Environmental, Social, and Governance (ESG) Impact Report Update

To transform lives through learning

August 2024

Udemy transforms lives through learning by providing flexible and effective skills development and validation. Through the Udemy Intelligent Skills Platform and its community of instructors, millions of learners gain expertise in a wide range of technical and professional skills – from generative AI to leadership. The Udemy marketplace provides learners with thousands of up-to-date courses in dozens of languages, offering a variety of solutions to achieve their goals.

At Udemy we believe that anyone can build the life they imagine by gaining access to the knowledge and skills they need to succeed in an ever-changing world. Udemy's culture encourages innovation, creativity, passion, and teamwork, and we strive to create a better world for all stakeholders including learners, instructors, customers, employees, and the communities we operate in. We're proud to showcase our ESG programs and metrics to help you better understand how we are making a positive impact around the globe. Udemy's ESG website, about.udemy.com/esg-at-udemy has the most up to date ESG information.

ESG oversight

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee of the board of directors is responsible for overseeing Udemy's strategies and initiatives related to ESG, ensuring these efforts align with the company's broader mission and values. By regularly reviewing and advising on ESG matters, the committee aims to enhance Udemy's long-term sustainability and stakeholder engagement.

ESG Committee

The ESG Committee is composed of the General Counsel, Chief People Officer, and the Chief Technology Officer and reports quarterly to the Nominating and Corporate Governance Committee. The ESG Committee is tasked with advising on and supporting the company's ESG initiatives, including corporate responsibility, sustainability, and workplace diversity. This cross-functional working group assists the team in developing, implementing, and monitoring ESG strategies and ensures effective communication with stakeholders about these matters. Additionally, the Committee monitors emerging ESG trends and advises on how the company's policies can adapt to ongoing developments, thereby facilitating timely and relevant ESG disclosures.

ESG program

During the calendar year ended December 31, 2023, Udemy implemented new programs and policies covering Human Rights, Supplier Diversity and Ethical Sourcing, Political Contributions and Lobbying, and Advertising. Our efforts are recognized by the ESG rating agency Sustainalytics/ Morningstar, which rated Udemy in the top percentile of the Internet Software and Services sub-industry category for the third year in a row.

ESG is a fast-growing learning category for enterprises globally, and currently ESG is the second trending learning topic for Udemy Business. In 2023 over 55,000 learners accessed ESG-related courses and completed over 120,000 hours of learning, which we believe underscores the broader societal benefits of Udemy's content collections.

Double materiality assessment

Udemy conducted a double materiality assessment of its ESG risks and opportunities. The double materiality assessment informs Udemy's decision-making process with a comprehensive analysis that aligns Udemy's business objectives with sustainable development goals, thereby enhancing transparency and stakeholder trust.

ESG material issues

- Udemy's workforce
- Udemy's learners
- Udemy's independent instructors
- Business and governance conduct

The Udemy double materiality assessment determined that the following are not material issues for Udemy: climate change, pollution, water and marine resources, biodiversity and ecosystems, resource use and circular economy, affected communities.

Workforce

Our employees are our greatest asset. We believe we have a world-class culture with employees committed to redefining the future of work through a skills based approach and continuous learning. Udemy is establishing a blueprint for companies transitioning to skills-based talent management and hiring practices, which we share with our Udemy Business customers. In addition, we invest in areas to help us attract and retain top talent that support our core values. These include investments in sustainability, diversity, equity and inclusion, competitive total rewards, benefits and our distributed and flexible workforce.

We achieved 3.9 of 5.0 stars on Glassdoor, a platform which represents voluntary reviews among current and former employees, as of December 31, 2023. Udemy has been designated as a Fair Pay

Workplace in 2022 and 2023. Starting in 2022 it was named to the Great Place to Work®'s list of Best Workplaces for Parents™ and Best Workplaces for Women™. In addition Udemy was honored with seven Best Workplace awards by Built In in January 2023. As reflected in our annual employee survey, our employee engagement score is 67%. We are committed to ensuring our leadership drives engagement action plans for their teams.

In recognition of our commitment to equal pay irrespective of gender, we received the Fair Pay Workplace certification in 2022 following an independent evaluation of our equity-focused pay practices, methods, strategies and action plans. Udemy maintained the certification in 2023 and looks forward to upholding our pay practices in the future.

We are proud of our internal focus on learning and development and leverage the Udemy Business platform to drive upskilling and career growth within our organization. “Always Learning” is a key value for our company. We hold regular “Drop Everything and Learn” hours to provide employees with dedicated time they can use to learn professional or personal skills. As a result 95% of employees spent time learning on our platform during the year ended December 31, 2023. Employees from around the globe participated in our Leader Development programs, including MentorU, Udemy Manager, Invested Leader and Leadership Coaching. We had over 1,500 downloads of our Team Toolkit for Learning Essential Generative AI Skills, which is just one example of how we are leading the transformation to a skills-based organization.

Our mission-driven approach to make skills development accessible to learners around the world helps drive recruitment. We are committed to improving balanced representation across the company. As of December 31, 2023, 45% of our global workforce, 38% of our senior leadership, and 27% of our technical workforce identified as women. One percent of our employees identified as non-binary, or chose not to disclose their gender. On our board of directors, two out of seven members identify as women and one identifies as non-binary. Our balanced sourcing approach includes active partnerships with organizations like Black Women in Tech, Project One, Power to Fly, AfroTech, and Lesbians Who Tech, and Black Girls Code. Our benefits reflect the diversity of our workforce. In addition to competitive health and retirement benefits, we offer WholeU benefits, a comprehensive suite to care for employees’ emotional, physical, and financial well being.

Udemy has an internship program that exposes youth to career opportunities in technology. We are thrilled to have 22 interns from across the globe in Udemy's 10-week June to September paid internship program. With backgrounds in computer science and STEM, interns are shaping the future of online learning through hands-on projects. Our interns dive into real-world projects, collaborate with teams, and bring fresh perspectives that will help Udemy continue to innovate and grow.

Belonging, Equity, Diversity, and Inclusion (BEDI)

At Udemy, we're committed to Belonging, Equity, Diversity, and Inclusion (BEDI). Access to learning and skills development is central to our mission and vision. Our BEDI approach includes partnerships with organizations that provide opportunities to historically marginalized populations. While we are at the outset of this significant journey, our enthusiasm for effecting substantial and meaningful transformation is unwavering. We firmly believe that cultivating a diverse and inclusive workplace isn't solely a matter of morality; rather, it is critical to establishing an environment where each of us can learn and grow to the fullest extent. BEDI at Udemy isn't just about policies, processes, and driving accountability; BEDI is about our individual identities and collective growth, ensuring we intentionally embrace diverse voices and stories to grow together and encourage a positive workplace culture for all.

Vision

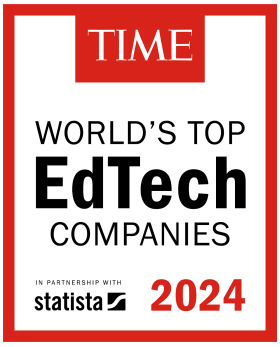
Our BEDI vision is a community where every voice is heard, valued, and empowered. Diversity is a strength and fosters an environment of respect and empathy. Our commitment is to innovation through varied perspectives, ensuring equal access to knowledge and opportunity for all. These are the three BEDI strategic pillars:

Knowledge

Advance knowledge of belonging, equity, diversity, and inclusion among all employees.

Community

Attract, develop, and retain employees from historically marginalized communities.





Decision-making

Continuously improve people operations to ensure equitable decision-making and belonging for all employees.

Employee resource groups

Employee Resource Groups (ERGs) are voluntary, employee-led groups committed to fostering a diverse and inclusive workplace that aligns with the organization's missions and values. At Udemy, we proudly have eight active ERGs. These groups are pivotal to our Belonging, Equity, Diversity, and Inclusion (BEDI) strategy, providing forums where employees can share experiences, support each other, and actively shape company culture. Focused on historically marginalized identities, ERGs address specific dimensions of diversity, such as race, gender, and sexual orientation. They play a vital role in creating safe spaces, offering mentorship, and facilitating development opportunities for their members. Additionally, ERGs provide essential insights to management on challenges faced by historically marginalized groups, significantly influencing the formulation of effective company policies and processes.

Udemy's Learners

We see proof of the growth of skills required and the need to learn more skills every day via the Udemy platform. Learners and organizations know that the way to keep up with the ongoing changes in talent and technology is to be agile and adaptive, and, ultimately, to keep pace with the competition. By 2030, there will be a talent shortage of more than 85 million people, according to Korn Ferry. The only path is to upskill and reskill with a continued focus on broadening the skillsets of your workforce.

According to a recent HBR study, however, upskilling alone won't be enough: "In the coming decades millions of workers may need to be entirely reskilled — a fundamental and profoundly complex societal challenge that will require workers not only to acquire new skills but to use them to change occupations.

Udemy's independent instructors

For people who aspire to grow professionally and personally, Udemy provides flexible, effective skill development to empower organizations and individuals. We facilitate this by being a global destination for knowledge and skills that empowers learners, instructors, and organizations

Instructors can create and update their courses anytime to ensure learners have access to the latest skills in order to be prepared for whatever comes next. With the support of data analytics and user generated ratings, instructors can evolve their lessons in real-time and improve the relevancy of the skills taught in courses to meet technological and economic shifts as they occur. This ability to publish, upgrade, and refresh content is a gamechanger for teaching real-life skills. By balancing the needs of our learners, instructors, partners, employees, investors, and the environment, we have integrated positive societal impact into our business model. And by connecting learners all over the world to instructors creating fresh content in real time, Udemy helps individuals reach their personal goals and build a better future.

Business and governance conduct

We created a governance structure to promote responsibility and accountability for ESG matters across our company. Our single-class capital structure adheres to best practices in corporate governance.

The responsibility for implementing and overseeing programs related to ESG initiatives is formally assigned to the ESG Committee, a management working group which comprises our Chief People Officer, Chief Technology Officer, and General Counsel. The ESG Committee meets quarterly and reports to executive management and to the Nominating and Corporate Governance Committee of the Board.

Our Code of Conduct sets forth the ethical standards that employees must abide by. Employees are trained annually on our Code of Conduct, as well as related courses covering ethics, anti-corruption, anti-bribery, and preventing sexual harassment. Our Whistleblower Policy includes the process to report misconduct through independent mechanisms that safeguard the rights of whistleblowers. In 2023, per Udemy's Political Contributions and Lobbying Policy, which prohibits corporate contributions except in the rare circumstance in which we believe that a corporate contribution would reflect our corporate interests, we did not make any direct expenditures towards any lobbying activities, including US federal or state grassroots lobbying communications to the general public.

Environmental impact

Udemy actively monitors the environmental footprint of its operations. Udemy engaged S&P Global Sustainable1 to calculate Scope 1, Scope 2, and Scope 3 emissions for the year 2023. The emissions report is available on our ESG website.

We use both hosted data centers and cloud computing providers for our operations. Our cloud computing provider reported using 100% renewable energy to power its operation in 2023.

We prioritize the selection of highly-rated Leadership in Energy and Environmental Design (LEED) or comparable standards design in leasing office spaces. Udemy uses renewable energy in over 70% of its long-term leased office space. We employ videoconferencing for meetings that previously would have required travel as part of our sustainable travel policy.

Sustainability Accounting Standards Board (SASB) Disclosures

The table below provides information in accordance with the SASB for the Software & IT Services industry for the calendar year 2023.

SASB Metrics		
Environmental Footprint of Hardware Infrastructure		
SASB Code	Metric	2023
TC-SI-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1) See emissions report, (2) 100% grid electricity for offices, (3) 70% renewable energy for US long term leased offices based on square footage
TC-SI-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Udemy is a technology company providing software and services. We do not have significant water intensity in our operations and therefore we believe this metric is not material to our business.
TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	Refer to the ESG "Environmental" section above.
Data Privacy & Freedom of Expression		
TC-SI-220a.1	Description of policies and practices relating to targeted advertising and user privacy	Website visitors and users have a choice through cookie settings tool on the website to opt out of behavioral advertising cookies and related trackers. For additional information see Udemy's Privacy Policy.
TC-SI-220a.2	Number of users whose information is used for secondary purposes	Udemy does not sell, share, or otherwise disclose user data to third parties for the third party's purposes. See Udemy's Privacy Policy for a full list of Udemy's processing purposes.
TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	In 2023, we had zero monetary losses as a result of legal proceedings associated with user privacy that required disclosure in our public SEC filings.

TC-SI-220a.4	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	Udemy, as all companies, is required by law to provide user information to governmental agencies by complying with valid judicial requests, like subpoenas. Every request Udemy receives is carefully reviewed by Udemy's legal team to ensure the governmental agency is entitled to the data they seek. See Udemy's Privacy Policy.
Data Security		
TC-SI-230a.1	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of users affected	In 2023 Udemy had zero data security breaches that required notification or disclosure in public SEC filings.
TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Refer to the "Board's Role in Risk Oversight" section in the 2023 Proxy.
Recruiting & Managing a Global, Diverse & Skilled Workforce		
TC-SI-330a.1	Percentage of employees that require a work visa	8% of Udemy's global workforce required a work visa as of December 31, 2023. Udemy's workforce is global, reflecting Udemy's global customer base.
TC-SI-330a.2	Employee engagement as a percentage	Refer to "Human capital resources" above. As reflected in the annual employee survey, Udemy's employee engagement score is 67%.
TC-SI-330a.3	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management, (c) technical employees, and (d) all other employees	Refer to "Human capital resources" section of the 2023 Form 10-K As of December 31, 2023, 45% of our global workforce, 38% of our senior leadership, and 27% of our technical workforce identified as women. One percent of our employees identified as non-binary or chose not to disclose their gender. On our board of directors, two out of seven members identify as women and one identifies as non-binary. Udemy is committed to paying employees equally for performing substantially similar work regardless of sex, race, or ethnicity.
Intellectual Property Protection & Competitive Behavior		
TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated	In 2023 Udemy had zero legal or regulatory fines and settlements associated with anti-competitive practices that required disclosure in public SEC filings.

	with anticompetitive behavior regulations	
Managing Systemic Risks from Technology Disruptions		
TC-SI-550a.1	Number of (1) performance issues and (2) service disruptions; (3) total customer downtime	Refer to the Udemy Incident History page at https://status.udemy.com/history
TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	Refer to "Risk Factors" in the 2023 Form 10-K
Activity Metrics		
TC-SI-000.A	(1) Number of licenses or subscriptions, (2) percentage cloud-based	Udemy uses alternative metrics to measure business performance and customer engagement. As of March 31, 2024 the Udemy platform had 70M learners and over 970M course enrollments with more than 75K instructors teaching over 220K courses in over 74 languages. Udemy had over 16K Udemy Business customers including more than half of the Fortune 100 companies. 100% of Udemy's learners access the service via the internet and cloud computing.
TC-SI-000.B	(1) Data processing capacity, (2) percentage outsourced	For its computing operations Udemy uses Amazon Web Services and hosted data centers.
TC-SI-000.C	(1) Amount of data storage, (2) percentage outsourced	Udemy stores over 220K courses in its cloud computing and hosted data centers.

All (100%) of Udemy's revenues are derived from educational materials and content tailored for post-graduate level studies. Udemy does not produce or distribute any of the following: food products, pornography, contraceptives, abortifacients, embryonic stem cell research, gambling, tobacco, alcohol, armaments, cluster munitions, anti-personnel landmines, or firearms.

About Udemy

Udemy (NASDAQ: UDMY) transforms lives through learning by ensuring everyone has access to the latest and most relevant skills. Udemy Business powers possibilities by enabling employers to offer on-demand learning for all employees, immersive learning for tech teams through Udemy Business Pro, and cohort learning for leaders through Udemy Business Leadership Academy. With our Intelligent Skills Platform, we provide a complete learning solution that drives relevant learning at scale so organizations can build agile workforces and achieve critical business outcomes.

Learn more at https://about.udemy.com/esg-at-udemy