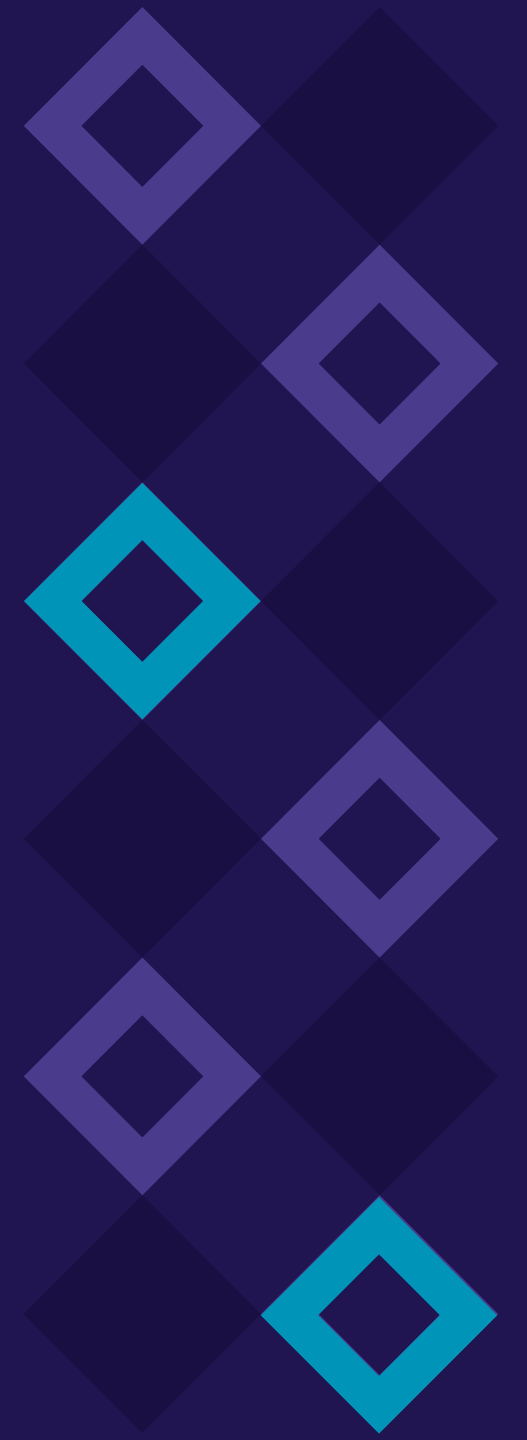


Global Independent Contractor Management Program

Prepared for Warner Music Group
March 2025



Today's attendees



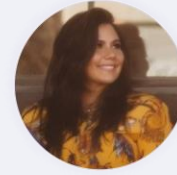
Jenna Kinter

VP, Enterprise Solutions



Luke Brown

Account Director



Sara Martin

Program Specialist

Agenda

01. MBO/WMG Partnership
02. MBO Solution Overview
03. Industry and Regulatory Trends
04. Onboarding Process
05. Key Points of Action and MBO Contacts
06. Next Steps

MBO Partners/WMG History

- » MBO and WMG have been in partnership dating back to 2010
- » Since January 1, 2011, MBO has engaged with 2,400+ workers identified by WMG
- » MBO has supported a variety of skillsets over the years such as, Creative Directors, Project Managers, Video Editors, Marketing Consultants, Application Managers, Art Directors, and many more



MBO Solution Overview

MBO provides a platform enabling enterprises to access, engage, and manage independent talent

700+

Enterprise Organizations

Leveraging independent talent

25+

Years of Experience

In the independent economy

8,000+

Independents Actively Billing

On any given day

70%

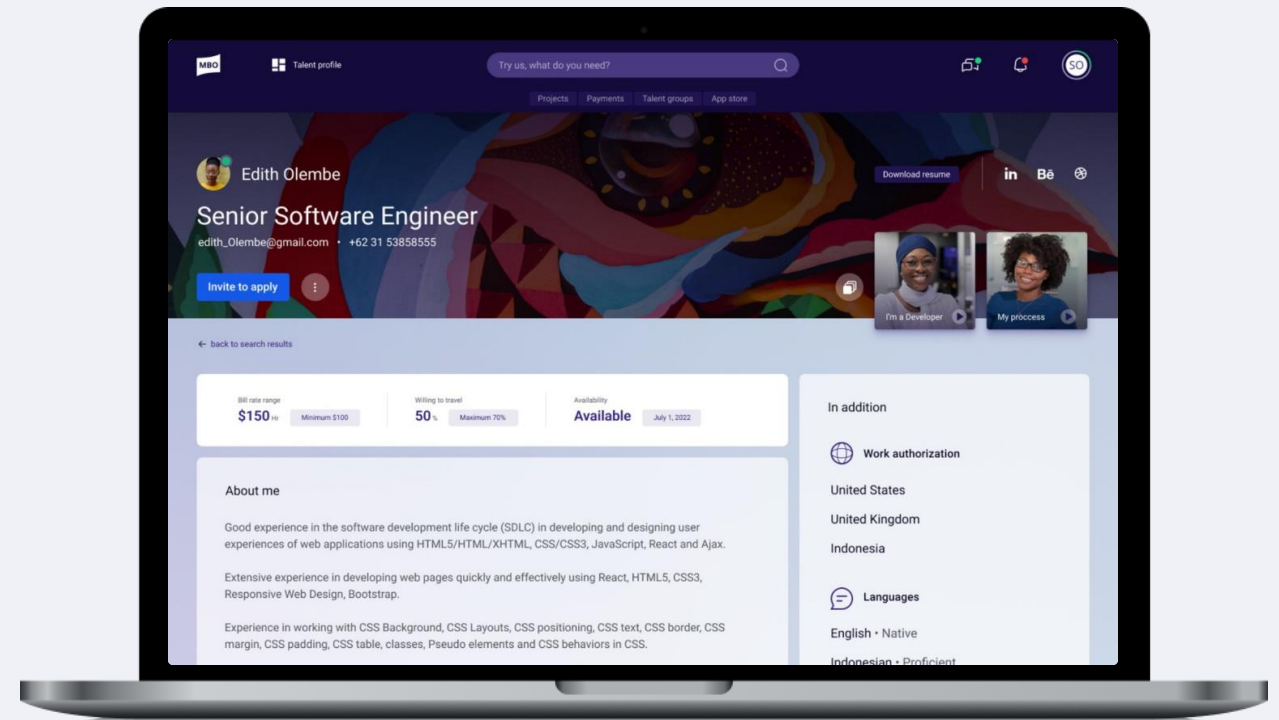
of Talent are High Earners

Who bill more than \$100 / hour

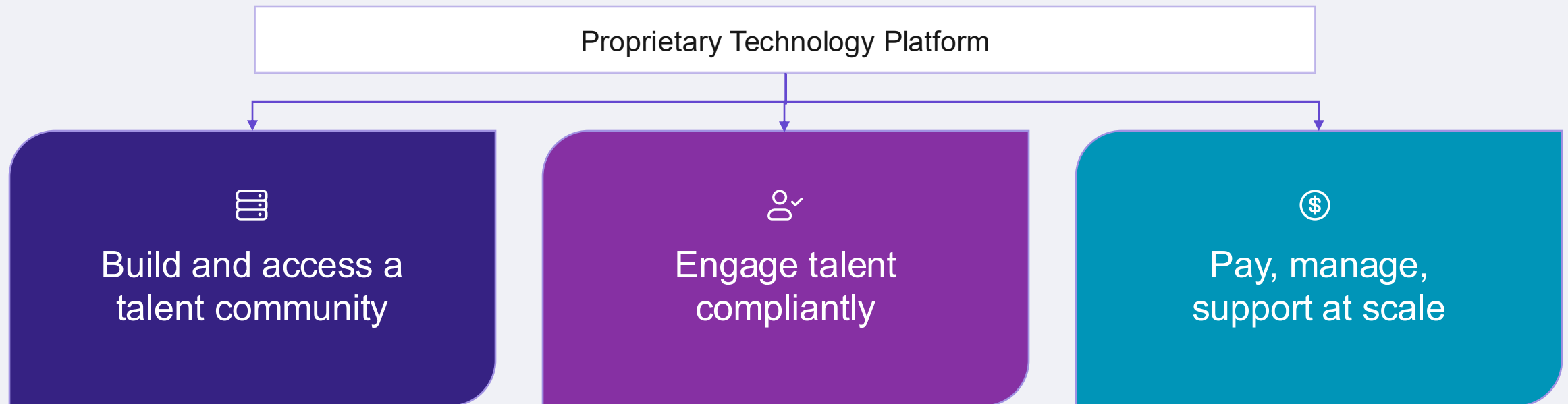
\$1B+

Spend Under Management

On an annualized basis



Our Single Digital Platform Creates a Robust, Consistent Experience Through the Full Independent Workforce Lifecycle



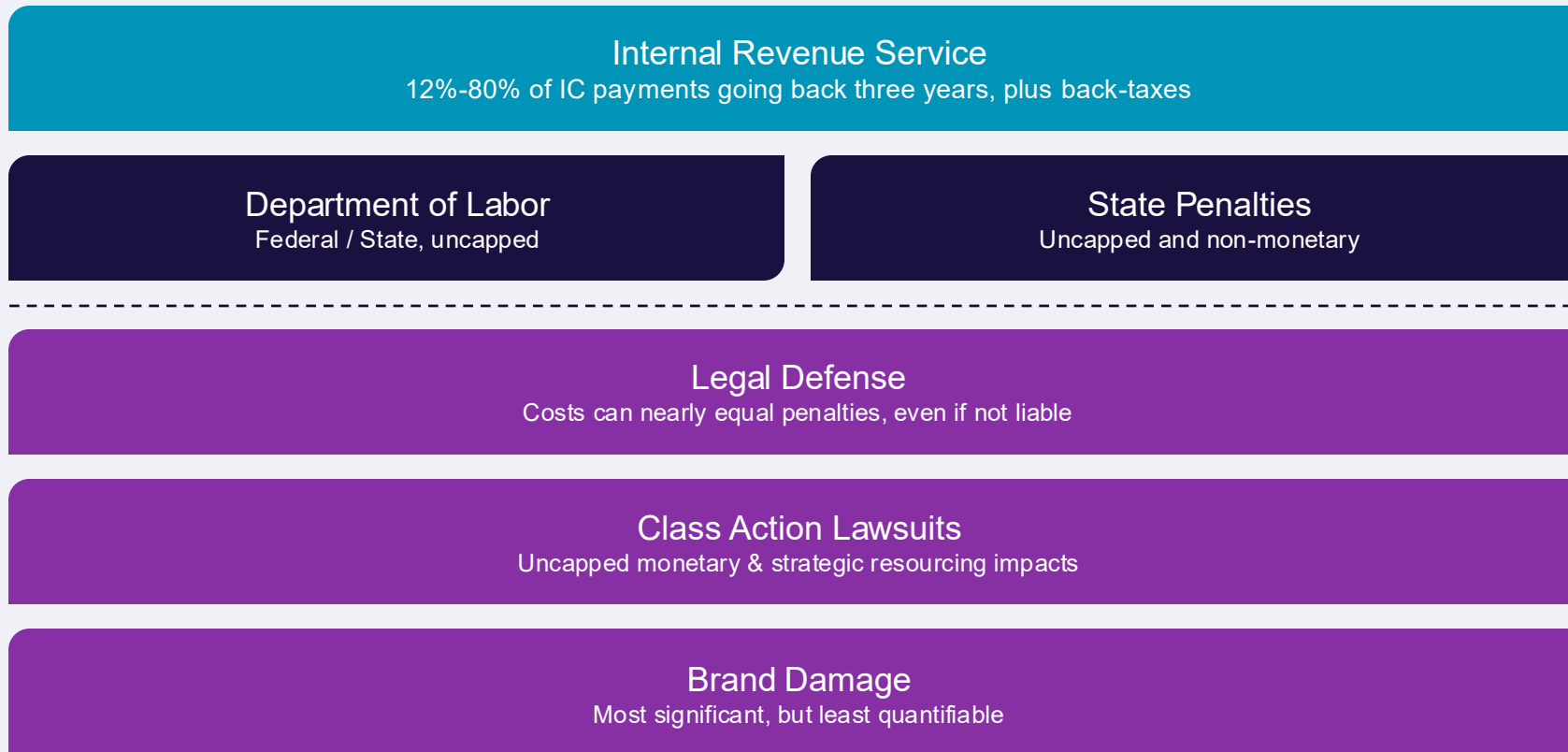
Industry and Regulatory Trends

As the legal landscape changes, pressure to comply mounts

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Federal	» Federal budget focuses on independent misclassification » DOL interpretation No. 2015-1									
	» 2015 DOL interpretation withdrawn	» Portable benefits bill for independents introduced in Congress	» Tax Reform and Jobs Act goes into effect » Double-digit increase in healthcare costs expected	» NLRB reverts to pre-Obama standard for employee/ independent determination	» DoorDash and Postmates face 5,000+ arbitration claims » DOL launches initiative to protect professional caregivers » Coronavirus Relief Packages include benefits for ICs	» DOL withdraws the rule and the withdrawal if overturned » DOL issues new independent contractor rule based on economic realities and totality of circumstances » US Supreme Court says CA PAGA claims must be arbitrated	» FTC proposes rule prohibiting non-compete agreements	» NLRB adopts Obama era standard for employee /independent determination	» DOL announces economic realities test goes into effect 11 March 2024	
State / Regional	» NY: Worker classified as employee despite corporation	» New York City passes "Freelance Isn't Free" Act » MA: Forming corporation a "scheme" to prevent employee classification	» NC Employee Fair Classification Act goes into effect » Uber drivers, several others found to be employees in NY cases » Personal lawsuit filed against Uber Chairman for workforce classification	» Dynamex Case: CA adopts stringent "ABC" contractor test » PA finds UberBlack drivers to be independents	» CA AB5 becomes law; codifies ABC standards » NJ enacts multiple misclassification-related laws » CA Prop 22 passes, excluding rideshare drivers from AB5; later found unconstitutional	» CA AB2257 goes into effect, identifying exceptions to AB5 regulations » GA, AL pass laws classifying drivers as ICs » VA enacts multiple misclassification-related laws » NJ increases misclassification penalties	» WV enacts Single Standard for worker classification	» Wisconsin Finds Amazon Drivers Were Employees for Unemployment Purposes » Appeals court says CA Prop 22 is constitutional and rideshare drivers can be independent contractors	» Los Angeles passes Freelance Worker Protections Ordinance » Illinois passes Freelancer Protection Act » CA Supreme Court says employee can pursue PAGA claims even if their own claim must be arbitrated » VA enacts multiple misclassification-related laws	

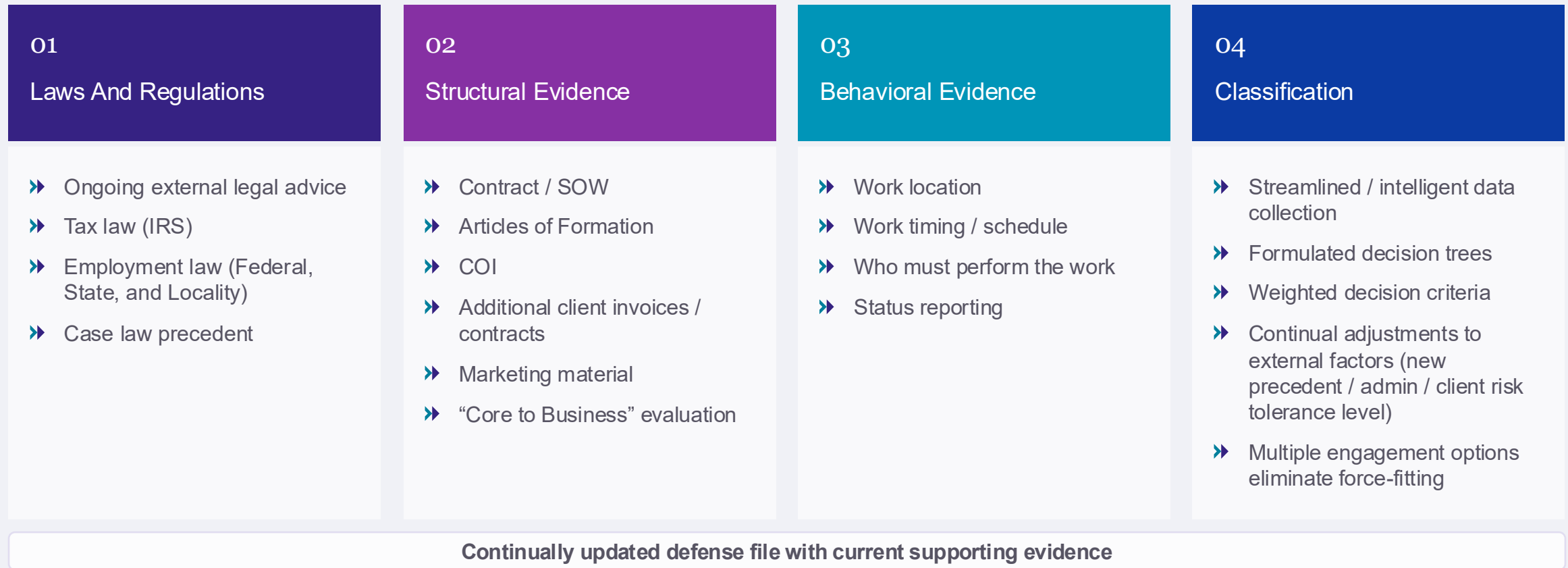
► Also: 45 states (plus DC and PR) have signed MOUs with IRS and DOL since 2011

Non-compliance, for any reason, can have significant costs and risks



MBO's Proprietary Formula for Enduring Compliance

MBO confidently stands behind our classification decisions and indemnifies clients from reclassification risk. Here's why:



Market forces are driving demand for independents

Enterprises Need to Adapt to Shifting Market

- » **Talent Scarcity is High**
Re-hiring full-time employees at scale. Increasing demand for hot skills. Surge in independent business owners.
- » **The 'Great Resignation' Continues to Accelerate**
Over 4M people quit their jobs every month, leaving over 10M vacant roles to be filled in the US currently.
- » **Attracting & Retaining Talent is a Priority**
57% of CEOs say they're most concerned about attracting and recruiting talent, 51% said they're worried about retaining that talent
- » **Perceived Risk of Employment**
68% of independent workers see working independently as more secure than traditional full-time employment.



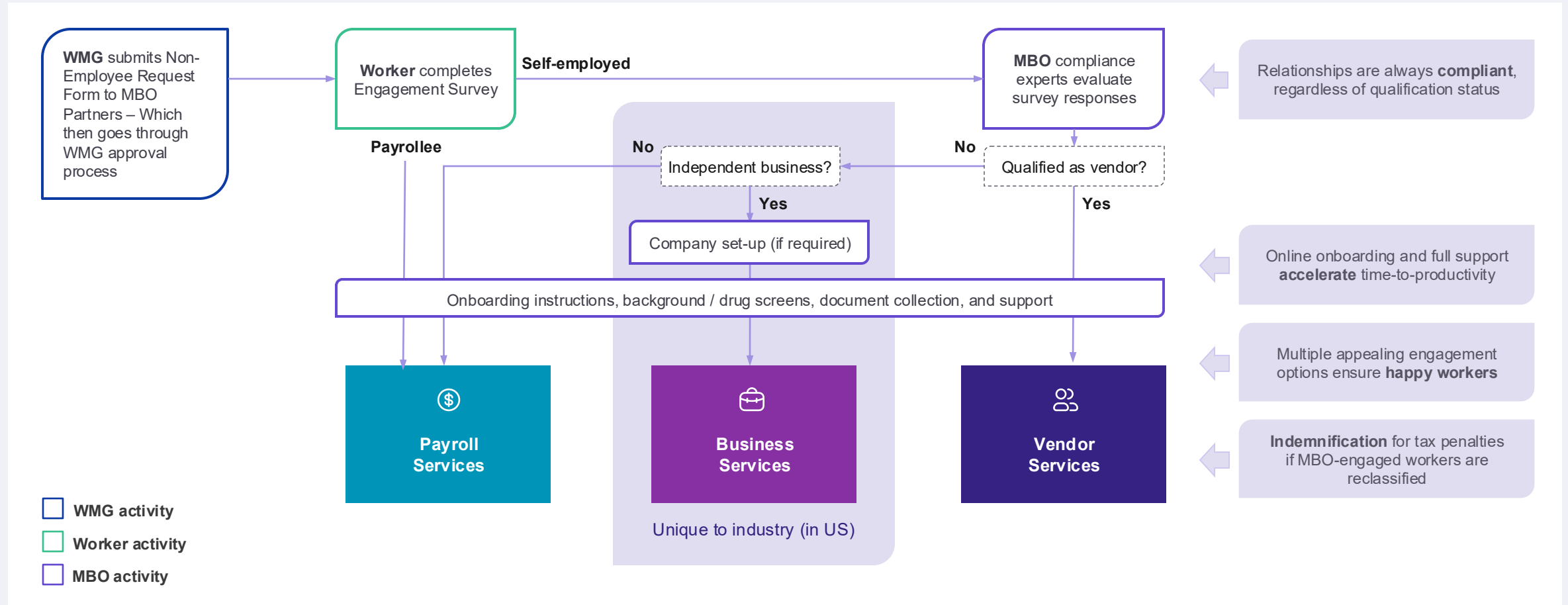
Talent Wants to Work Differently

- » **Remote Work is Now the Default**
Innovations accelerated adoption of remote work by a decade. Talent now demands a flexible work arrangement.
- » **We Live in a Seller's Market**
Top talent has a choice of where to work, and who to work for. Wage & benefit demands have increased dramatically.
- » **Emergence of Project-Based Operating Models**
Independents are ideally suited to increase workforce utilization and support project-based operations.
- » **Regaining Control**
The number of independents in the US grew to 72M in 2023, as they sought to control their work, and 'be their own boss'.



Onboarding Process

Contractor Evaluation and Engagement



An ideal engagement experience for the widest variety of talent

Vendor Services

Qualified Vendor

- › Must pass thorough evaluation
- › Audit defense file established
- › Annual re-evaluations
- › Indemnification from tax obligations
- › 2.5% markup fee

UNIQUE TO US INDUSTRY!

Business Services

Independent Business Owner

- › Company set-up and/or compliance assistance
- › Business insurance coverage and optional benefits
- › Free quarterly tax prep
- › 4.5% markup fee

Payroll Services

Hourly Payroll

- › Conventional payrolling with FLSA- compliant W-2 structure / country-specific equivalent
- › Business insurance coverage and Optional benefits
- › Weekly payrolling with direct deposit
- › 19.5% markup fee, 23.6% "On Tour" \$29.99 and below, 22.6% \$30 and above

Warner Insurance Requirements for Vendor Services Enrollments

WARNER MUSIC INC.

VENDOR QUALIFICATION CRITERIA

Contract workers who operate an independent business/practice must engage through an outside vendor (MBO Partners) as either independent contractors or employees payrolled through MBO.

If you wish to engage as a contractor, your business must meet Warner Music's vendor qualification criteria below. If you do not operate an independent business or do not meet the vendor criteria, you may discuss other engagement alternatives with your MBO representative.

Requirement 1: Complete a qualification questionnaire and submit supporting documentation.

MBO will direct you to an online questionnaire that explores your business's characteristics and supporting documentation (see below) to ensure that you meet Warner Music's vendor criteria.

EXAMPLE CHARACTERISTICS	EXAMPLE SUPPORTING DOCUMENTATION
- Your business delivers similar services to other clients. - You have made a significant financial investment in your business. - Your business has established a legal entity. - Your business has agreed in writing with Warner Music to clearly defined deliverables and timeframes for milestones or project completion. - You expect to complete your project without Warner Music's supervision, training, direction, or control. - Your business is at risk of reduced payment or non-payment if Warner Music does not accept your work.	- Invoices, proof of payments, POs, etc. from the last 12 months demonstrating revenue sources outside of Warner Music. - Samples of marketing materials; rental agreement for office space, etc. - A copy of your Articles of Incorporation / Organization if applicable. - W-2s for shareholder-employees representing reasonable compensation for services rendered (for S-Corps and LLCs electing corporate tax status). - A copy of your documented Statement of Work, work order, contract, etc. to which you agreed with Warner Music.

NOTE: Businesses that meet most, but not all, of the characteristics above may still qualify to work as contractors if their overall business characteristics indicate vendor qualification. Please note that additional 1099 workers must also go through the vendor qualification process.

Requirement 2: Carry the following Warner Music-defined business insurances at the levels indicated.

You must submit a Certificate of Insurance (COI) representing coverage that meets these levels (listing MBO Partners as a certificate holder). If you do not currently hold insurances at these levels, do not purchase them until MBO has confirmed that you meet all the terms of Requirement 1. An MBO representative will advise you once you can proceed.

INSURANCE	LEVEL
Commercial General Liability	\$1,000,000
Professional Liability / Error & Omissions	\$1,000,000
Workers Compensation	Statutory Limits*

* Only required if required by the contractor's state

MBO reviews your questionnaire responses with you during a phone consultation and validates your supporting documentation and insurance coverage. If this analysis supports vendor qualification based on Warner Music's criteria, you may engage as a contractor through MBO. If this analysis does not support vendor qualification as a contractor, alternative arrangements may be possible. If you have any questions about these criteria, or how to engage on a contract with Warner Music, please direct them to your MBO representative during your consultation call.



WARNER MUSIC GROUP

Commercial General Liability

\$1,000,000

Per Occurrence

Professional Liability:

\$1,000,000

Per Occurrence

Worker's Compensation:

**As required
by state law**

Note:

MBO re-evaluates each vendor's qualification at the onset of every project or, at a minimum, annually.

Note:

WMG and its affiliates do not accept business insurance waivers.

Key Points

- » Must always be paid an hourly rate
- » Will be eligible for overtime rates (1.5x) and double time rates (2x)
 - » Varies by state
 - » Most states consider any hours over 40 in a week OT
 - » CA considers anything over 8 in a day and/or over 40 in a week OT
- » Must not begin work on their assignment until onboarding is completed
 - » This is true for both 1099 Contractors and payroll contractors however with payroll it can become more impactful; as MBO is unable to remit payment for any time worked prior to onboarding completion
 - » No work should be started before qualification and onboarding is complete
 - » NYC background check is now a process requiring two steps which will increase background check times for contractors residing OR working in NYC



Onboarding Timeline



* Timing expectations are approximate and may vary due to the worker's responsiveness to MBO's onboarding instructions and the selected engagement service.

DAY 1

Identify Talent for Project

- » On your own OR
- » Through MBO Marketplace

DAY 1 - 2

Determine MBO Service

- » Vendor Services OR
- » Business Services OR
- » Payroll Services

DAY 2 - 10

Complete Onboarding

- » Onboarding Documents
- » MBO Account Set-Up – Includes WMG Background check

Ongoing

Pay, Manage, and Support

- » Consolidated Invoicing
- » Payroll / Payments
- » MBO Account Set-Up

MBO Contacts/Key Points of Action

Key points and action items throughout onboarding process

- » WMG will refer the talent to MBO by completing the Non–Employee Request Form found in [PRG](#). The day you refer the talent to MBO is considered Day 1 of the engagement process. MBO begins the onboarding process based on the details provided. Ensure that all information shared is accurate (pay rate, project start and end date, location, and role description).
- » MBO directs the talent to the MBO/WMG welcome site, which instructs the talent to complete our proprietary online Engagement Questionnaire. We review the questionnaire responses, and if needed, conduct a personal consultation with the talent to fill in any gaps or clarify any ambiguities. We then determine the engagement service that fits best for the talent's experience.
- » Our dedicated Onboarding Specialists will work with the talent throughout the process to answer any questions or address any concerns. When all onboarding tasks are complete the WMG Program Specialist will provide an update that the contractor can begin working.
- » Talent must complete a WMG required background check. Talent will also complete any appropriate WMG required onboarding documents.
- » Efficiencies for a smooth Onboarding: Provide detailed role descriptions, Provide a tentative end date, even if project is likely to extend, and double check all contractor contact information is accurate before submitting the request form.
- » If the contractor is International, clearly indicate this on the referral form to be routed to the International partner for onboarding and to ensure compliance.



Continued

- » If a time approving manager leaves the company, please notify the WMG team at MBO to allow us to update our records to the new approver to avoid approval delays.
- » Changes to any contractor assignment: MBO must be informed when a contractor converts to FTE to ensure the MBO Work Order is properly closed out and the manager is not receiving extension notifications
- » Extensions: WMG has a 6-month maximum extension limit for work orders. We send a weekly email on Thursdays to primary time approving managers notifying them they have workers with an upcoming end date in the next 30 days. A new form will need to be completed with the updated end date. WMG requires extensions be routed for approval.
- » Talent is not authorized to begin working before their onboarding is complete with MBO.



MBO Links and Contacts

Key Program Documents

[PRG](#)

[Warner Manager FAQ](#)

[Process Summary](#)

MBO Contact Information

MAIN POC: Sara Martin | Program Specialist | E: wmg@mbopartners.com

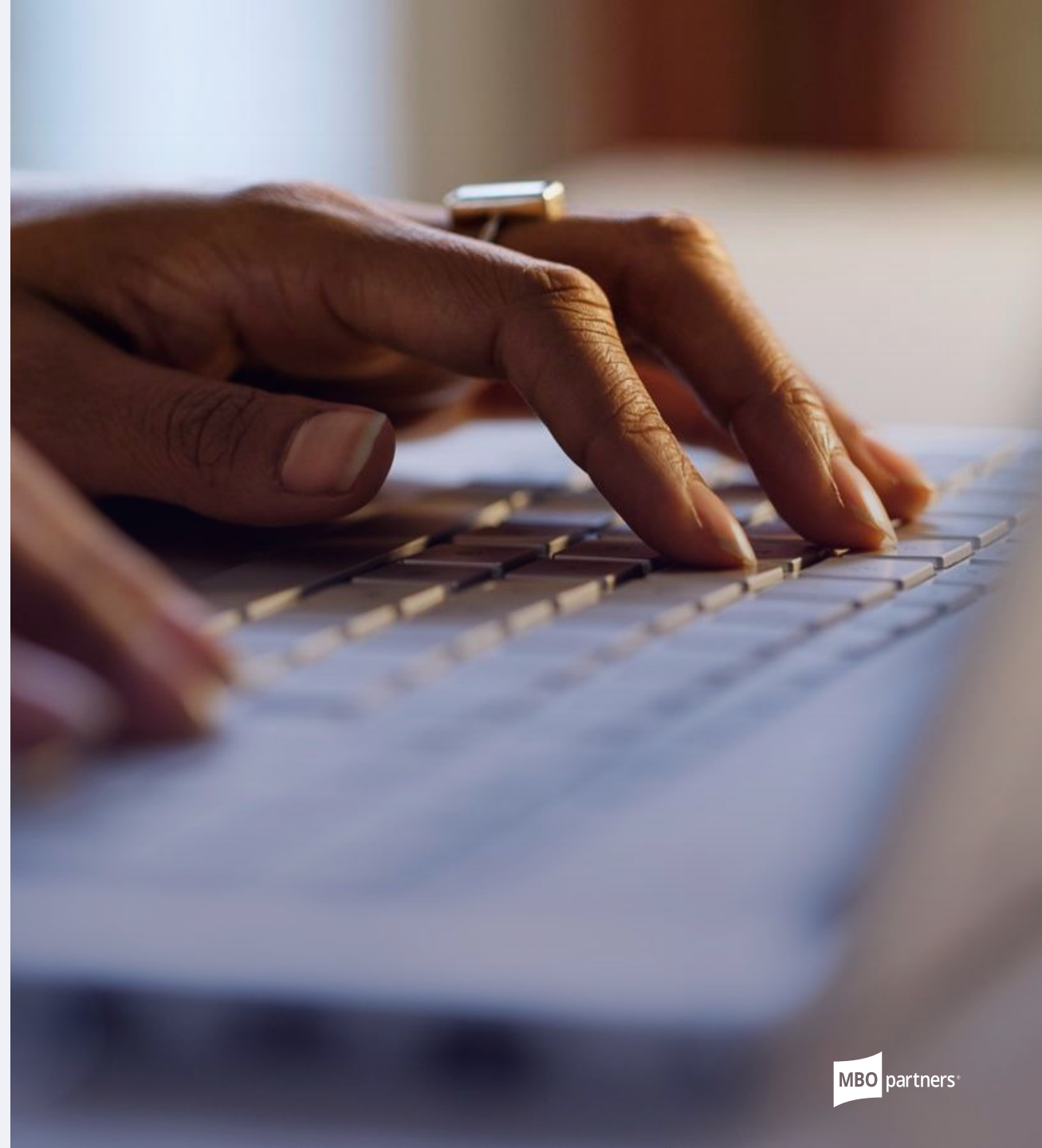
Luke Brown | Account Director | E: lbrown@mbopartners.com

Client Care | T: 703.793.6200 | E: clientcare@mbopartners.com

Additional Support from WMG:

Nicole Holder | Senior Director | E: nicole.holder@wmg.com

Kayla Whittaker | People Ops Generalist | E: kayla.whittaker@wmg.com



Q&A

Thank you!

The MBO Team, wmg@mbopartners.com