# SUSTAINABILITY AT THE SECRETLY AFFILIATES

Dear Friends,

Sustainability is a core value of The Secretly Affiliates (Dead Oceans, Jagjaguwar, Secretly Canadian, Saddest Factory Records, Ghostly International, Drink Sum Wtr, The Numero Group, 37d03d, Secretly Publishing and Secretly Distribution). We've had some wins (a large solar array on our distribution hub and a new one added to The Numero Group's office in Chicago in 2024!) and some misguided efforts (we once started a micro label, St. Ives, just as a means to use excess LP jackets from other projects…it's a long story). In celebration of our 25th anniversary in 2021, we made a formal commitment to lessen our environmental impact with the adoption of our first sustainability plan.

Below we lay out how our sustainability journey is going. Our path is anything but clear, but we are committed to forward progress in which we 1) do not let perfect be the enemy of the good and 2) respect that sustainability is a journey, not a destination.

We welcome all questions, concerns and, above all, dialogue as we continue our journey.

Yours,

Ben Swanson

Co-founder and COO


| OUR GOALS | OUR CARBON FOOTPRINT | OUR PROGRESS |
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## OUR GOALS

**Between 2023 and 2030, we will:**

1. **Reduce carbon emissions from our facilities and company truck (Scopes 1 & 2) by 50%.**
2. **Reduce carbon emissions from our supply chain and business travel (Scope 3) by 25%.**

These absolute emissions reduction targets are new this year (2024). We joined the Music Climate Pact in 2021 with an initial commitment to achieve net-zero carbon emissions by 2026. We have achieved this commitment to carbon-neutrality for our Scope 1 & 2 emissions by investing in carbon offset projects. But over the past few years, we have come to believe that focusing primarily on offset programs is not the solution to the climate crisis.

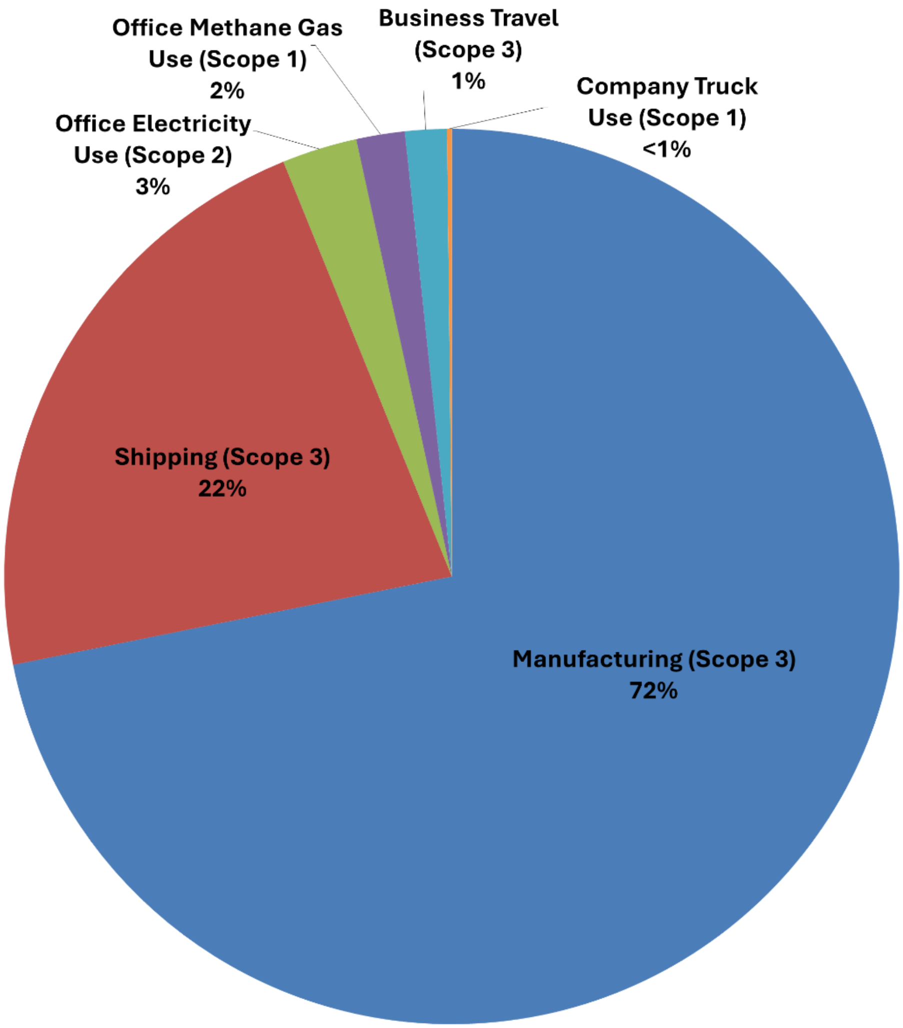
These new emission reduction targets align with current best practice and the Science Based Targets initiative. We are committed to doing our part—in partnership with our artists, peers, and collaborators—to help us collectively avoid the worst consequences of runaway climate change. Join us!

## OUR CARBON FOOTPRINT

We have measured and offset our Scope 1 emissions (from methane gas used in our facilities and diesel used in a company truck) and Scope 2 emissions (from electricity use) since 2019. Over time, we have introduced measurement and reporting of our Scope 3 emissions from our business travel and manufacturing and shipping of our products. 2023 is the first year for which we have a relatively complete and accurate understanding of our entire in-house and supply chain carbon footprint, so 2023 is the baseline against which we will measure future progress toward our carbon reduction goals.

The Secretly affiliates (Dead Oceans, Jagjaguwar, Secretly Canadian, Saddest Factory Records, Ghostly International, drink sum wtr, The Numero Group, 37d03d, Secretly Publishing and Secretly Distribution) **2023 carbon footprint is 3,748 metric tons of carbon dioxide equivalent (MTCO$_2$e).** That's the same amount of greenhouse gas emissions created from 740 U.S. homes' electricity use for a year or burning more than 8,600 barrels of oil! It's a big footprint, but don't worry we've got a plan for reducing it.

**The Secretly Affiliates 2023 Carbon Footprint**




Scope 3 supply chain emissions from manufacturing and shipping our products all over the world dominate our carbon emissions at 94% of our total 2023 carbon footprint. Powering and heating our offices contribute another 5% of our carbon footprint, with the remaining 1% of emissions coming from global business travel and using our company truck for inter-office/warehouse deliveries.

## OUR PROGRESS

### *Progress from Our Internal Operations (Scope 1 & 2 Emissions)*

We can most directly influence Scope 1 (methane gas used for space and water heating in our facilities, diesel used in our company truck) and Scope 2 (electricity used to power and cool our facilities) emissions. Work is ongoing to reduce these Scope 1 & 2 emissions across our global sites, with projects investing in 100% renewable energy across all our buildings and replacing gas appliances with electric options where possible. Installing rooftop solar panels at our Bloomington office and warehouse cut our main office's grid electricity use by 25%, and we recently added solar panels to our Chicago office, too! We also recently consolidated operations at a new office/warehouse facility in Bloomington that over time should allow us to reduce energy use at satellite offices and reduce travel in between.

Going forward, we'll continue to drive fossil fuels and carbon emissions out of our in-house operations by:

- Adding solar panels and batteries to more facilities when we can.
- Replacing methane gas appliances with energy-efficient electric options like heat pumps.
- Making our offices and warehouses more energy efficient, for example, by sealing up gaps and cracks around windows and doors and adding insulation in older facilities.
- Minimizing refrigerant leaks from our air conditioning systems.
- Streamlining trips to cut down on fuel use in our warehouse truck and exploring biodiesel options.

### *Progress from Our Supply Chain and Business Travel (Scope 3 Emissions)*

Scope 3 emissions—which are created from our business travel and manufacturing and shipping our products—are trickier to control but have far greater potential for a positive climate impact than what we can do in our facilities alone. Starting with what we can directly manage, we're seeing the benefit of our sustainable travel policy that was adopted in 2023. All travel requests must meet a documented business need, and use of the lowest-carbon travel option—for example, taking the train or bus over flying or opting to carpool rather than drive alone—is required. As a result, business travel emissions are down 16% from 2022 to 2023 due to a reduction in travel distance and use of greener travel options.

Influencing our supply chain is tougher, but we're up to the challenge! Annual increases in the total releases and sales across all Secretly affiliates are leading to increases in our manufacturing and shipping emissions. This is directly related to a renewed capacity at global manufacturing plants allowing for catalogue reissues and quicker pressings accommodating for new releases, with our overall LP pressing up 30% year on year. We are engaging with our manufacturing partners like IRP (who is carbon neutral as of 2022!) and PRP to support their efforts to measure, reduce, and offset their emissions, which as a result lowers our Scope 3 manufacturing emissions. Through industry groups like Murmur, we are collaborating in strategic investments for the industry at large, and we have also been testing new materials like bio-vinyl and compound mixes with increased recycled content and techniques like injection molding. Plus, we are always looking for ways to reduce product packaging and increase recyclability.

Starting in 2023, we implemented an insetting carbon fund to invest in our supply chain partners to implement projects that 1) enhance music industry understanding of best practices for limiting the negative effects of climate change and 2) lower our partners' greenhouse gas emissions, which in turn lowers our own—and hopefully others'—carbon footprint. This is in lieu of investing in carbon offset projects that are disconnected from our mission.

Each year, we establish a carbon value for contributing to the insetting fund. Last year we assigned a value of \$25/MTCO2e of our Scope 3 emissions. This year we have increased our price to:

- Scopes 1-2: $75.00/MTCO2e
- Scope 3: $30.00/MTCO2e

In addition to this insetting fund, we will continue to make progress on our Scope 3 emissions from travel and our supply chain by:

- Enhancing education on our sustainable travel policy and exploring the use of internal carbon budgets to influence travel decisions
- Investing in industry initiatives via Murmur to research and test lower-carbon vinyl production materials and technologies
- Minimizing the travel distance between manufacturers and our distribution hubs
- Working with our shipping and courier partners to optimize shipments, transport routes, and modes
- Reducing product weights by choosing lower weight formats and minimizing packaging
- Recycling unsold formats, packaging, and damaged unsaleable products
- Joining forces with like-minded cultural institutions and lobbying as a collective to make fundamental change in the industry

We welcome collaboration – join us! To learn more about our initiatives and share ideas for ways to make a positive impact on the climate and our environment, contact info@secretlygroup.com.