on employee dedication and willingness to support Storytel's sustainability goals. Therefore, a big focus in 2019 was on educating and raising awareness about sustainability and what sustainability means for Storytel. This work has just gotten started and will be a focus area in 2020 as well. In 2019, Storytel established a Sustainability Task Force within the company with local representatives from the different Storytel markets. The purpose of this group is to collaborate on joint sustainability initiatives, for example introducing waste management in the offices or changing to a more sustainable energy supplier.

In early 2020, all employees at Storytel answered a survey about Storytel's sustainability work, and based on the results we are confident that Storytel will continue to progress toward becoming a fully sustainable company. The following are the results*:

* 80% response rate

76%

of all employees are aware of Storytel's sustainability goals

70%

of all employees believe that Storytel is doing enough to be a sustainable company

67%

of all employees feel that it is clear how they can contribute to making Storytel a more sustainable company

97%

of all employees say that they are willing to change their own behavior in order to contribute to making Storytel a more sustainable company

55%

of employees say that sustainability is a topic that is discussed within their team

75%

of employees say that they want to learn more about sustainability

Materiality assessment

When preparing the 2018 Sustainability Report, Storytel conducted a materiality assessment among employees, owners, the Board of Directors, the management team, customers and publishing houses. In 2019, the management team revisited the materiality assessment, identifying ten different sustainability topics. These have been grouped into eight focus areas that will be elaborated on in this report.

Material sustainability topics:

Footprint

- 1. Energy use and emissions from Storytel's business operations
- 2. Impact from Storytel's products and through our platform

Brainprint

- 3. Customer value
- 4. Data security an customer integrity
- 5. Responsible content

Fingerprint

- 6. Diversity and inclusion
- 4. Employee working conditions
- 5. Ethical business practices



Foot-print

Our Footprint - the impact that we have on the environment

Be a climate neutral publisher and streaming service provider

The Storytel Group's operations are not climate-neutral today. However, our ambition is for them to be so in the near future. We are committed to using green energy exclusively in the future and reducing business travel.

Follow-up on progress from last year

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

- Provide a climate neutral technical platform

This is a goal that we have set out to accomplish by the end of 2021. During 2019, we made significant progress in this area by migrating large parts of the technical infrastructure to the Google Cloud platform, and in 2020 we will continue working toward reaching our goal. Google matches 100% of the energy consumed by its global operations with renewable energy and maintains a commitment to carbon neutrality.

- Look into how Storytel's physical products can become more environmentally friendly with regards to production, distribution and recycling.

This is a project that was initiated in 2019 and will continue into 2020. In 2019, we gained some critical insight into how we can improve our products from a sustainability perspective. In 2020, we will continue this investigation and by the end of the year, hopefully, be able to launch initiatives based on our findings.

Reduce Storytel's GHG emissions: Business travel

- Start tracking our air travel

In 2019, we mapped our air travel on a global scale. In 2020, we will further improve our procedures and reduce error by introducing a travel management system for all employees to use when booking transportation.

- Make sure Storytel's travel policy is known and respected

Storytel's travel policy was updated in 2019 and then communicated broadly to all employees. It is part of the Code of Conduct, which employees read before joining Storytel and are also reminded of during their onboarding.

- Invest in better conference systems for all our offices

At the beginning of the year, the Operations Team conducted an audit to see which local offices needed to upgrade their conference systems. Shortly thereafter, new equipment was installed in those offices. Storytel remains committed to assuring that meeting rooms and conference systems are of the highest standard to avoid excessive business travel.

Reduce Storytel's GHG emissions & energy use: Operations

- Start measuring our climate impact on a Group level

The Storytel Group has started measuring the climate impact of Storytel and Norstedts, but it has not started yet on People's Press and the newly acquired Gummerus. In 2020, Storytel will take steps to report climate impact on a Group level.

- Create a global environmental policy

A global sustainability policy was drafted in 2019 and introduced to employees in early 2020. This policy, like all other global policies, is revised and updated accordingly on an annual basis.

- Raise awareness within the organization about sustainability and climate change

In 2019, all employees were invited to a global meeting to learn about sustainability and climate change from a climate professional. We also made sustainability a meta-topic during our annual conference, and this was emphasized through workshops and the choice of location and in several lectures. We also established communication channels to share information on this topic internally. More educational sessions will be held in 2020.

Focus area

1

Energy use and Emissions from Storytel's business operations

Total emissions

Total emissions in 2019 = 937 tCO₂e*
 2018 = 1.67 tCO₂e per FTE
 2019 = 2.32 tCO₂e per FTE
 * Location-based

The increase in emissions per employee can largely be explained by the fact that we have included more parameters in our calculations for 2019. Also, the number of employees in 2019 grew by 39%, and the new employees needed new equipment, which we have accounted for.

Storytel has climate compensated for all of its calculated energy use and emissions in 2019. 937 ton CO₂e were compensated for through the REDD+ project in Khasi Hills, India. This is a Plan Vivo-certified project that preserves the unique rainforest in the region. In addition to climate benefits, the project contributes to protecting waterways, promoting biodiversity, educating and providing new income opportunities to the local population.

Total emissions from electricity consumption and district heating

Total emissions 2019 = 346 tCO₂e
 2018 = 0.14 tCO₂e per FTE
 2019 = 0.86 tCO₂e per FTE

The figure for 2018 only includes energy and heating in the Swedish and Danish offices. In 2019, all offices around the globe were included in the calculation.

Total emissions from business travel

Total emissions 2019 = 420 tCO₂e
 2018 = 1.32 tCO₂e per FTE
 2019 = 1.04 tCO₂e per FTE

Storytel's travel policy outlines that we should only travel when necessary. Video conferencing is our preferred way of meeting with colleagues located in other offices. In 2019, Storytel employees had more than 25,000 meetings on

Google Hangouts, greatly reducing business travel and the associated CO₂e emissions.

25,000 hangouts meetings in total = 62 per FTE

During Storytel's annual conference, employees from all over the world fly to Stockholm for a week. This week adds enormous value to Storytel and its employees, but it also has a big climate impact. One reason Storytel managed to reduce business travel in 2019 was that we reduced the number of team-specific conferences that were previously spread out over the year. Instead, teams had their conferences in Stockholm in conjunction with the company-wide conference.

Total emissions from IT equipment

Total emissions 2019 = 106 tCO₂e
 2018 = 0.19 tCO₂e per FTE
 2019 = 0.26 tCO₂e per FTE

The increase in the number of employees, especially in our tech department, resulted in higher equipment emissions.

Key challenges in this focus area

A challenge for Storytel in lowering its emissions from business operations is that some Storytel markets do not have renewable energy alternatives. It can also be difficult to recycle and handle waste in a sustainable way in some markets. Storytel is also facing a challenge in being able to control business travel & IT equipment purchase in some markets.

Targets for 2020

- Start measuring climate impact on a Group level
- Involve more employees from more markets in on-going sustainability efforts
- Continue raising awareness about sustainability within the company
- Encourage all managers to involve their teams in how they can make Storytel a more sustainable company through their team and/or role
- Help local offices become greener

Focus area

2

Impact from products and through our platform

As mentioned, Storytel has set out to provide a climate-neutral platform by 2021. Storytel has partnered with sustainability consultants to conduct detailed analyses of our products from a sustainability perspective and identify potential improvements. In 2020, we will have a strong focus on making sure that our streaming platform can be powered by renewable and clean energy by 2021.

Besides working to lower our own emissions and energy consumption, Storytel is also in a position to influence others—both individuals and companies—all over the world. Storytel has 1,000+ titles about sustainability and climate change that our users can learn from, and we see that publishers deliver increasing numbers of such titles. Climate fiction (Cli-fi) is trending as a content category, and non-fiction books about self-development from a sustainable perspective are also rising in popularity.

Key challenges in this focus area

The main challenge is that Storytel is relying on multiple business partners to succeed in this area. It can be difficult to get accurate data about energy consumption and emissions from our business partners since they do not always have the processes in place to collect and share such data.

Targets for 2020

- Continue working towards providing a climate-neutral platform by 2021.
- Educate our users about how to consume Storytel and other streaming services in the most environmentally friendly way.

Brain-print

Our Brainprint - the stories that we create and how we distribute them

Be a service provider and distributor of content that enriches people's lives

Organizations that create and distribute content hold a powerful position in society through the impact and influence of their content. Since we want the Storytel service to be an integral part of users' everyday life, we work hard to make sure that we add value and offer responsible content.

Follow up on progress from last year

Inspire people to read more

- Initiate partnerships that encourage more reading in society

Storytel is on a mission to set stories free, so naturally we want to find business partners who share our passion for increasing readership in society. In 2019, Storytel partnered with Prince Carl Philip's and Princess Sofia's Foundation for Dyslexia and created a book club together with its members.

Set stories free around the world

- Make more languages available to Storytel's users

In 2019, Storytel produced 6,000 audiobooks in 27 languages. Storytel treasures the local culture and language, and we want to make these stories available everywhere to be shared and enjoyed. For example, in 2019 we added

Arabic content produced by Storytel in our Swedish local service, and our entire Turkish catalogue is available in Germany.

- Influence more people to write their (first) stories

Storytel produces original content and works closely with storytellers to help them write their stories. In 2019, Storytel also launched initiatives that focused on younger age groups to help children write their first stories. For example, Operation Skriva was launched, which is a podcast series for children who would like to know more about the process around writing and helps them write stories. Also, in collaboration with the most popular children's magazine in Sweden, Kamratposten, Storytel launched a competition for children aged 7-15 to write their very own novel on the theme Courage. The prize was to be published in KP's magazine and by Storytel.

Focus area

3

Customer value

Storytel is on a mission to not only make books more accessible but also make reading more convenient and compatible with everyday life. By accessing stories through a digital platform, Storytel's subscribers can reap the benefits of reading in a way that fits their modern lifestyle and makes it feel simple and enjoyable. The Storytel experience offers its users self-care, self-development and a sense of community, which we refer to as "meaningful recreation." Moreover, the Storytel app can offer a solution for everyday problems, such as boredom, insomnia and loneliness.

Our brand impact can be measured by the impact that we have on people's lives. The average Storytel user spends 30 hours on our platform every month, which means that Storytel is a truly integral part of our users' everyday life. As a subscription service, Storytel must prove its value at all times to its users, so various metrics of customer satisfaction are closely monitored to make sure that customers continue to subscribe to and enjoy the service.

To monitor whether the Storytel app truly adds value to people's lives, we survey on a regular basis whether users 1) are reading/listening to more books, 2) are reading/listening to books more often, and 3) have been exploring new genres since subscribing to Storytel. Around 80% of our users say that they read/listen to more books thanks to Storytel, and about the same number say that they also read/listen more often than before. In other words, Storytel helps its users create a habit of reading more regularly. Around 70% of users say that Storytel helps them explore new genres of books. Furthermore, in some markets, users say that Storytel has helped them broaden their general knowledge, for example in Russia and Turkey where 72% of users say that this is the case.

Storytel tracks NPS and customer experience scores on a regular basis to make sure customer value is high.

The recent UK-based study Audiobooks and literacy found that engagement with audiobooks can help children improve their reading skills as well as their mental well-being and emotional intelligence. Audiobooks can support the development of children's emotional intelligence, partly by deepening their understanding of tone and accents, but also since research has shown that listening to a human voice can elicit a stronger emotional response than reading a written narrative or watching a film. The study also showed that audiobooks can be effective at engaging reluctant and struggling readers. When written text is a barrier, audiobooks allow readers to enjoy stories that are beyond their reading level. It has previously been shown that listening to an audiobook requires the same cognitive skills as reading in print and helps children with language comprehension and the ability to understand and retain information. To summarize, the study shows that audiobooks can improve children's reading skills and enjoyment of reading, support children's emotional intelligence and mental well-being, improve children's reading comprehension, and broaden children's access to books.

Key challenges in this focus area

To keep adding value to customers, Storytel must constantly invest in improving the customer experience. Another challenge for Storytel is to make long-format stories as compelling to users as shorter content, like streaming videos or podcasts, which can be easier to consume.

Targets for 2020

- Continue developing a community around reading and stories to add more value to our users and storytellers

Focus area

4

Data security and customer integrity

Our stakeholders entrust us with the processing of their personal data, and we do our utmost to protect and store this data as prescribed by law and in the best possible way. Everyone who works at Storytel encounters personal data differently, whether through the personal data of employees, customers or business partners. In 2019, a data risk assessment was conducted in collaboration with all functional team leads and Group management. We also arranged a company-wide information security awareness training course to ensure that all employees have a basic understanding of information security. Information security is an inherent part of Storytel's information management process, and it entails ensuring the confidentiality, integrity and availability of information. After the awareness training, all employees took a mandatory quiz to verify that they understood the policies and rules that are in place. In 2019, data privacy and protection also became a part of the onboarding process for all new employees.

Storytel's approach to managing data privacy is to establish privacy-related processes and procedures. These processes and procedures are a priority and a natural part of our business operations. More specifically, we have a Privacy by Design process that enables us to be proactive about privacy and data protection throughout the entire data, IT and process lifecycle. Storytel has two main privacy policies: one concerning customer data and one concern-

ing employee data. No affiliate in the Group may adopt practices that go against these policies unless required to by national law. In addition, every team within Storytel has its own set of data privacy guidelines to reduce risks related to personal data processing within the team's specific function.

Key challenges in this focus area

There is a risk that rapid growth and expansion will allow only limited time to anchor the established processes, procedures and policies. Storytel must continuously identify areas where new or adapted policies are needed to protect data and the integrity of the customer. Also, Storytel must stay up to date on new regulations and case law/published guidelines from data protection authorities. Storytel's presence in markets outside the EU can also present challenges since data must be processed in accordance with GDPR as well as the data protection legislation in each country.

Targets for 2020

- Update the Internal Privacy Policy on our intranet to provide accessible and practical information and tools for all employees
- Identify and assess the implications of new data protection laws being implemented during 2020, for example in Brazil and India

Focus area

5

Responsible content

Storytel has a broad catalogue of content. This catalogue offers a mix of original content, which is produced by Storytel across all of our local markets, and licensed content from third parties globally. As a content producer, Storytel embraces its responsibility to human rights, such as education and freedom of expression. By embracing diversity and pluralism in its content, Storytel aims to facilitate understanding and cultivate empathy among its readers.

After Storytel conducted its first materiality assessment, responsible content emerged as a prioritized sustainability topic. As a result, Storytel established a Content Committee in 2019 to both proactively and reactively handle content-related issues in the company's roles as both a content provider and a publisher. The committee is a collaboration between a number of departments within the organization and is tasked with determining Storytel's stance on content that has been reported as explicit or in some other way unsuitable for the service. This forum meets every second month—or more often if necessary—and is led by Storytel's Head of Global Content. Represented departments include Legal, Communication, Customer Support, CRM, and the local country manager whenever an issue is local. In 2019, the committee enhanced the company's process for reviewing and handling complaints and helped reduce various content-related risks. The following list presents some of the content-related topics that are subject to the scrutiny of the committee:

- Copyright violation
- Classified information
- Geopolitics
- Violence, racism, sexism
- Pornography
- Solicitations to commit crimes
- Incitement to imminent lawless action

In addition to the Content Committee's work to ensure responsible content, the Global Content Team also works meticulously to make sure that each title has the proper credits, a registered publisher and correct metadata.

Key challenges in this focus area

There is a risk in this focus area that Storytel will fail to have adequate processes in place to handle and monitor content from a safety perspective. Storytel also faces a major challenge in that it must take a market-by-market approach and understand what responsible content means in each market. Storytel could furthermore inadvertently alienate various customer groups through its content decisions.

Targets for 2020

- Continue improving Storytel's processes for handling and monitoring reported content.



Finger- print

Our Fingerprint - the impact that we have on our employees, business partners, investors and society at large

Be a company that people greatly benefit from by working for and/or with

Our fingerprint is our DNA and who we are as an organization. The culture at Storytel encourages dedication, innovative thinking, collaboration, openness, 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 for and with. Integrity is valued deeply, and respect for our business partners is inherent. We want our interactions with people—employees, business partners, investors and customers alike—to be constructive and add value.

Follow-up on progress from last year

Employee Net Promoter Score: sustain score above 50

- Ensure that everyone at Storytel knows our Code of Conduct and adheres to it

We introduce our Code of Conduct during the recruitment process, and over the year we follow up throughout the organization on how well it is understood. We also make sure that people know where to find it, and we check if people think that we act according to it. In 2019, we launched a new onboarding program introducing all new employees to the Storytel culture and how we operate as a business. This program is important for ensuring that all new colleagues know what is expected of them and what they can expect from Storytel.

- Initiate leadership training on several levels of the organization

An important focus area for Storytel's management and HR teams is to work together to ensure that the leaders within the organization are equipped to lead their teams. In 2019, we created the Storytel Leadership Principles, which outline what we expect from our leaders. We also initiated a First-Time Manager Program to better support our colleagues who have taken on their first leadership assignment. We will continue with leadership training for all our managers in 2020.

- Create development plans for employees at Storytel

At Storytel, we want development and learning to be a natural part of our everyday work life. In 2019, we launched Development at Storytel, a plan that outlines how Storytel views employee development and what it expects from its employees. We will use this plan as a framework when talking about employee development throughout the year

and during performance reviews. We will continue to develop this plan in 2020 to help employees develop, grow and perform at their best.

Have a mutually beneficial and fruitful relationship with publishers

- Improve how we share data and insights with publishers

Throughout 2019, we have been conducting research and gathering publisher feedback on how Storytel can improve its current online portal by adding consumption data for publishers. Our aim is to build a new tool based on the publishers' requirements, and it will be launched in early Q2 2020. At Storytel, we seek to be transparent about data and information. The new version of the Storytel Portal will be continuously updated and developed to suit the needs of our content partners. We also update our company presentation for third-party publishers twice a year, and we have shared in our latest version valuable consumption data from 2019, such as consumption based on local language, publication date and time of day.

- Roll out our new time-based financial model to ensure fairer compensation for publishers

In 2019, we introduced and transitioned most of our global third-party publishers to Storytel's new financial model. We believe that this model will ensure financial sustainability for the expanding Storytel service, so we in turn can continue to grow the publishers' revenue. Consumers are moving from ownership to access, and Storytel believes that revenues should also reflect this new behaviour. In other words, time spent reading is vital for any author and publisher to sustain their business in the digital era.

Focus area

6

Diversity and Inclusion

Storytel wants to be an employer who represents sound values and offers a safe environment where everyone can be who they want to be. Storytel cherishes differences, and everyone is entitled to equal opportunity and treatment. Our employees come from all over the world, and we welcome people regardless of gender, identity, disability, sexual orientation, ethnicity, age, religion or other beliefs. We strongly believe that individuals who feel safe and can be themselves are happier and more productive. Storytel's goal is to be a diverse workplace where we can evolve and learn from everyone's differences.

In 2019, Storytel presented its Diversity Plan to the organization. The plan covers topics such as working conditions, salary practices, recruitment and promotion, education and competence, development, and the balance between work life and parenting. Every year, our HR team and safety committee map employees' salaries to identify any salary inequalities.

Key challenges in this focus area

There are risks associated with not investing enough to create a diverse and inclusive workplace. For example, Storytel could fail to be an attractive employer to a diverse set of applicants and, as a result, miss out on the business advantages of having a diverse workforce. More specifically, Storytel could fail to recruit female tech employees and international talent.

Targets for 2020

- Raise awareness among managers about the advantages of having diverse teams and what actions managers can take to realize such advantages
- Improve the process for internal recruitments and promotions to create equal opportunities for everyone
- Attract and recruit more women to our development department



Focus area

7

Employee working conditions

Everything at Storytel starts with our employees. Without them, we would not be able to reach our goals. It is therefore particularly important that we create the best possible conditions for our employees to thrive at work. In order to maintain a good work environment, we collaborate closely with our safety committee, which includes both employees and management. Together, we take a structured approach to improving Storytel as a workplace and following the rules and guidelines set up by the Swedish Work Environment Authority. A Global Work Environment Policy was drafted in 2019, and it was approved by the Board in early 2020. The policy outlines the work environment that Storytel strives to provide and the behaviour and responsibility expected from each employee.

Most of our work is done in an office environment, and the risk of physical injuries is quite low. Our challenge is instead linked to heavy workloads and stress. Stress-related illnesses are growing in society in general, and we want and need to work very hard to make Storytel an exception. As a constantly growing company, and with employees who are dedicated and passionate and go the extra mile, there is a risk that positive stress could turn into destructive stress. By using regular employee pulse surveys, we measure and track the level of stress within the company in general and among our different teams. This triggers a continuous dialogue between employees, HR and managers. We do our best to create a work environment that allows employees to find a good balance between work and their private life.

Another key aspect of thriving employees is good leadership. Storytel has grown quickly from being a small start-up to having over 400 employees all over the world. This has increased the need for good leadership. We hold Leadership Forums, where managers can share best practices and learn from each other, and in 2019 Storytel began tracking the Net Promoter Score for leaders (LNPS) within the orga-

nization. At the moment, Storytel's LNPS is lower than the Employee NPS (ENPS), but the long-term ambition is to have both metrics above 50.

All employees at Storytel have a yearly performance review with their manager to evaluate performance and development and set individual goals. This is a vital part of learning and development within the organization, and employees and managers are expected to reflect on both short- and long-term development at Storytel. The emphasis during the review is on dialogue; employees are encouraged to give feedback and share their wants and needs.

84% of employees agree that they are given the opportunity to grow and develop

83% of employees say that they have received new responsibilities in the past twelve months

However, only around 60% of employees say that they get the training they need to grow and develop. In 2020, Storytel will work to improve this number by creating development plans and training managers in coaching.

Key challenges in this focus area

Again, rapid growth and expansion may make it difficult to ensure that working conditions live up to the Storytel standards in all local offices. Another key challenge is that Storytel could experience higher employee turnover if employees' learning and development are not appropriately prioritized.

Targets for 2020

- Sustain our ENPS at 50+
- Increase our LNPS to 50+
- Create more opportunities for learning and development for all employees

Focus area

8

Ethical business practices

A key steering document for conducting ethical business practices is our Code of Conduct, and the HR team helps employees comply with it. Storytel also has a whistleblower system, which helps ensure that employees are able to report unethical behaviour without fearing retribution. As another important step to ensure that Storytel's business practices are ethical, the Code of Conduct was expanded in 2019 to include a section on using objective grounds to select business partners. Employees are not allowed to be involved in business activities where they have a conflict of interest, and they must disclose any conflicts of interest to their immediate manager.

Policies and compliance within Storytel

Storytel initiated a policy project in 2019 and had drafted

several new global policies by the end of the year. These policies are vital for ensuring compliance within the organization and helping Storytel employees to act ethically and in compliance with the Code of Conduct. Each global policy has an owner and is revised annually – or more often if necessary.

All new employees are expected to read and understand the Code of Conduct and the global policies during their first few weeks of employment. In 2019, Storytel introduced a compliance program for ethical business, and compliance training is now part of the onboarding for all new employees. In 2020, this program and associated policies will be translated into guidelines for employees to deepen the understanding of the rules and further assure compliance.

Policy	Purpose of Policy
Code of Conduct	This policy outlines how we conduct our business, take care of Storytel's assets, handle confidential information and treat one other, customers, competitors and partners.
Global Work Enviroment Policy	This policy outlines the goals for Storytel's work environment and specifies how Storytel expects each employee to act and what Storytel expects them to take responsibility for.
Sustainability Policy	The purpose of the policy is to clearly outline how Storytel views sustainability and guide all employees to make the right decisions in their everyday work and when cooperating with external partners.
Risk and Compliance Policy	This policy outlines Storytel's process for identifying, assessing and managing risk, the categories of risks that Storytel is exposed to and how the risk management process (identification, assessment, mitigation and reporting of risks) is exercised.
Information Security Policy	This policy outlines the objectives, responsibilities, organization and means of implementation of information security. In addition, it describes the general principles of monitoring and communication.
Insider and Communication Policy	This policy outlines the basic principles, applicable laws and regulations, persons covered, methods for handling and possibly acting upon sensitive information. The policy seeks to guide persons possessing inside information in order to prevent a breach of the rules and regulations.

Anti-corruption and anti-competitive behavior

Storytel believes in fair play and, in order to help the industry as a whole prosper, Storytel wants to be an ethical player on the market. 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 a number of different market participants, ranging from publishing houses to telecom operators. We choose business partners based on trust: not only trust in their businesses, but in their corporate values and their ability to conduct themselves fairly in the market, too.

Storytel adheres to local legislation concerning bribery and corruption in all markets, and we believe that competition creates a better market for our customers. 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's Code of Conduct lays down a 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 changing landscape has raised the level of risk the Group and its companies are facing, not only in terms of a greater risk that an incident would occur in these markets but also the risk that different cultures perceive differently what constitutes both corruption and normal business practice. To mitigate these risks, Storytel has implemented several measures in 2019. For example, Storytel hired its first compliance and regulatory officer, and this officer produced the above-mentioned compliance program in close collaboration with relevant internal stakeholders at Storytel, thereby contributing to the increase in the overall awareness of the importance of the Code of Conduct. Storytel also held an awareness session in 2019 for all employees to discuss anti-corruption and anti-competitive behaviour.

Protecting Intellectual Property (IP)

At Storytel, all IP-related work serves as a tool to establish a solid foundation on which the business can thrive. 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 against activities infringing on our IP rights. Storytel col-

laborates with industry organisations and is part of several business-related associations to monitor any changes and developments in the industry at large. This surveillance is conducted not only through our network of organisations and business partners, but also through collaboration with specialised advisors. As the respect for, and protection of, intellectual property is core business for Storytel this is a prioritized issue worldwide.

The processes in place and the cross functional collaboration in itself ensures that Storytel maintains a high and adequate level of respect and protection for IP rights and has secure processes to handle both internal and external rights. Benefiting from all employees' different qualifications and experiences in intellectual property related areas, Storytel is able to maintain a high level of knowledge and respect for IP throughout the company group. To ensure that this quality level is persistent, Storytel conducts awareness training related specifically to trademarks and copyrights.

Key challenges in this focus area

There is a risk that insufficient familiarity with the Code of Conduct and other global policies could unintentionally result in unethical business practices. There is a risk that an employee of Storytel, due to lack of knowledge or otherwise, could fail to follow the law or Storytel policies by not treating all business partners on equal terms or unlawfully communicating business information such as pricing or marketing to a competitor. Moreover, the broad and cross-functional handling of mainly copyright related questions, as part of Storytel's core business, could result in unintended inconsistent handling of copyright related questions.

Targets for 2020

- Through onboarding, continue to ensure that all employees are familiar with our Code of Conduct and other internal global policies and the compliance program.
- Draft and introduce guidelines on anti-bribery and corruption that spells out Storytel's zero tolerance policy on bribes or other behaviour that is seen as a form of undue influence and provide some practical examples on what behaviour may or may not be allowed as a Storytel representative.
- Adopt a broad new IP strategy with focus on copy right and trademarks.

Looking forward

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. For Storytel to continue delivering on this promise, growth needs to be both sustainable and compatible with our financial targets. For us, sustainable growth has three dimensions: environmental, economic and social. The implication of these dimensions is that our business model should preserve the environment, be simultaneously sustainable for authors, publishers, customers and Storytel, and be responsible toward employees, business partners, investors and other stakeholders. As Storytel grows in terms of both employees and customers, a solid governance structure becomes increasingly import-

ant. As described in this report, Storytel has taken several important steps in 2019 toward sustainable growth through strengthened compliance. Storytel has a strong culture and attributes much of its growth to its employees. The Storytel culture, outlined in the Code of Conduct, is perhaps the most important safety mechanism to protect Storytel from misconduct and continue to steer the company toward sustainable growth. Since 97% of all Storytel employees say that they are willing to change their behaviour to contribute to making Storytel a more sustainable company, we are confident that we will continue to make progress and deliver on our sustainability targets in 2020.

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 36-65 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 FAR's 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 1st of April 2020
Ernst & Young AB

Alexander Hagberg
Authorized Public Accountant

