

## **UNIVERSAL MUSIC GROUP MODERN SLAVERY STATEMENT FOR FINANCIAL YEAR ENDING DECEMBER 2020**

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 (the “**Act**”) and constitutes the modern slavery and human trafficking statement for the financial year ending 31st December 2020 for the companies of the Universal Music Group (“**UMG**”) located in the United Kingdom.

This statement is made by UMG’s UK holding company Universal Music Holdings Limited on behalf of the following entities, each of which meets the criteria requiring it to publish a modern slavery statement:

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

The purpose of this statement is to set out UMG’s policies in relation to slavery and human trafficking and to identify the actions that we have taken to prevent slavery and human trafficking from taking place in all elements of our business.

### **INTRODUCTION TO OUR BUSINESS**

UMG’s operations cover a broad spectrum of activities relating to the business of recorded music. These activities include the development, production, distribution, manufacture, marketing, promotion and sale of all forms of recorded music as well as providing other services such as the design and sale of merchandise, film production, archiving and publishing services.

### **COVID-19 RESPONSE**

The safety and wellbeing of our employees, artists, service providers, and the broader music community has been the paramount consideration in our response to the COVID-19 pandemic. We closed all but one of our UK sites on 16<sup>th</sup> March 2020 and the final site on 20<sup>th</sup> March 2020, prior to the introduction of the UK Government’s lockdown measures.

All our sites remained closed whilst we developed detailed plans to gradually and safely reopen at appropriate times. We reopened Abbey Road Studios on 1 June 2020 and between 3 August and 31 December 2020 we allowed a small group of employees to attend the London head office (at their request) if they could not reasonably work from home, including for wellbeing reasons. The Rolling Stones merchandise store at No.9 Carnaby Street, which opened on 9 September 2020, remained closed during the nationwide lockdowns and fully complied with the relevant restrictions as a non-essential retail store.

Individual needs and circumstances will continue to be carefully considered and we will ensure that we fully support those who may be vulnerable. Everyone who can work from home has been supported to do so, and employees who are unable to work from home, and are not able or willing to come into the workplace, have remained on full pay. We also made a small number of exceptional grants to casual workers, whose opportunities to work were impacted by the pandemic and we continue to liaise closely with our third party service providers to ensure that they are taking the appropriate steps to protect and support their staff.

## **STRUCTURE AND SUPPLY CHAINS**

As the focus of the recorded music industry has shifted to digital forms of distribution, our supply of physical goods has reduced. However, we do continue to manufacture and distribute recorded musical on physical carriers and manufacture and distribute merchandise via Bravado.

The physical supply chain for recorded music manufactures and distributes physical music carriers including CD, DVD and vinyl. Almost all the manufacture of physical product takes place within the European Union. UMG also distributes physical product on behalf of distribution deal partners. The digital supply chain for recorded music maintains a number of digital platforms used by UMG companies for the digital distribution of music.

UMG's merchandise arm, Bravado, sources and arranges distribution of physical merchandise including apparel, paper products, and other accessories. The majority of physical product is sourced from suppliers based within the European Union and the United Kingdom, with the products themselves being a mix of both bespoke and 'ready-made/ off-the-shelf' garments. These garments are manufactured in a variety of countries including Turkey, China, and India, with finishing (i.e. printing) of the ready-made garments generally occurring in the UK. The company primarily sells its products at music concerts throughout Europe and to UK high street retailers.

## **OUR POLICIES ON MODERN SLAVERY AND HUMAN TRAFFICKING**

UMG fully supports the aims of the Act and is committed to carrying out its business fairly and honestly. We understand the importance of carrying out business in an ethical manner and we endeavour to constantly improve our systems and processes to ensure that we adhere to ethical business practices.

We are committed to human dignity and we respect the rights of individuals in every aspect of our work. Practices that degrade other people including discrimination, slavery, sex trafficking, forced labour child labour, unfair and unsafe working conditions, or any other form or workplace abuse have no place in our company, industry or society. We endeavour to ensure that our suppliers

adhere to the UMG Corporate Social Responsibility Policy, which endorses these principles. We take steps to protect human rights in our business by choosing business partners who share our commitment to human rights and by carrying out our business with fairness, honesty and integrity.

This statement reflects our commitment to acting ethically in our business relationships and our stance against any form of slavery, human trafficking, child labour or other human rights violations. These standards are reflected by commitments including:

- not using any form (nor contracting with suppliers using any form) of forced, bonded or compulsory labour, slavery or human trafficking;
- compliance with all applicable national laws and regulations regarding working hours, minimum wages and benefits.
- having appropriate processes and due diligence procedures in place to highlight any possible risks.

## **OUR SUPPLIERS AND DUE DILIGENCE**

Our procurement process involves initiatives to identify and mitigate the risk of modern slavery. All suppliers are expected to comply with the principles set out in the UMG Corporate Responsibility Policy (as well as ensuring compliance within their own supply chains) and are expected to evidence their adherence at least annually.

With respect to Bravado, our larger retail partners generally have their own supply chain audit procedures and reports, which we are able to review. Where Bravado engages smaller suppliers, we endeavour to use suppliers that are SEDEX registered, which requests that they undergo annual third-party audits (Sedex Members Ethical Trade Audit (SMETA)). When Bravado engage a new supplier, we always request their most recent audit report. Bravado's licensees are also contractually obliged to comply with our Supplier Social Responsibility Policy.

Prior to the pandemic, Bravado were able to conduct supplier site visits in the UK on a regular basis and where practicable visits to our overseas suppliers to inspect their premises and procedures. Unfortunately these visits had to be suspended in 2020 due to the COVID-19 pandemic and related restrictions but we hope to be able to resume inspections over the course of 2021.

## **RISK ASSESSMENT**

In relation to the recorded music side of our business, we consider there to be a very low risk of slavery and human trafficking in both our own business and our supply chains. Our group wide hiring procedures and employment policies ensure that the risk of slavery and human trafficking in our business is kept low. Our suppliers and manufacturers, the majority of whom are based in Europe, are subject to careful due diligence and the requirement to comply with our Corporate Social Responsibility Policy.

Given the nature of Bravado's merchandise business (i.e. the sale and manufacture of apparel and other goods), we are cognisant that here, there is a greater risk of modern slavery and human trafficking in our supply chains. We minimise such risks by selecting suppliers who share our

commitment to human rights and asking them to comply with the UMG Corporate Social Responsibility Policy.

With regard to the third party businesses that we work with, our due diligence and ongoing monitoring procedures (as set out in this statement) ensure that we keep the risk of modern slavery in our supply chain as low as possible.

## **MEASURING EFFECTIVENESS/ONGOING MONITORING**

As mentioned above, Bravado's larger retail partners have their own audit procedures and require us to use their own audited supply chains to minimise any supply chain risks relating to products that they buy from us and sell to their own customers. We are able to review audit reports from these partners to confirm that they are taking appropriate measures to protect their staff. Where our smaller retail partners are SEDEX registered, they should be subject to annual SMETA audits. We encourage our staff to be alive to the risks of modern slavery and provide guidance on how to assess and identify risks in our supplier operations.

Our standard contractual arrangements allow us to terminate the relationship with Bravado's suppliers if a site visit or audit identifies any problem areas which are not remedied within a reasonable time period.

UMG also has a 24/7 Global Compliance and Ethics Helpline which is operated by an independent third party and allows employees, artists, suppliers and third parties to raise any concerns about our business practices. Reports to the Helpline are investigated and addressed by the UMG Compliance function, as appropriate. During the period covered by this report, no reports were made to the Compliance and Ethics Helpline in relation to either modern slavery or human trafficking.

## **TRAINING**

Our Code of Conduct identifies the risks of modern slavery in our business and sets out our policy in relation thereto. All employees are periodically required to participate in online training and certify that they have understood and will comply with the Code of Conduct. Bravado staff also periodically attend training on modern slavery offered by our retail partners, although these opportunities have unfortunately been restricted this year due to COVID-19.

This statement has been approved by the board of directors of Universal Music Holdings Limited and has been signed by Simon Carmel, Director of Universal Music Holdings Limited.

*Simon Carmel*

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Signature

**Simon Carmel**

Universal Music Group

**Director Universal Music Holdings Limited**

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Date