

A young girl with long, wavy brown hair is smiling and looking down at a tablet computer she is holding with both hands. She is wearing a dark-colored top with small pink heart patterns. The background is a soft-focus green, suggesting an outdoor setting. The overall tone is warm and positive.

2016 Corporate Responsibility Report

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Letter from the CR Team

Welcome to our 2016 Corporate Responsibility Report!



Today, MTG delivers memorable digital experiences that engage millions of people around the world. We're on an exciting journey to become a leading digital video entertainer. Our ambition is greater than ever – and so are our responsibilities.

MTG's vision is to shape the future of responsible entertainment. During 2016, we reinforced our Corporate Responsibility strategy to reflect this vision. We talked to our customers, partners, investors and employees to learn what matters most to them. We also have an ongoing strategic dialogue with our global media peers through the Responsible Media Forum, which helps us drive responsibility both in our business and across the industry. As a result, we will focus on four areas. We aim to offer responsible entertainment, while acting ethically, committing to our employees, and managing our limited impact on the environment.

In this report, we show our progress and share what we've learned along the way. Most importantly, we hear from MTG's employees and stakeholders. Great storytelling is what MTG is all about – and our diversity, our commitment to local content and what it's like to be the world's leading female Counter-Strike player are some of the most inspiring stories we've heard all year. It's a reminder that our business is on the right path, and it strengthens our belief that responsible entertainment is the right kind of entertainment

Explore our stories and get in touch to let us know what you think, or to join us in our journey.

Mauro Silva
SVP, Head of Brand Experience
and Corporate Responsibility

Lena Ander
Senior Corporate
Responsibility Manager

Letter from the CEO

“At MTG, corporate responsibility (CR) is at the very core of our business, and is closely and carefully integrated with our strategy, values and culture.”



During 2016, we accelerated our strategic transformation from a traditional broadcaster into a leading digital video entertainer. We're investing in relevant, complementary and scalable content and communities – and as a result, we're now delivering amazing experiences that reach more people, in more places and on more devices than ever before.

MTG's ESL and DreamHack businesses make us the biggest player in esports – a sector expected to engage almost 200 million enthusiasts in 2017. Through Zoomin.TV, we operate the world's fifth largest digital video network with 2 billion monthly views, while Splay is the largest network in the Nordic region. And we recently invested in InnoGames, which develops and publishes games with 150 million registered players. Our broadcast TV and video streaming services, meanwhile, offer storytelling that's off the charts.

This transformation is driven by our desire to shape the future of entertainment. Through smartphones, tablets and ultra-fast broadband networks, people of all ages and backgrounds now turn to digital content, platforms and communities in order to be entertained, informed and engaged. Our product development is all about staying relevant and being where the audience is. When eyeballs shift, we always try to get there first.

Broader horizons bring broader responsibilities. Whether our customers are streaming an original series that raises important social issues, taking the family to a digital festival or trusting us with their personal data, MTG touches their lives in many ways.

At all times, we strive to respect the privacy rights of our customers and employees while working at the cutting edge of innovation. Data protection is therefore one of our highest priorities. We are also keenly aware of the importance of child protection and of providing kids' content that's both entertaining and educational – as younger millennial and Generation Z audiences embrace our products and services on demand and on mobile.

Achievements and progress

At MTG, corporate responsibility (CR) is at the very core of our business, and is closely and carefully integrated with our strategy, values and culture. We reinforced our CR strategy with four focus areas in 2016 – media responsibility, social impact, business ethics and environmental care.

We are committed to the UN Global Compact, OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles for Business and Human Rights. Our ambition is for these principles and values to guide everything we do, and to become the foundation for MTG's Code of Conduct and policy framework.

Our sustainability outlook

We know we can do even more. In 2017, we will map our energy consumption, starting with our largest markets, with the objective of reducing it 20% by 2020. We will enhance our data protection procedures and implement a compliance

plan that proactively meets the demands of the General Data Protection Regulation that comes into force in May 2018. And we will focus on creating even more inclusive and accessible content that reflects the diversity of our audiences, while upholding human rights and freedom of expression.

We will set new CR objectives and targets for 2020 and connect them to relevant UN Sustainable Development Goals, in order to create even greater societal value. We are particularly committed to Goal #5: achieve gender equality and empower all women and girls.

Consumer behaviour, media formats and storytelling techniques keep evolving, and so will we. And as we transform into the leading digital entertainer in each of our markets and reach more people than ever before, we have an opportunity to make a truly global impact.

Jørgen Madsen Lindemann
President & Chief Executive Officer

As this report shows, we took a big step forward in 2016

Here are my personal highlights



We are committed to ensuring and promoting equality and diversity for all MTG employees, and to a 50/50 gender split in our management teams by 2020. Studies show that diverse and equal companies achieve better results, and we will implement our roadmap during 2017 to reach this goal.



MTG was included in the Dow Jones Sustainability Indices for the fifth consecutive year as one of the top nine media companies in the global index. We have also been included for the fourth consecutive year in RobecoSAM's Sustainability Yearbook 2016, which helps investors to identify companies that are well positioned to create long-term shareholder value.



All management teams, including leaders from the newest members of the MTG portfolio, received training in our Anti-Bribery and Corruption policies and guidelines, with further learning planned for 2017.

CR Strategy and Materiality

MTG's vision is to shape the future of responsible entertainment. This vision is reflected in our Corporate Responsibility (CR) strategy, which we reinforced with four focus areas in 2016 – media responsibility, social impact, business ethics and environmental care.

To create even greater value, we will set new CR objectives and targets for 2020 and connect them to relevant UN Sustainable Development Goals.

At MTG, CR is closely integrated with our business strategy, values and culture. To ensure we focus on the most relevant and impactful topics, we regularly review our CR priorities with our stakeholders. In 2016, MTG interviewed over 400 people through internal and external workshops and surveys. We used these findings to form the foundation of our CR

strategy, and to define the key focus areas illustrated by the materiality matrix.

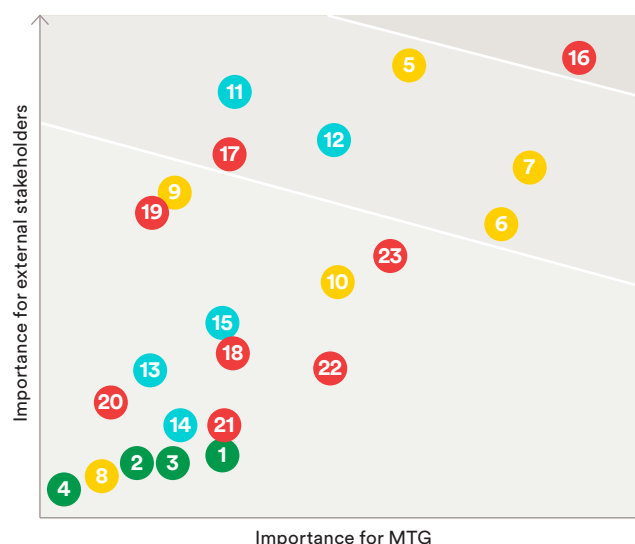
We aim to offer responsible entertainment, while acting ethically, committing to our employees and managing our limited impact on the environment.



MTG's materiality matrix and key topics

MTG's six key topics

- The quality of our content
- Protection of children and minors online
- Equality and diversity at work
- Health, safety and security at work
- Effective anti-corruption management
- Data and privacy protection for customers and employees



*White line (low) – Boundary for topics which are considered base topics. White line (high) boundary for topics considered focus topics for engagement. Reference point of the most important topic: number 16 (content quality).

**Numbering for reference in the graph is not in order of importance.

MTG's four focus areas

Environmental Care

- ① Reduce energy consumption
- ② Reduce carbon emissions
- ③ Environmental management
- ④ Care for responsible management of e-waste

Social Impact

- ⑤ Ensure and promote equality and diversity for employees
- ⑥ Health, safety and security for employees
- ⑦ Fair and decent working conditions
- ⑧ Safe and sound environment
- ⑨ Community engagement
- ⑩ Valuing creativity

Business Ethics

- ⑪ Effective anti-corruption management
- ⑫ Data protection and privacy
- ⑬ Ensure a sustainable supply chain
- ⑭ Safeguarding intellectual property rights
- ⑮ Combat digital fraud issues

Media Responsibility

- ⑯ Content quality
- ⑰ Child and minor online protection
- ⑱ Awareness of the impact of content
- ⑲ Responsible advertising
- ⑳ Editorial independence
- ㉑ Freedom of expression
- ㉒ Content accessibility
- ㉓ Transparent and credible dialogue and information

MTG Overview

MTG is a leading international digital entertainment group and we are shaping the future of entertainment by connecting consumers with the content that they love in as many ways as possible. Our brands span free- and pay-TV, radio and next generation entertainment experiences in esports, digital video networks and online gaming. Born in Sweden, our shares are listed on Nasdaq Stockholm and MTG's headquarters is located in Stockholm.

Key figures 2016

4

Number of
companies sold

5

Number of
companies acquired

618

Total employee
turnover

712

Total employee
hires

167

Number of countries
MTG operates in

220

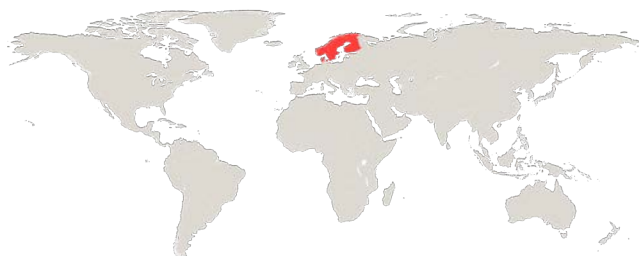
Number of MTG
registered offices
worldwide

NET SALES AND FINANCIAL POSITION

	2014	2015	2016
Net sales (MSEK)	15,746	16,218	17,299
Operating income before items affecting comparability (MSEK)	1,290	1,268	1,347
Basic earnings per share	17.10	3.22	-3
Average number of employees	4,111	3,995	3,805
Financial position			
Shareholders' equity	5,831	4,768	5,016
Long-term liabilities	2,111	3,305	3,794
Short-term liabilities	6,190	8,425	8,888
Total shareholders' equity and liabilities	14,131	16,497	17,699

Brands & Products

Nordic Entertainment



Free-TV

Denmark
TV3
TV3+
TV3 PULS
TV3 Sport
Viafree
Norway
TV3
Viasat4
TV6
Viafree
Sweden
TV3
TV6
TV8
TV10
Viafree

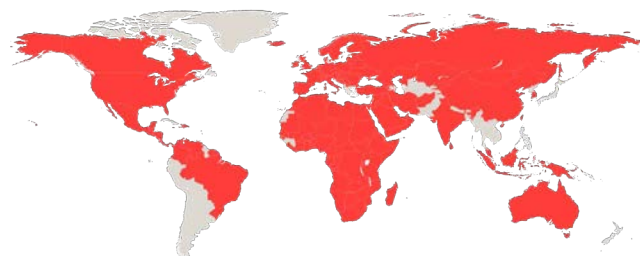
Subscription-TV

Denmark
Viasat
Viaplay
Viasat Sport
Viasat Film
Viasat Series
esportsTV
Finland
Viasat
Viaplay
Viasat Sport
Viasat Film
esportsTV
Norway
Viasat
Viaplay
Viasat Sport
Viasat Film
Viasat Series
esportsTV
Sweden
Viasat
Viaplay
Viasat Sport
Viasat Film
Viasat Series
esportsTV

Radio

Norway
P4 Hele Norge
Sweden
RIX FM
Bandit Rock
Lugna Favoriter
Power Hit Radio
Star FM
I LIKE RADIO

International Entertainment



Free-TV

Bulgaria
Nova
Kino Nova
Diema
Diema Family
Nova Sport
Net Info
EVA TV
Czech Republic
Prima
Prima COOL
Prima LOVE
Prima ZOOM
Prima MAX
Prima Play
Estonia
TV3
TV6
3+
TV3 Play
Latvia
TV3
LNT
Kanals 2
TV6
3+
TVPlay
Skaties.lv is (news and entertainment service)
Lithuania
TV3
tv3.lt (news portal)
TV8
TV6
TV3 Play

Subscription-TV

Bulgaria
Diema EXTRA
Gong
Estonia
Viasat
Viaplay
Viasat Sport
esportsTV
Latvia
Viasat
Viaplay
Viasat Sport
esportsTV
Lithuania
Viasat
Viaplay
Viasat Sport
esportsTV
TRACE (160 countries)
TRACE
TRACE Mobile
TRACE MIZIKI
TRACE NAIJA
TRACE Tropical
TRACE Urban
TRACE Sport Stars
TRACE Africa
TRACE Toca
TRACE Gospel

Radio

Bulgaria
Radio Nova News
Estonia
Star FM
Power Hit Radio
Latvia
Star FM
Lithuania
Power Hit Radio

Studios



nice entertainment group

MTG Studios

MTGx



DreamHack
ESL

Splay Networks
Zoomin.TV

InnoGames
ESM

GRI REFERENCE

G4-4

G4-5

G4-6

G4-8

G4-9

G4-EC1

Media Responsibility

We use the power of media to make a real positive difference in the world.

Highlights



In 2016, we donated over €4 million of air time to worthy causes.



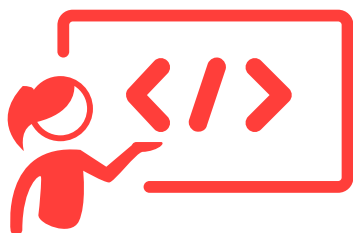
On any given day, 87% of our content is translated via subtitling, voice-overs and dubbing – maximizing the reach and accessibility of our content.



In 2016, MTG was included in the Dow Jones Sustainability Index, a highly respected list of the world's leading sustainability-driven companies, for the fifth year in a row. We were also included in the RobecoSAM Sustainability Yearbook for the fourth time.



We rely on our customers to let us know how we're doing to get even better. In total, MTG received 50 broadcast complaints in 2016, compared with 58 in 2015. All 2016 complaints were dealt by our Broadcast Compliance Team and none of them were upheld by the media regulators.



We think everyone has something to give, so we supported the Women in Tech initiative, which aims to inspire more talented women to consider careers in our industry, for the third year in a row.



In 2016, 13% of our content was locally produced. We think this is a great way of telling relatable stories and supporting local economies through creating new jobs and intellectual capital.

Jakob Mejlhede Andersen
EVP, Group Head of Programming
& Content Development



Responsible Content

What's the relationship between content and corporate responsibility?

Stories are amazing things. They entertain us, but the very best ones can also challenge our deepest preconceptions, raise awareness and transform how we see the world.

As a leading digital entertainer, MTG has an opportunity to use the power of storytelling to make some seriously positive impact and drive change for people and societies. That's why we've made responsible media a cornerstone of MTG's corporate responsibility strategy.

How do we define responsible media?

At MTG, we understand this concept in terms of topics such as freedom of expression, editorial independence, awareness, inclusivity and accessibility.

Can you give some practical examples?

When it comes to freedom of expression and editorial independence, we oppose censorship and other restrictions on these principles. MTG's commitment to awareness and inclusivity, meanwhile, can be clearly seen through our content, which reflects a wide range of perspectives and issues, and challenges stereotypes.

Our aim is to reach and engage diverse audiences across all sections of society, so we work very hard to create an inclusive portfolio that speaks to everybody while raising important questions – we want to be both a mirror and a mover.

MTG's original productions take place everywhere from Los Angeles to the northern Swedish mountains, and introduce characters as varied as private detectives to conflicted teenagers. We offer unexpected takes on familiar topics – MTG's first original film, 'SuperSwede', which we announced in 2016, will explore the life of legendary Formula 1 driver Ronnie Peterson through the eyes of his daughter, Nina, which gives a more female perspective on a very male-dominated sport.

We consider who's behind the camera, as well as in front of it, and are committed to working with creative talent from every background. This is also a chance for us to support domestic media industries, and in 2016, 13% of our content was locally produced.

What about our acquired content?

We take the same approach to other people's content as to our own.

The US entertainment industry, in particular, is making progress in terms of equality and representation. There aren't nearly as many 20 year-old women paired on screen with male leads in their late 40s, or blatant ethnic stereotypes, as before. But there's still work to be done, and when we look at acquiring films or series, ensuring consistency with the tone found in the rest of our portfolio is a major part of our decision-making process. We're proud to show the series 'Transparent', for instance, since it highlights transgender issues in a very engaging way.

How do we know what's important to our audiences?

We have an ongoing conversation through multiple feedback channels, including focus groups and panels.

In the Nordic countries, we send surveys to everyone who's watched one of our original productions on Viaplay (of course, we ask first if that's OK). This gives us an opportunity to ask very targeted questions, such as which characters are most popular, which helps keep our future productions aligned with what audiences actually want to see.

In addition, our customer experience team conducted a major study in 2016 that included in-home, in-depth interviews of 16 households. And every month, we hear from 3,500 respondents as part of a Net Promoter Score survey, and our customer service representatives continuously collect feedback from over 40,000 customer interactions a month.

Has content shown by MTG created any positive impacts over the past year?

The clearest example is our first original series for kids, 'The Great Escape', which helps present subjects like chemistry and mathematics in an educational and entertaining way. Kids can also try out some of the experiments from the show at an exhibition at the National Museum of Science and Technology in Stockholm, Sweden.

More generally, our belief is that showing other realities is always positive, and we hope that offering viewers a plurality of perspectives ultimately contributes to a broader climate where we all understand each other a little better. We embrace the world in all its complexity – even if that means telling stories that can sometimes be challenging, as well as entertaining.

Lina Brounéus
COO Content at Viaplay



Minors Online Protection

You do not need to be an adult to love films or series – but how do we make sure our younger viewers only see appropriate content?

For us, it's crucial that parents feel comfortable allowing their children to use our video-streaming service Viaplay or to watch our linear channels. So we continuously talk to parents in order to understand exactly what's required to keep things enjoyable and safe.

The majority of our broadcast licenses are held in the UK, and that means MTG follows the principles set out in the Ofcom regulatory code relating to protection of minors. For example, the code obliges us to broadcast linear content that might be unsuitable for children only after 9pm, and adult material only after midnight.

Before these time points (and on our streaming services), our offering includes high quality kids' content that's educational and helps children develop. We also provide parents with flexible, effective tools that help them proactively set the right boundaries.

Do we produce original kids' content?

MTG's first original kids' series, 'The Great Escape', premiered on Viaplay in December 2016. Each episode features

the two leading characters trying a different experiment or solving a challenge related to subjects like music, chemistry and mathematics. It's an engaging format that combines both education and entertainment, and we've heard from teachers who have shown the series in their classrooms. We're really excited to broaden our portfolio of original productions in this way, while continuing to acquire great third-party kids' content too.

What parental control tools do we offer?

On Viaplay, parents can ensure children are in the right place from the very start by setting the kids' section as the default homepage. They can also use a child lock to control what content can be accessed. It's as simple as setting an age limit – 7, 12, 15 or 18 years – and then choosing a four-digit code. The only way to see Viaplay content rated above the age limit is to enter this code, which covers all films, series and pay-per-views, as well as movie rental and purchase.

It takes seconds to set up and allows parents to tailor the exact level of protection they want for their family. Many kids today are growing up streaming, so we're particularly focused on keeping Viaplay as safe as possible.



GRI REFERENCE



Joseph Grove
Head of Broadcast Compliance

Broadcast Compliance

How does MTG work with broadcast compliance?

Every time you sit down to enjoy your favourite show, a lot of work has already taken place behind the scenes. MTG's compliance team pre-screens almost all our broadcast content – everything from movies and series to commercials, sponsorship and trailers – to ensure it follows the code set out by Ofcom in the UK, who regulate our operations.

The principles in the Ofcom code derive from the European Union's Audiovisual Media Services Directive, and cover protection of minors, harm and offence, fairness, privacy and more. So whether you're streaming a series on Viafree or watching one of MTG's linear channels, our job is to make sure everything you see is in line with these regulations.

We also give compliance training to colleagues working in programming, scheduling, sales, transmission and creative services, as well as to external production teams. In 2016, a total of 182 people were trained; we also completed 25 intensive training courses across the business, compared with 17 courses in 2015, and introduced a downloadable training package for use by all employees. And of course, we follow up on any viewer complaints.

What if a viewer isn't happy with something they've seen on our services?

A viewer who wants to complain can talk to us or the regulator. Any complaints about MTG's services made to regulators in the Nordic region, for instance, are forwarded to Ofcom, since the majority of our broadcast licenses are held in the UK.

Ofcom investigate every complaint they receive. They notify us that a complaint has been made, specify the channel and date, and summarize the objection. We are not given details of the complainant. Ofcom then ask us for a full recording of the broadcast in question, review it and determine whether or not a code breach has taken place.

We work hard to maintain the very highest standards, and encourage dialogue with our customers through a range of feedback channels such as focus groups and surveys. We take every complaint very seriously, regardless of whether it's upheld or not.

Did we receive any complaints during 2016?

In total, MTG received 50 broadcast complaints, compared with 58 in 2015. Of these, nine related to minors. For our Ofcom licensed services we had nine programme content complaints in 2016, an increase from six complaints in 2015.

Four related to female nudity, and the rest to other issues. None of these nine complaints were upheld by Ofcom.

Ofcom also conduct regular monitoring of sponsorship. In January 2016, Ofcom monitored 12 campaigns broadcast on one of MTG's Danish free-TV channels, TV3 PULS, between 18 October and 17 November 2015. One campaign was found in breach for not being sufficiently distinct from advertising, in their view.

How can we minimize the risk of similar breaches in the future?

All commercials and spots are cleared by our team before airing. We want advertisers to be able to reach viewers, but they have to do so truthfully and responsibly. A product should always do what it claims to do and at the price shown, while the advertisement should not negatively impact minors or other sensitive groups. We had no viewer complaints relating to advertising in 2016 – the same figure as in 2015.

What is MTG's policy on pornographic content?

MTG does not produce any pornographic content. We do not offer any at all on Viaplay, and from April 1, 2017, no adult content is available on our own pay-TV channels.

Two third-party adult entertainment channels are available on Viasat, our Nordic and Baltic pay-TV platform. These can always be restricted by PIN lock parental controls, and may only be subscribed to by adults. This third-party content accounts for less than 0.1% of MTG's sales and available hours of content. As with all third-party content and channels, they are licensed and comply with all rules set out by the relevant regulator.

What are we doing to improve the accessibility of our content?

Our Ofcom licenses oblige us to broadcast a certain amount of accessible content, which means providing subtitles and audio description (AD). In 2016, six MTG channels (four in Sweden, two in Denmark) offered access services – 6% of content broadcast on these channels was required to carry AD, and we exceeded this figure by a wide margin on all six channels, meaning we had zero complaints in this area during the year.

In Sweden and Norway, we already provide hard-of-hearing subtitling for all our own productions, and we're planning to bring a similar service to Denmark. We're doing everything we can to make our programmes even more accessible to viewers everywhere.



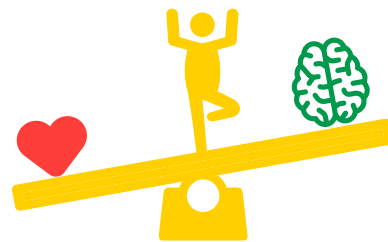
Social Impact

We are committed to respecting human rights, diversity, gender equality, health and safety at work, and to giving back to the communities where we run our businesses.

Highlights



Our latest survey shows 83% of employees would highly recommend us as a workplace. This is an increase of 12% from 2015, and a good indicator that people feel proud to work with us.



We want everyone at MTG to have a healthy combination of work and personal life, and our latest survey shows things are improving for both genders. During 2016, 72% of male employees and 74% of female employees told us they had a healthy work-life balance.



The world is an amazingly diverse place – and so are we. In 2016, we had 38 nationalities represented at our offices.



Equal, diverse companies have been shown to be successful companies. That's why we've pledged to achieve gender parity in management by 2020.



In 2016 and for the third year running, Reach for Change and MTG teamed up to seek out the most innovative social entrepreneurs for our Game Changers programme.



We supported My Special Day, a Swedish nonprofit organization dedicated to brightening the lives of seriously ill children through entertainment.

Ann Lindskog
HR Controlling and
Compliance Manager



People of MTG

Our people are proud to work at MTG. Can you explain why?

MTG's people are our greatest asset, and our latest survey shows employees would highly recommend us as a workplace. This score has increased since last year, which is a good indicator that people are proud to work here.

There are two principal factors behind this great result – culture and development. First of all, the survey shows that MTG's work culture is collaborative, innovative and defined by high levels of trust. We also work with cool content and products (in 2016, we became the first broadcaster in the Nordic region to offer viewers virtual reality from the Olympics). So MTG is a pretty fun and inspiring place to be.

Secondly, we invest in our people. We believe in life-long learning, and increased our training and education activities from a total of 21,559 hours and an average of six hours per person (2015) to a total of 27,133 hours and an average of seven hours per person (2016). We now offer Lynda (online courses) to develop employees' skills in a wide range of business-critical areas.

MTG also runs Leadership Programs in our largest markets, with the aim of enhancing leadership skills, enabling a good feedback climate and empowering employees. Last year, 341 people participated in leadership programs targeting talents and different levels of leaders in Sweden, which aimed to offer both tools and inspiration.

What is MTG's recruitment philosophy?

We want to attract and recruit the very best people – regardless of gender, age or background. We have implemented a management trainee program for each MTG business in order to secure up-and-coming talents.

As in any business, employees sometimes choose to leave. We have established exit interviews to understand better the reasons why, and to help refine our recruitment and management approach. MTG's turnover rate decreased in 2016 compared with 2015 (which was higher due to company transformation).

What work-life balance do people have at MTG?

We want everyone at MTG to have a healthy combination of work and personal life, and our latest survey shows we have improved this balance for both genders. During 2016, 72% of male employees and 74% of female employees responded that they had a healthy work-life balance, compared with 70% of male employees and 71% of female employees in 2015.

We still need to do more, especially since a healthy work-life balance is highly valued by our employees and is linked to areas such as gender equality, health and well-being. We offer the possibility to work from home or flexible office hours, and we have local initiatives such as healthcare contributions, subsidized yoga classes and massage. Before broadcasting 2,000 hours of sport on 13 channels from the Olympics in Rio, we arranged seminars to proactively prevent work-related stress.

In addition, we encourage all MTG employees to take parental leave, and it's great to see more men than ever (32% more in 2016 than in 2015) using their parental leave.

Diversity and Equality

MTG is committed to diversity and equality in every part of our business. We're extremely proud of the wide range of nationalities and age groups represented in our workforce, and of our good gender parity levels. However, we want to do even more.

Diverse, equal companies have been shown to be more creative, innovative and competitive than other businesses. They're also much more fun places to work!

At MTG, we're particularly focused on ensuring equality in three key areas – pay, workforce and management. Here's how we did in 2016.

Equal pay

Equal pay for equal work and no gender gap – we think it's pretty obvious. We always benchmark our positions both internally and externally, and when benchmarking a salary, we always look at the position and not the gender of the applicants. During 2017, MTG will improve our equal pay monitoring processes and take necessary measures accordingly.

An equal workforce

In 2016, the gender distribution of our workforce was 59% men and 41% women, compared with 57% men and 43% women in 2015.

To put this shift into context, MTG underwent a strategic transformation in 2015, and during 2016 we invested in two leading companies in the traditionally male-dominated esports industry.

In response, we're redoubling our efforts to boost the representation of women in the technology and media sectors. In 2017, MTG is a lead sponsor of the Women in Tech event, which provides an open meeting place for talented women and high-tech companies, for the fourth consecutive year.

Equal management

MTG's group management had a gender distribution of 65% men and 35% women in 2016, compared with 62% men and 38% women in 2015.

We've set the ambitious goal of 50/50 gender equality in MTG group management by 2020. As a result, we're investing in female managers through the Women Up program, which has been developed by McKinsey & Company. In 2016, program participants were also mentors for younger female professionals at MTG.

In 2016, we established a steering group of CR and HR managers to work with our equality goals, and workshops were held in order to identify challenges, possibilities and improvement activities on a local level. These workshops resulted in MTG's Equal Opportunity Initiative, an established baseline, and a Group roadmap and implementation process for 2017 to 2020.

In 2017, MTG will engage all business managers in the implementation of the Equal Opportunity Initiative. We're accelerating our efforts to create a truly diverse working culture and management, and even more opportunities for everyone.



GRI REFERENCE

G4-LA12

G4-LA13

Emma Thorsén
Chief Customer
Officer at Viaplay



Line Vee Hanum
Head of Communications
at MTG Norway



Women Up

Hej Emma! What's new at Viaplay?

First of all, our customers are the most satisfied streamers in Sweden for the second year in a row, according to Svenskt Kvalitetsindex. We've seen usage increase massively over the last couple of years, and we're doing everything we can to improve our offering even further.

I'm Chief Customer Officer at Viaplay, with responsibility for customer relationship management, customer service and business intelligence. It's complex, hands-on and demanding – and I love every minute of it.

In 2016, you participated in the Women Up initiative. Can you tell us more?

Women Up is a global leadership initiative launched by the Swedish former minister Maud Olofsson and McKinsey & Company, under the umbrella of Hillary Clinton's International Council on Women's Business Leadership (ICWBL). It brings together 30 high-potential women leaders over a 12-month period to promote their development, and is structured around the concept of centered leadership.

What's centered leadership?

Centered leadership is an approach developed by McKinsey that can help women become more confident and effective business leaders. It has five interrelated dimensions: meaning, managing energy, positive framing, connecting and engaging. During the Women Up program, we focus on each of these areas and how we can apply them to our own roles.

Centered leadership works for both women and men, although it resonates particularly well with women since it builds primarily on research into their specific needs and experiences.

How has Women Up influenced you as a leader?

I've definitely broadened my abilities as a leader. I'm more active in taking different roles depending on the situation – sometimes I'm the driving force, and sometimes I step back. My attitude to conflict management has also evolved: if I do not agree with someone, I'm now much more curious about why they feel that way.

Do you have any advice for this year's participants?

Be open both with yourself and others about what triggers you – both in a positive and negative sense. During the program, participants share with each other and sometimes become quite emotional when discussing their experiences, which I think is really refreshing. I think it's a complete misconception that leaders can never show their emotions. In my experience, successful leaders are open leaders – when you communicate honestly and clearly you can inspire everyone around you.

Hei Line! What's the latest from MTG Norway?

It's a super-exciting time for us – digital trends are reshaping consumer behaviours incredibly quickly, and MTG's streaming services Viaplay and Viafree are just what audiences are looking for. We've also grown our free-TV market share consistently in recent years. For our radio business, there's the small matter of Norway becoming the first country in the world to transition all stations to Digital Audio Broadcasting. Oh, and we just welcomed Morten Aass as our new CEO!

How did you get involved in the 2017 Women Up initiative?

I'm the Head of Communications for MTG Norway, which means I'm responsible for everything from PR and strategy to social media and branding. I head up a team of seven people, and when MTG's executive management nominated women leaders across the group to participate in this year's Women Up, I was lucky enough to be chosen. I'm sure it will be a fantastic learning experience.

Your first meeting took place recently – what has been the biggest surprise for you so far?

I've been really amazed by how a multinational group of leaders, representing a very broad range of businesses, can have such similar ambitions and challenges. Each of us wants to deliver 110% all the time, and to empower our teams in the best possible way.

At the same time, there's been a lot of discussion on how to balance small details with the big picture – when should I zoom in or out? Whether you're in the media or transport industry, you can learn a huge amount about effective and supportive leadership from listening to each other's experiences.

Let's fast forward 12 months: what would you like to take away from Women Up?

My hope is that the biggest impact will be on my team. I'm a big fan of the Three Musketeers: all for one and one for all! I aim to learn about new tools and approaches that can enable my colleagues to grow, and which will help us create even more great results together.

Julia Smetana
Head of European
Regulatory Affairs



Careers in Brief #1

Is there a regular day in regulatory affairs?

The short answer is no! As MTG's Head of European Regulatory Affairs, my responsibilities include managing issues across our business relating to current or proposed legislation, engaging with policymakers, and responding to government consultations and requests for information. Every day is different – which is just the way I like it!

The majority of MTG's TV broadcast licenses are held in the United Kingdom and our operations are regulated by Ofcom, and we obviously work in compliance with European legislation too. Both legal frameworks are constantly evolving and require regular monitoring.

What are you working on right now?

My current focus is the EU Commission's proposal for a Digital Single Market Strategy, which covers everything from copyright and e-privacy to portability. The latter area is particularly important for MTG, since we want our customers to have access to our services when travelling anywhere in Europe.

However, we also believe that any new regulation should not undermine the principle of territoriality, which is the idea that content rights can be licensed exclusively for specific countries. Changing this risks making many of the media industry's current financial models unworkable, so it's essential we ensure our point of view is fully represented in the legislative process.

Can you talk us through your career trajectory at MTG so far?

I joined MTG eight years ago, when the TV landscape was totally dominated by linear broadcasting. I remember being involved with our first Viaplay streaming app!

My first position was as a general commercial lawyer working within MTG's central legal team, but as the European dimension of our business became increasingly important, the company became more active in Brussels and in major European trade associations such as the Association of Commercial Television in Europe (ACT).

Stepping into a regulatory-focused role felt like a natural step, and I'm very grateful for the support I've received from my managers and colleagues along the way. For example, I've been able to integrate maternity leave smoothly into my overall career path.

How do you create a healthy work-life balance?

My schedule is varied and busy, with a lot of travel between London, Brussels and Stockholm. As long as I'm available to my team and everything gets done on time, I'm happy to work from different places. I appreciate the fact that MTG is such a flexible employer: I have two young children, and I'm also very much an early-morning person (mostly through necessity these days)!



Paula Moscardo
Executive Manager at
MTG Creative



Careers in Brief #2

Paula, you describe yourself as a translator.

What do you mean by that?

My job title is Executive Manager at MTG Creative, which is MTG's central creative department and responsible for promos, branding and continuity. I've learnt that creatives and finance people often speak very different languages, and I see myself as the voice of each group to the other.

Teamwork is very important in enabling people to deliver at the highest level, and one of MTG's strengths is effective collaboration across the company. It's about building reciprocal understanding while making sure everyone has the tools and the space they need to thrive – and of course getting the business decisions right every time.

How did you move into such an interesting position?

I came to MTG in 2010 as maternity cover for one of the MTG Creative Production Managers. Handling the budgets and contracts for productions might not sound so exciting, but it was perfect for me, since I love numbers and working with people. I was involved in a wide range of projects, and moved from managing invoices to managing individuals too.

I was promoted to my current role in September 2015, and today I have two direct reports and a further eight indirect reports. I'm part of a very diverse and creative group, with over 12 different nationalities here in London. It feels really fulfilling to put my financial and personnel skills to good use every day in such an open environment.

Is it difficult to have financial responsibilities for a creative organization?

Our creatives are recognized as the best in the business, with an amazing 71 Promax Awards since 2010. They're fantastic professionals who are completely dedicated to their jobs, and my priority is to create a framework that enables them to focus on what they do best. As soon as you strike the right balance between structure and inspiration, everything else falls into place.

Do you think emotional intelligence is as important to your role as financial knowledge?

Definitely! I believe a truly effective manager understands feelings as well as figures. It's especially relevant in a creative context: I do not think anyone can be creative 365 days a year, and there might be additional reasons why the great ideas just aren't coming.

I think I've learned over time to be a good listener who can suggest solutions for different situations, while helping team members grow and develop. People who create such value for the business should always feel that the business creates value for them, in terms of everything from practical support to their working environment and career progression.



Zainab 'zAAz' Turkie

One of the world's
best female gamers

Photo: Daniel Stigefelt



Diversity in Esports

What's it like to be one of the world's biggest esports stars?

It's so much fun! This year I hope to compete in six or seven huge tournaments around the world, and I wish there were even more. It's an amazing experience to push myself to the limit in front of massive crowds with my team-mates around me. I just love playing – as long as I win, that is...

How did your esports career get started?

I've been playing Counter-Strike professionally for around 10 years. Back in 2002, I saw my brother playing the game at home in Malmö. At first, I just sat beside him and watched, but then I wanted to try for myself. I got into it straight away, started practicing very seriously and got an offer to join my first team. I worked so hard to make it happen. It also took some time to convince my dad that a career in esports was OK, but today he's proud of how far I've come.

What was your breakthrough moment?

Paris, July 2008. I was there to take part in a Counter-Strike tournament and my team was the favourite to win – but I felt so nervous. I seriously thought I might pass out. It was my very first international event and there were thousands of people watching, all expecting us to deliver.

We blew away the competition in the group stage but things got much tighter from the quarter-finals onward. Playing the final was a real test and winning felt incredible. Nine years and hundreds of tournaments later, it's still my favorite memory.

Do you see yourself as an esports role model?

I'm happy if I've inspired anybody – especially other girls – to get into esports. I feel really grateful for the support people have shown me during my career, and I hope I've been able to give something back. Sometimes it seems surreal to be a trailblazer for others – I'm a geek who just likes playing games! But I'm cool with it. I already demand so much of myself when I compete, so I do not feel any extra pressure from other people's expectations.

How can the sport attract more female competitors?

The interest is already huge – there are so many girls who kick ass at Counter-Strike! The next step is to create a better overall balance between the women's and men's scenes. The publicity, the prize money, the number of tournaments – everything needs to be much more equal. When more girls see that it's possible to turn esports into an awesome career, things will really start happening.

What's next for zAAz?

I live to compete, and I'm so focused on getting even better and giving my fans even more legendary moments. When I reflect on the past 10 years, esports has grown unbelievably and in some way it feels like I'm part of the future. I'm where I want to be – and if you want it enough, you can be here too.



Game Changers

Reach for Change and MTG teamed up yet again in 2016 for a group-wide campaign to seek out the most innovative social entrepreneurs out there. The campaign, now in its third year, was amazingly well-received and we managed to attract and track down some truly inspiring individuals to support. All purpose-driven, all solution-led, and all with a game-changing approach to long lasting social change.

Denmark: Sanna Rasmussen

Sanna's initiative Familiestøtten is a social networking system that matches financially secure families with less fortunate households. The wealthier side typically has older children whose pre-loved clothes, toys and sports equipment go to the disadvantaged party who may not otherwise afford these items.



Bulgaria: Evgenia Sarafova & Dimitar Zhelev

Evgenia and Dimitar, both Assistant Professors at Sofia University, are working to inspire children to explore the fascinating world of science. Their educational website, Geograf, targeted communications and regular family events are designed with the view of being easily accessible and affordable for all.



Estonia: Heilo Altin

Heilo's education programme Robootika aims to introduce children to the exciting world of technology and engineering. Tailored specifically for school and kindergarten children, the programme teaches robotics and mechatronics through creative play and exploration.



Norway: Nassima Dzair

Nassima is working for a more inclusive world. Her educational platform InterBridge helps socially isolated youngsters develop their personal skills and reach their full potential via specially tailored programmes.



Lithuania: Artiomas Sabajevs

Artiomas has established a special health and fitness programme aimed at children struggling with obesity. Establishing the centre was a dream come true for Artiomas, who now wants to spend his time helping the children he works with achieve their dreams of a better life too.



Bulgaria: Boyana Kotseva & Daniela Sadikova

Boyana and Daniela, both PHD students at the National Sports Academy Bulgaria, have set up an initiative to help physically impaired children explore sports and fitness. ParaKids offers a range of exercise programmes specifically aimed at helping disabled youngsters move and develop physically.



Latvia: Ilze Dzonsone

Ilze works to improve children's emotional intelligence and empathy skills through the care of animals. Her programme is currently mainly targeted at ordinary schools, but she is also looking to expand in order to include more children with special needs.



Joakim Klingspor
Project Manager Content
Pay-TV & Viaplay



Change Leaders Support

How did you get involved with Reach for Change?

I have always known about Reach for Change and their work, but it was not until I started working at MTG that I took on an active role after hearing positive feedback from my colleagues. I'm happy I put my hand up because it's been a very rewarding experience.

You're contributing to Reach for Change as an advisor. Could you tell us more about that?

I advise Reach for Change participants, or change leaders as they are called, on a variety of topics and give input and direction. It can be on anything from how to set up an interview questionnaire to formulating growth plans. The type of advice needed depends on where the organisation is in its life cycle and what kind of support the change leader feels is needed. Currently, I am the advisor for Cirkus Unik, which aims to aid social integration by bringing together

children from a wide range of cultural and socioeconomic backgrounds via a circus training programme. Cirkus Unik is still a fairly new organisation so my role with them has been to look at basic fundamentals in order to establish a clear vision and strategy going forward.

How do you think your engagement with Reach for Change has impacted the community and you personally?

I got involved with Reach for Change because I think they have an effective model for positively influencing children's lives. As an advisor, one of the most rewarding points is the relatively short lead time from decision to impact. This makes a nice change from working in larger organisations where things take longer to implement. With the change leaders you advise, you get the sense that the input of today is going to make real impact in the community tomorrow.



Photo: Michael Jönsson

Len Hynds
Chief Risk &
Security Officer



Safety and Security of Employees

How does MTG's security approach intersect with the company's overall strategy?

MTG is on a journey to become a leading digital video entertainer, and this means our risk profile is evolving very quickly. Stepping into the digital world is extremely exciting, although a broader digital footprint makes us more visible – and potentially vulnerable. Our job in the security team is to work proactively to align MTG's policies, processes and mindset with this new reality, and to ensure we execute our company strategy in a safe and responsible way.

Where have you focused your efforts over the past year?

During 2016, we concentrated on four key areas, each of which has a significant digital dimension.

First of all, we've developed MTG's cyber-security capability maturity model. This involves assessing every part of the business from the perspective of data and process security, and comparing our findings with industry standards. It's an ongoing process that is very helpful in establishing the maturity of our processes while identifying any gaps.

An example of improved process security is the information classification and handling guidelines MTG introduced in 2016. These guide employees on how to evaluate and handle information in order to protect sensitive data.

Business resilience, or our capacity to adapt to disruptive events and maintain continuous operations, has also been in focus. Again, we start with a cross-business review and then make an in-depth impact analysis that answers questions such as: What are our critical technology processes? How long can we operate without them? What are our plans for crisis management and continuity?

The other two areas have been the implementation of incident reporting systems (including a mobile app), and the acceleration of MTG's information security awareness programme.

What are the results of these latter two activities?

The app gives the security team and MTG employees better visibility and notification of any security incidents. It brings

structure to MTG's crisis management and escalation procedures, and combined with our travel security information service, provided very important safety advice to one of our employees who was in Brussels during the 2016 terror attacks in the city. In total, the app has been installed 150 times.

Turning to the awareness programme, we recognize that even the world's most comprehensive security policy document won't achieve much unless it translates into behaviour. Starting June 2016, MTG implemented obligatory e-learning to raise information security awareness and ensure everyone knows how to handle sensitive information correctly. So far, 81.3% of MTG employees have taken and passed the course, and in 2017 we'll offer targeted training on topics such as phishing.

To which associations or advocacy organizations does MTG belong, and what have they achieved in the last 12 months in regards to security?

We're part of Nordic Content Protection, an anti-piracy organization representing the TV industry in the Nordic countries, as well as the Audio Visual Anti-Piracy Alliance.

Our partnerships have resulted in reduced availability of pirated content. In 2016, two illicit websites serving the Scandinavian markets were closed down, which removed illegal access to over 8,000 movie and TV titles carrying subtitles in the Scandinavian languages. During the year, we also worked with Interpol to support its annual IP crime conference, raise standards with investigators and lobby for greater resources focused on audio visual piracy.

The security team will continue to coordinate MTG's content protection and anti-piracy efforts in 2017, both internally and externally. Any security question is ultimately a question for the whole industry, and we can achieve even more when we work together.

Business Ethics

From in-house initiatives to global guidelines, here's how we make sure we're doing business the right way.

Highlights



INFORMATION SECURITY

In 2016, 81.3% of MTG employees took – and passed – our group wide e-learning course on information security and IT.



In 2016, we helped to found not one but two esports industry bodies – the World Esports Association that supports sustainable industry growth; and the Esports Integrity Coalition that addresses integrity challenges.



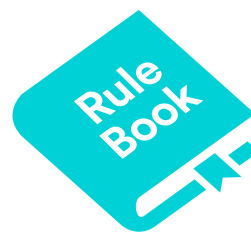
Zero. That's our total number of confirmed corruption cases in 2016. Just as well too, since zero is also our level of tolerance when it comes to this issue. We make our stance clear through policies, guidelines, training and an in-house gift register.



Our approach to business is guided by the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Guiding Principles on Business and Human Rights.



We work together with Interpol and the Audio-Visual Anti-Piracy Alliance to help combat transnational organized IP crime more effectively, and to ensure the sustainability of our industry.



Our Code of Conduct clearly outlines MTG's principles and values, and it applies to every employee. We also expect MTG's partners to share our way of thinking, and we've therefore created a Supplier Code of Conduct that sets out the standards we require from everyone with whom we work. During 2017, we will revise and improve our processes for our Code of Conduct and policy framework.

GRI REFERENCE

Susan Gustafsson
Group General Counsel



Effective Anti-corruption and Anti-bribery Management

How does MTG work to prevent corruption and bribery?

MTG does not tolerate any form of bribery and corruption, and we work diligently to prevent any kind of corruption, bribery and unlawful misbehavior in our company. Every new employee is required to sign our anti-bribery and anti-corruption policy, and to complete an e-learning anti-corruption course that was initially created by UNOCD and the UN Global Compact. We also work systematically with scenario-based training. During 2016, all MTG management teams, including those in our digital ventures, were trained in our anti-bribery and corruption policy and guidelines. In total, six workshops were held and 356 senior managers were trained. We plan to continue these training sessions targeting senior management, selected employees and any new company that becomes part of the group.

What can employees do both to prevent and detect potential corruption?

MTG is committed to achieving an open and transparent working environment, and it is for these reasons that we have established our whistleblower policy. This means that all MTG employees can be confident that they can raise

any matter of genuine concern and that this will be investigated appropriately (and, if so required, on a confidential basis). Since 2015, we have provided an internal anonymous whistleblower system called Speak Up. This system is run by an independent company that specializes in the provision of these services, and it allows employees to report (anonymously if they wish) via an online portal or a free phone number. The system is available in 15 different languages and is promoted in the employee induction process and through our intranet. During 2016, we had two whistleblowing complaints in relation to alleged fraud, bribery and corruption. Both cases were fully investigated and were closed.

How will you continue to improve MTG's anti-corruption work?

In 2017, we will review our policies and procedures for employee engagement and training for the group, as well as our e-learning offering, to make sure they stay relevant, effective and educational. We need to ensure that we have robust policies in place at all times, as well as effective training and procedures for preventing, reporting and dealing with potential bribery and corruption incidents.

Esports Ethics Partnerships

WESA

In 2016, we helped found the World Esports Association (WESA). WESA's vision is to create a framework that supports sustainable growth for esports, based on shared values of fairness, transparency and integrity.

Modeled on similar traditional sports associations, WESA is an open and inclusive organization that works to further professionalize esports by promoting dialogue between industry stakeholders and facilitating industry-wide standards and frameworks.

ESIC

We are one of the organizations behind the Esports Integrity Coalition (ESIC). ESIC is a not for profit members' association established by industry stakeholders to address integrity challenges in esports. These include, but are not limited to, cheating to win using software cheats, online attacks to slow or disable an opponent, match-fixing and doping.

ESIC is an open coalition of organizations who recognize that corruption has the potential to undermine the industry. ESIC has already published policies and codes in order to create a common regulatory framework based on joint definitions, as well as a unified disciplinary procedure. ESIC also provides a comprehensive education programme for association members and esports participants.

Ulrika Wester
Group Compliance Officer



Data Protection and Privacy

Tell us about the new European Union General Data Protection Regulation (GDPR) and what MTG is doing to meet its requirements.

We believe that the GDPR, which will come into force in May 2018, is a great step forward. It strengthens personal data protection for everyone in the EU and harmonizes relevant laws across Member States. At the same time, the new regulation introduces significant new requirements and challenges for all legal and compliance functions.

During 2016, we continued to strengthen MTG's data protection processes. We have carried out data protection training, which has been a mixture of voluntary training for all staff and mandatory training for senior managers. Over 90% of our senior managers received face-to-face training on data protection issues. We have also asked Deloitte to assess MTG's readiness for GDPR compliance, and to compile a report with initial gaps and improvement areas. This content will be used to develop a compliance roadmap that will be part of the group's data protection program in the future.

How do we mitigate data protection risks such as data breaches?

Our main focus in 2016 was on developing data protection breach guidelines and carrying out training for relevant staff. This training focused on how to respond effectively to a

breach, and was carried out in Riga and London as part of a wider crisis management exercise. We have also put in place Data Loss Prevention (DLP) software, which will help reduce the risk of potential data losses or thefts by monitoring data transfers in and out of the company.

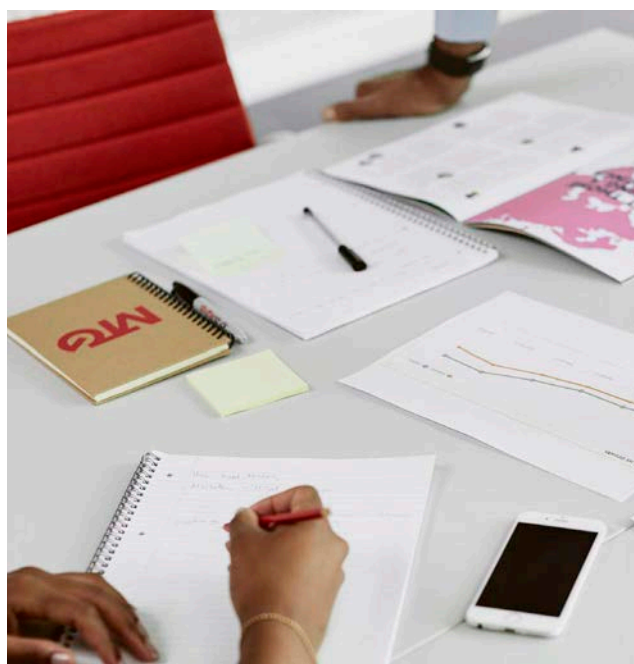
The plan for 2017 is to train more management teams in responding to these types of situations. We have developed a clear data breach procedure, which sets out the contacts and procedures to follow in the event of a breach. This includes training for relevant senior management on how to respond, and a mock data breach where we test our procedures.

What is the plan to strengthen our data protection work further?

We will focus on completing the review of MTG's data protection processes, with the assistance of Deloitte. Once achieved, we will then establish a roadmap for GDPR compliance and appoint data protection champions who will act as points of contact within the group's different businesses. They will also be responsible for setting the groundwork for implementation.

We have recently appointed a Chief Information Security Officer and we also intend to hire a Data Protection Officer who will be responsible for the daily management of the group's data protection program.

In the long term, our aim is to achieve GDPR compliance, as well as ensuring that effective data protection procedures are in place – first of all, to secure personal data, but also to ensure the right response to any breaches while minimizing the possibility of any happening in the first place. We want MTG to be seen as a leader in this field, and as a company that can be trusted and respected for our stance on data protection.



How We Govern

Modern Times Group MTG AB is a Swedish public limited liability company. The company's governance is based on the Articles of Association, the Swedish Companies Act, the listing rules of Nasdaq OMX Stockholm, the Swedish Code of Corporate Governance, and other relevant Swedish and international laws and regulations.

Shareholders

Our valuable investors who can make propositions on issues affecting the company and its operations at the AGM.

The AGM

The AGM is the highest decision making body, where MTG shareholders vote on various resolutions, sign off the accounts, elect MTG's Board of Directors and appoint External Auditors, and may make other proposals. Proposals must be submitted in writing at least seven weeks before the AGM.

Nomination Committee

The Nomination Committee evaluates the Board of Directors' work and composition, submits proposals to the AGM regarding the election of the Board, Chairman of the Board and Auditors, and prepares fee proposals to the Board and Auditors and proposals for the Chairman of the AGM.

External Auditors

The External Auditors examine the Annual Report and financial accounting, the Board of Directors' and CEO's administration and other tasks, and report their findings to shareholders in the Auditors' Report.

Board of Directors

The Board of Directors consists of six non-Executive Directors, of which all six are independent of the Company Management and five are independent of the major shareholders. The Chairman of the Board is independent of both the Company and the major shareholders. The Board also governs MTG's corporate responsibility. The Remuneration Committee is responsible for issues related to salaries, pension plans, Long Term Incentive Plans, and the employment terms of the CEO and Executive Management of MTG.

Audit Committee

The Audit Committee focuses on financial reporting accuracy, accounting policy changes, internal controls, risk assessment, auditor qualification and independence, adherence to regulations and transactions with related parties. The Internal Auditors are responsible for the evaluation of risk management and internal control activities, and report the result of these reviews to the Audit Committee.

CRAG

The Corporate Responsibility Advisory Group (CRAG) was established in 2013 to support the Board of Directors on corporate responsibility topics. The Group meets three times a year and consists of two members of the Board of Directors. MTG's President and CEO, one member of the Executive Management team, the Group General Counsel and the Head of Corporate Responsibility report and are part of the CRAG meetings. The CRAG has overall responsibility for the Group's corporate responsibility strategy, agenda and practices, including issues relating to human and labour rights, anti-corruption and environmental performance. The group reports their findings to the Board of Directors.

Executive Management

The Executive Management team is in charge of day-to-day implementation of the business strategy and corporate responsibility.

Global Corporate Responsibility Team

The Global Corporate Responsibility Team drives MTG's corporate responsibility strategy. The team implements a cross-functional corporate responsibility agenda and processes, monitors and reports on progress, and communicates various activities. The team reports to the CRAG.

Local Business

Local CEOs ensure that MTG's corporate responsibility strategy is implemented and forms an integral part of our various businesses. Each country has an appointed corporate responsibility representative and a green ambassador who works as a link between the Global Corporate Responsibility Team and the local operations.

Our Stakeholder Engagement

MTG's stakeholders consist of all the people and organizations that may be affected by our business – and those that in turn affect us as a company. It goes without saying that their input guides us in the right direction, and that our stakeholders are therefore key to our success.

We engage with stakeholders as part of our everyday business, and continuously involve them in our corporate responsibility activities and goal-setting processes as part of our materiality assessment. This engagement aims to achieve shared goals of common interest. In 2016, our structured materiality dialogue involved over 400 internal and external participants.

Our corporate responsibility strategy and focus areas are consequently based on stakeholders' input. We use our social media channels, intranet, web and in-person meetings to broaden the conversation around our ongoing corporate responsibility work and to strengthen our feedback processes even further.

Customers

B2C: video streaming and linear TV viewers, users of our digital video networks, radio listeners, esports participants and enthusiasts; and **B2B:** media agencies and corporations.

Day-to-day engagement methods: Free-TV: focus groups, attitude research, social media, viewing figures and audience appreciation index. Pay-TV: customer support channels and social media. Radio: listener hotlines, competitions, websites, blogs and social media. B2B: direct dialogue.

Key issues: Health, safety and security, transparent and credible dialogue, content quality.

Shareholders

Our investors.

Day-to-day engagement methods: Annual General Meeting, Annual Report, Corporate Responsibility Report, quarterly reports, press releases, Environmental Social Governance (ESG) roadshows and conferences.

Key issues: Responsible advertising, content quality and accessibility.

The Board

MTG's Board of Directors.

Day-to-day engagement methods: Board of Directors meetings.

Key issues: Data protection and privacy, equality and diversity, effective anti-corruption management.

Employees

Our team members.

Day-to-day engagement methods: Annual employee survey, intranet, newsletters, policies and guidelines, meetings and daily dialogues.

Key issues: Content quality and accessibility, transparent and credible dialogue, data protection and privacy, valuing creativity, work-life balance, skills management, diversity and equality.

Suppliers

The companies whose products and services we buy.

Day-to-day engagement methods: Continuous dialogue, supplier principles and self-check document.

Key issues: Compliance with our requirements.

NGOs

The non-governmental organizations with which we work.

Day-to-day engagement methods: Continuous dialogue (locally and centrally).

Key issues: Equality and diversity, health, safety and security, community engagement.

Regulators

Ofcom and other authorities that set the rules for what we do.

Day-to-day engagement methods: Continuous dialogue with the compliance and legal teams.

Key issues: Product safety and compliance (regulatory and legal), child and minor protection, responsible advertising, content accessibility and impact awareness.

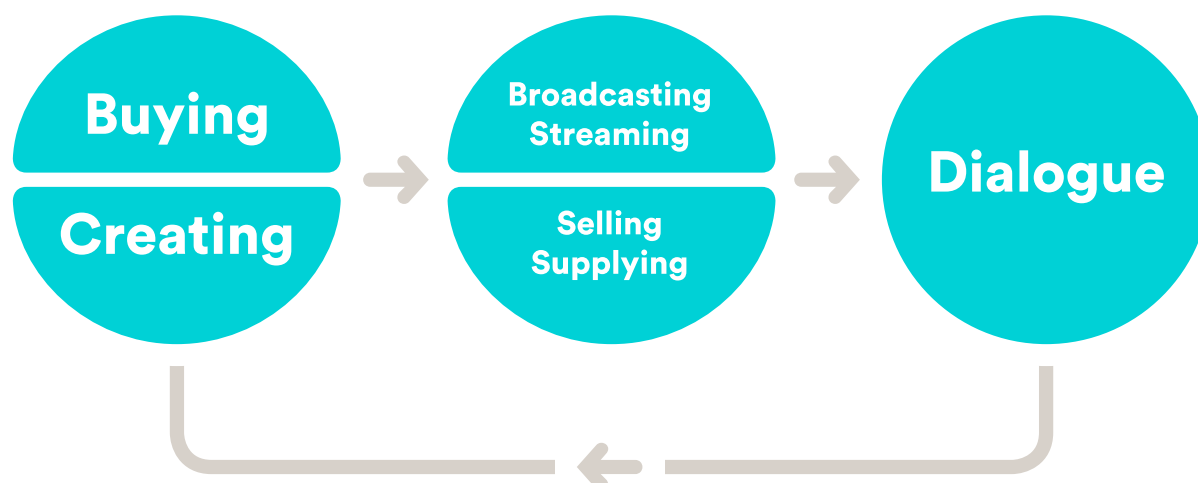
Industry

Our peers and colleagues.

Day-to-day engagement methods: Quarterly industry forums, the Responsible Media Forum and continuous dialogue with colleagues and other professionals.

Key issues: Data protection and privacy, human rights and environmental impacts, United Nations Sustainable Development Goals (SDGs).

Value Chain



As a global digital entertainer, we offer a wide range of products and services for multiple markets across a broad range of distribution channels. But even though we are many brands, we are one organization. That means we follow the same processes and work towards the same goal: to create value for our customers, partners, employees and shareholders, as well as for society as a whole.

Buying

We work with many types of suppliers to ensure we have what we need to run our business. Core suppliers include Hollywood film studios and major sports rights providers, as well as local studios and channels. Set-top-box hardware producers are also included in this category. Non-core suppliers, meanwhile, include office equipment and IT vendors.

Creating

Before content can be distributed, many departments and teams need to be involved. Some play a direct role, while others facilitate. This process covers everything from production, acquisition and scheduling to compliance, marketing and broadcasting.

Selling and supplying

We make our content available to customers on our free-TV and pay-TV platforms, on our streaming services as well as on radio stations. We supply advertising space to media buyers, other businesses and charities. We also produce programmes for other broadcasters.

Broadcasting and streaming

We make our content available via multiple broadcast and streaming platforms. MTG operates free-TV and pay-TV platforms in the Nordic region and in markets in Central and Eastern Europe. Our streaming services Viaplay (subscription) and Viafree (free) offer content on-demand through smart TVs, mobile apps and additional access points.

Dialogue

We have an ongoing dialogue with all our stakeholders to improve our products and services. This dialogue includes focus groups, surveys and interviews, and ensures we give our audiences exactly what they want, while offering our business customers opportunities to strengthen their brands. This input is channeled back to our content creation and purchasing teams to ensure we continue to offer inclusive, accessible and responsible content that delivers a positive impact.

MTG's digital ventures

As part of our transformation from a traditional broadcaster into a leading digital video entertainer, we are investing in relevant, complementary and scalable content and communities. Today, our portfolio includes digital video networks, esports and online gaming businesses, each with distinct value chains. Our digital video networks Splay Networks and Zoomin.TV connect audiences with the most popular Scandinavian and international online talents and influencers, and deliver original high quality content. Our esports businesses DreamHack and ESL operate live events, pro gaming leagues and international tournaments. And our most recent investment, InnoGames, is a leading developer and publisher of online games.



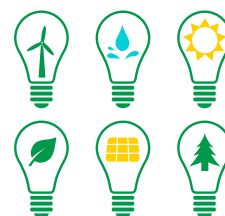
Environmental Care

We keep track of our carbon footprint and energy consumption, encourage green thinking and support environmental NGOs and campaigns.

Highlights



MTG Sweden offices are mapping all energy consumption to find a way of cutting it by 20% in four years, in accordance with the Energy Efficiency Directive that helps the EU in reaching its energy efficiency target by 2020.



In 2016, our total emissions have decreased by 7% since 2015, mainly thanks to a decrease in emissions from facilities and a reduction in air travel, which lowered the total output by 4% and 3% respectively.



We are committed to doing what's right and proper. That's why the precautionary principle is our guiding light when assessing the environmental and health impacts of our operations.



In 2016, we rolled out Skype for Business across MTG, making it easier for employees to connect virtually regardless of location, time zone or device.



In 2016, TV3 Latvia once again supported the annual Big Clean-up campaign that challenges Latvians to tidy up the country's litter.



In 2016, we managed our carbon emissions more efficiently; better incorporated an environmental approach into our strategy and policies; and assessed carbon risks and opportunities in a more forward-thinking way. That's why our Carbon Disclosure Project ranking rose from C (awareness) to B (management).

Björn MosellGlobal Category Real Estate
& Facilities Manager**Marcus Lindmark**

CEO DreamHack



Our Environmental Work

Could you tell us about MTG's environmental efforts?

We keep track of our carbon footprint, encourage green thinking and support environmental NGOs and campaigns. We have a long-standing relationship with our climate partner Tricorona, who have helped us with our quarterly greenhouse gas emissions reporting since 2009. Our emissions have been fairly stable over the years, even if emissions from energy consumption have increased. Air travel has gone up, so in 2016 we introduced Skype for Business across the organization in an effort to reduce the need to travel so often. We also participate annually in the Carbon Disclosure Project (CDP), which gives us a better idea of how we measure up, both against our performance in previous years as well as other organizations. In 2016, we managed our carbon emissions more efficiently. Consequently our Carbon Disclosure Project ranking rose from C (awareness) to B (management) level, which is generally considered to be a solid rating.

You've been working on ensuring MTG's compliance with the new EU Energy Efficiency Directive, EED article 8, this year. How is it going?

The new directive requires us to map our energy consumption and then to reduce it by 20%. We've hired critical facilities solutions provider Coromatic to conduct an audit of all our major offices in Sweden. The findings, including energy saving proposals, will be submitted to the relevant authority in Sweden by the end of March 2017.

MTG's Stockholm office updated its rubbish disposal system this year. Tell us about that!

We used to burn our waste to produce energy, but we now separate it and only burn certain hard-to-recycle materials, such as food and paper towels. Plastics, cardboard, electronics, paper, batteries, coffee cups, plates, wood, bottles, light sources, metal and other items now get recycled, which is much better for the environment.

Environment in Esports

What is the biggest environmental issue in esports?

For DreamHack, it's how to run mega-events in a sustainable way. We organize tournaments, LAN parties and digital festivals all over the world – during 2016 we attracted over 200,000 people, and in 2017 we're hosting 10 events, which will make this our busiest year yet.

How are you incorporating sustainability into your business?

Twenty thousand gamers at a single event use a lot of electricity, so renewable energy is an increasingly important area for us. For example, Elmia, the site for DreamHack Summer and Winter in Jönköping, Sweden, has a cooling system that uses water from a nearby lake, which saves up to 670 megawatt hours (MWhs) of energy a year – that's enough to power 300 homes for a whole month. Those gamers also leave behind an unbelievable amount of rubbish – at our LAN parties back in the 1990s, we would bring a snow plough into the hall the morning after and drive out huge piles of cans, bottles and pizza boxes.

Today, we work with local Scout groups in Sweden to sort and recycle as much as we can. Sometimes we recycle almost 110,000 cans from a single event! It's a much more sustainable approach – and a great way to engage with wider communities.

Tell us about DreamHack Water...

Every DreamHack event is 100% alcohol- and drug-free. At DreamHack Winter we partnered with Tetra Pak to offer DreamHack Water, which comes in a bottle made from fully recyclable, locally sourced materials. We sold or gave away 70,000 bottles in four days. We also experimented with DreamHack licorice-flavoured yoghurt, but that seemed to appeal to a more niche audience...

What's next?

For me, seeing the world's best Counter-Strike teams compete for a \$450,000 prize pool at DreamHack Masters in Las Vegas really brought home how far we've come. An idea that started in a school cafeteria in small-town Sweden is going global, and our ability to create unique experiences is what makes this possible. It's then a very natural step to move from our visitor environment to thinking about the environment as a whole. We love games, but it's really important to lift your eyes from the screen now and then and look at the world beyond.



Objectives and Achievements

MTG strives to drive positive impacts for all our stakeholders. We therefore work towards clear objectives, targets and achievements at all times. During 2017, MTG will focus on setting new long-term strategic objectives and targets that complement both our CR strategy and four focus areas: media responsibility, social impact, business ethics and

environmental care. MTG is already committed to the UN Sustainable Development Goal (SDG) #5: Achieve gender equality and empower all women and girls. In order to create even greater social impact in 2017, we will connect additional relevant SDGs to MTG's CR work.

TARGETS 2016

ACHIEVEMENTS 2016

TARGETS 2017

Anti-bribery and Anti-corruption

Objective: Zero tolerance of any form of bribery and corruption, or unethical or unlawful behavior in the company and in our business relations.

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> ● Continue to roll out managerial training to senior management at MTG. | <ul style="list-style-type: none"> ✓ Target met. During 2016, all MTG management teams, including new digital ventures, have been trained in our anti-bribery and anti-corruption policies and guidelines. | <ul style="list-style-type: none"> ● Continue with targeted training for senior management. |
| <ul style="list-style-type: none"> ● Integrate the anti-bribery and anti-corruption policy signature process and e-learning training into our new HR system and intranet. | <ul style="list-style-type: none"> ● In progress. Our new HR system was implemented in Q3 2016, and work to integrate our policies signature process will be part of a wider policy review. | <ul style="list-style-type: none"> ● Review of our policies and procedures for increased employee engagement, as well as our e-learning offering, to make sure that they stay relevant, effective and educational. |

Diversity and Equality

Objective: A 50/50 gender split in management by 2020.

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> ● Present the 50/50 objective and engage all local HR managers in establishing a guiding roadmap for 2017-2020. | <ul style="list-style-type: none"> ● In progress. Several workshops were held in Q4 with local HR managers. An established baseline and guiding roadmap were prepared for the implementation process 2016-2020. | <ul style="list-style-type: none"> ● Identify glass ceilings, barriers, challenges and enablers for each business areas/country. ● Perform market intelligence and benchmark analysis. ● Establish activities, targets and KPIs at a country/company level. |
|---|--|--|

✓ Target met ● Target ● Target in progress

TARGETS 2016	ACHIEVEMENTS 2016	TARGETS 2017
Environment		
Objective: Reduce our energy consumption by 20% in our largest markets.		
<ul style="list-style-type: none"> ● Revise and update MTG's travel policy by end of 2016. 	<ul style="list-style-type: none"> ✓ Target met. The travel policy was updated in Q2 2016 and was relabeled as Travel Guideline. 	<ul style="list-style-type: none"> ● Map our energy consumption, starting with our largest markets. ● Establish a roadmap for reduced energy consumption.
Data Protection, Customer Data Integrity and Privacy		
Objective: Strengthen our data protection procedures, implement a compliance roadmap to achieve compliance with the General Data Protection Regulation (GDPR) by 2018.		
<ul style="list-style-type: none"> ● Continue development of data protection processes within MTG, including hosting an update session on GDPR. 	<ul style="list-style-type: none"> ✓ Target met. In 2016, we carried out data protection training, which was a mixture of voluntary training for all staff and mandatory training for senior managers. Over 90% of our senior managers received face-to-face training on data protection issues. 	<ul style="list-style-type: none"> ● Establish a roadmap for GDPR compliance and appoint data protection champions who will act as points of contact within the group's businesses and assist with setting the groundwork for the GDPR implementation. We will appoint a Data Protection Officer who will be responsible for the daily management of the group's data protection program.
<ul style="list-style-type: none"> ● Develop data protection breach guidelines and training for relevant staff 	<ul style="list-style-type: none"> ✓ Target met. We have developed a data breach procedure covering contacts and procedures to follow in the event of a breach. This includes training for relevant senior management on how to react, and a mock data breach. 	<ul style="list-style-type: none"> ● Continue to conduct data protection training for relevant staff.
Child and Minor Protection		
Objective: New objective will be set during 2017.		
<ul style="list-style-type: none"> ● 90% of employees to complete training course by Q3 2016. 	<ul style="list-style-type: none"> ● Target. Changed from training for all employees to training in broadcast compliance and children protection issues for employees working directly with content. 	<ul style="list-style-type: none"> ● New target and objective will be set during 2017.
Security		
Objective: Improve MTG's cyber-resilience.		
<ul style="list-style-type: none"> ● Implement information security awareness programme by end of 2016. 	<ul style="list-style-type: none"> ✓ Target met. An obligatory awareness and education e-learning was implemented in June 2016, in order to strengthen MTG's information security and ensure that employees can handle sensitive information. 87.3 % of all employees have taken and passed the course. 	<ul style="list-style-type: none"> ● Increase ability to identify cyber-attacks through continuous awareness training. ● Measure MTG's cyber maturity against industry standards.
<ul style="list-style-type: none"> ● Continue to coordinate MTG's content protection and anti-piracy efforts, both internally with in-house teams and externally with the Audio Visual Anti-Piracy Alliance. 	<ul style="list-style-type: none"> ✓ Target met. We have increased engagement with industry partnerships, resulting in reduced availability of pirated content. Two major illicit websites serving the Scandinavian markets were closed down, preventing illegal access to over 8,000 movie and TV titles that carried Scandinavian subtitles. We supported Interpol with its annual IP crime conference, raising standards with investigators and lobbying for greater resources to be focused on audio-visual piracy. 	<ul style="list-style-type: none"> ● Develop and implement standardised business continuity and disaster recovery plans to minimize adverse impact from cyber incidents.

Workforce Data

AVERAGE NUMBER OF EMPLOYEES	2014	2015	2016
Total	4,111	3,995	3,792

Average number of full-time equivalent (FTE) employees (includes all companies owned in 2016). For breakdown per gender per country, please see note 24 in the Annual Report.

AVERAGE AGE	2014	2015	2016
Age	36	37	36

Zoomin, DreamHack and Turtle are not included in average age data, which is calculated based on actual headcount as at final day of year.

WORKFORCE BY REGION	2014	2015	2016
Total	4,186	3,582	3,805

Male	2,351	2,059	2,240
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Female	1,835	1,523	1,565
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Nordics	2,147	1,726	1,613
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Male	1,270	1,063	978
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Female	877	663	635
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Baltics	1,188	1,229	1,256
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Male	604	613	591
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Female	584	616	665
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Others	851	627	937
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Male	477	383	671
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Female	374	244	266
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Based on FTE headcount (permanent and temporary), contractors are not included. A breakdown of the total number of employees by core business activities cannot be provided due to limitations in our reporting systems.

'Nordics' include Denmark, Finland, Norway and Sweden, 'Baltics' include Estonia, Latvia, Lithuania, the Czech Republic and Bulgaria, and 'Others' include the Netherlands, UK and our Paprika Latino production company which is present in multiple countries. Ghana, Hungary, Russia, Tanzania and Ukraine are not included as since 2016 MTG no longer has operations there.

WORKFORCE BY EMPLOYMENT TYPE	2014	2015	2016
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Full-time	3,864	3,364	3,645
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Male	2,243	1,945	2,144
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Female	1,621	1,419	1,501
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Part-time	319	218	160
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Male	178	114	95
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Female	141	104	65
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Based on FTE headcount (permanent and temporary), contractors are not included. A breakdown of the total number of employees by core business activities cannot be provided due to limitations in our reporting systems.

WORKFORCE BY EMPLOYMENT CONTRACT	2014	2015	2016
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Temporary	890	624	507
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Male	571	412	313
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Female	319	212	194
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Permanently	3,296	2,958	3,298
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Male	1,780	1,647	1,927
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Female	1,516	1,311	1,371
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Based on FTE headcount, contractors are not included.

WORKFORCE BY EMPLOYEES AND CONTRACTORS, BY GENDER	2014	2015	2016
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Employees, male	2,351	2,059	2,240
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Employees, female	1,835	1,523	1,565
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Contractors, male	811	676	84
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Contractors, female	134	97	52
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Based on FTE headcount (permanent and temporary), contractors are included. The number of contractors in our production companies at any given time can vary greatly depending on the number and type of productions. MTGx and freelancers are not included in contractor data.

DIVERSITY	2014	2015	2016
Workforce by gender			
Male	56%	57%	59%
Female	44%	43%	41%
Management by gender			
Male	62%	62%	65%
Female	38%	38%	35%
Junior Management by gender			
Male	58%	58%	
Female	42%	42%	
Executive Management by gender			
Male	70%	78%	78%
Female	30%	22%	22%
Board of Directors by gender			
Male	71%	83%	83%
Female	29%	17%	17%
Workforce by age			
<30s	29%	24%	29%
30-50	64%	68%	66%
>50s	7%	8%	6%
Board of Directors by age			
<30s	0%	0%	0%
30-50	57%	17%	50%
>50s	43%	83%	50%
Foreign nationalities in local workforce			
Total	6%	5%	3%
Nordic	2%	2%	1%
Baltics	1%	1%	0%
Others	23%	21%	23%
Number of nationalities			
Total	44	38	38

Based on FTE headcount (permanent and temporary). Junior management data is not available as we no longer apply this particular management level. Workforce by age based on actual headcount data as at final day of the year. Foreign nationalities in local workforce and number of nationalities exclude Zoomin and Turtle.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS	2014	2015	2016
Total	13%	33%	7%
7% of our employees were covered by collective bargaining in 2016 according to calculations based on FTE. This is a marked reduction from the 33% covered in 2015 and this is due to the sale of our Africa operations, Thisisnice production employee fluctuations and a 2015 reporting error for our Norwegian operations.			
NEW EMPLOYEE HIRES			
Total	(20%) 656	(19%) 541	(22%) 712
By gender			
Male	(22%) 387	(19%) 305	(23%) 444
Female	(18%) 269	(19%) 236	(22%) 267
By age			
<30s	(39%) 308	(40%) 242	(37%) 347
30-50	(15%) 328	(14%) 285	(17%) 358
>50s	(6%) 13	(6%) 14	(3%) 6
By region			
Nordics	(23%) 335	(20%) 248	(18%) 253
Baltics	(17%) 177	(18%) 197	(13%) 157
Others	(20%) 151	(18%) 96	(42%) 302

New permanent employees joining the company for the first time. The rate of new employee hires is the amount of new hires out of the total permanent workforce.

EMPLOYEE TURNOVER	2014	2015	2016
Employee Turnover rate (Incl Redundancies)			
Total	20% (721)	24% (828)	19% (618)
By gender			
Male	21% (386)	12% (422)	18% (350)
Female	19% (335)	12% (406)	25% (268)
By age			
<30s	31% (265)	7% (248)	18% (167)
30-50	17% (419)	15% (521)	19% (410)
>50s	14% (36)	2% (59)	22% (41)
By region			
Nordics	18% (282)	14% (464)	21% (289)
Baltics	16% (185)	6% (195)	11% (123)
Others	30% (253)	5% (169)	19% (206)
Internal recruitment			
Total	31%	37%	28%

Based on FTE headcount (permanent and temporary). The turnover rate is compared to the total of actual headcount as per last day of the year. In 2015, we made an adjustment in the calculation of the employee turnover rate. Internal recruitment figure excludes our operations in the Czech Republic, because they do not use the same request system for new positions. Viasat AS Estonia, Viasat AB, Viasat Sales AB, MTG Radio Sales AB and Vision TV are very sales intensive companies with young employees in entry-level positions, where high employee turnover is very common.

EMPLOYEE TRAINING	2014	2015	2016
First 6 months 2014 of classroom training hours done by Academy teachers	1,544	0	0
Training hours	x	21,559	27,133.5
E-learning	371	1,273	3,859
Coverage of appraisal process (PDA)			
Total	83%	81%	77%

As the central training facility MTG Academy was discontinued, the individual companies and countries now organise the training of their staff. During the 2015 transformation of MTG, the structured and centralised PDA process was removed. 2016 PDA completion rate is a summarized figure from both first meet and mid-year review. The coverage of the appraisal process figure shows how many of all permanent employees have completed their performance appraisal. Excluded from the 2016 figures are Bulgaria, the Czech Republic and Latvia, excluding the MTG Riga Payout Centre, which has reported figures and hence is included in the total percentage. In 2015/2016, we introduced the learning platform Lynda to our employees in Sweden and UK and these figures are included for these years.

ABSENCE RATE	2014	2015	2016
Total	1.9%	2.3%	2.7%
Male	1.2%	1.8%	2.0%
Female	2.8%	3.0%	4.2%
Nordics	2.2%	2.9%	4.2%
Male	1.5%	2.5%	2.3%
Female	3.1%	3.7%	7.2%
Baltics	2.3%	1.9%	1.5%
Male	1.3%	1.2%	1.2%
Female	3.3%	2.6%	1.8%
Others	1.0%	1.1%	2.5%
Male	0.6%	0.6%	2.3%
Female	1.4%	1.9%	2.8%

Absence is reported as percentage of total annual working days. We have used 253 as an average number of working days per year for all countries. Calculation for absentee rate differs from GRI guidelines to be comprehensible for our stakeholders.

WORK-RELATED INJURIES	2014	2015	2016
Work-related accidents			
Total	6	5	8
Male	3	3	7
Female	3	2	1
Lost days due to work-related accidents			
Total	323	3	61
Work-related fatalities	0	0	0

Work related accidents in 2016 include 3 accidents on way home from work, 1 strained neck, 1 ankle sprain, 1 minor cut finger, 1 elbow strain and 1 puncture wound. Due to the small number of work related accidents we do not provide a regional breakdown of the figures to protect the privacy of our employees.

SALARY AND REMUNERATION RATES	2014	2015	2016
Ratio of basic salary F vs M			
Total, all employees	76%	77%	74%
Total, managers	76%	75%	84%
Nordics, all employees	76%	81%	87%
Nordics, managers	72%	78%	91%
Baltics, all employees	90%	89%	82%
Baltics, managers	99%	97%	96%
Others, all employees	85%	86%	74%
Others, managers	85%	85%	67%
Ratio of remuneration F vs M			
Total, all employees	73%	74%	72%
Total, managers	71%	71%	82%
Nordics, all employees	71%	77%	83%
Nordics, managers	67%	74%	87%
Baltics, all employees	91%	92%	84%
Baltics, managers	97%	98%	102%
Others, all managers	81%	81%	71%
Others, managers	81%	68%	65%

The figures show the difference between male and female earnings as a percentage of male earnings amongst all permanent employees with a fixed monthly salary. The ratio of total remuneration includes basic salary and variable remuneration. The figures have been calculated with maximum possible variable remuneration. The 2014 figures are partially updated due to a head-count mistake in the Nordics, which also affected the total. Turtle and Zoomin are not included in salary and remuneration data.

PARENTAL LEAVE AND RETENTION RATES	2014	2015	2016
Number of employees who took parental leave			
Total	125	147	141
Male	29	38	50
Female	96	109	91
Number of employees who returned to work from parental leave			
Total	125	108	120
Male	28	27	28
Female	97	81	92
Parental leave – stay after one year			
Total	90	x	58
Male	20	x	15
Female	70	x	43
Return to work rate			
Total	83%	72%	73%
Male	80%	66%	74%
Female	84%	75%	73%
Parental leave retention rate			
Total	72%	x	57%
Male	71%	x	56%
Female	72%	x	58%

Based on FTE headcount (permanent and temporary). It is not possible to report the total number of employees that were entitled to parental leave, as we do not always have this information available for male employees.

GRI REFERENCE

G4-9

G4-10

G4-11

G4-LA1

G4-LA3

G4-LA6

G4-LA11

G4-LA12

G4-LA13

Corporate Giving Data

CORPORATE GIVING	2014	2015	2016
Donated media time, KSEK	84,396	84,565	39,080
Volunteer hours	2,119	1,504	374
During working hours	2,119	1,504	374
Outside working hours	0	0	0
Products and services, KSEK	3,468	271	24
Cash donations, KSEK	1,134	3,638	1,217
Funds raised for charity, KSEK	6,055	10,913	3,012

The donated media time value is based on the estimated market value of the commercial media time that MTG has donated to charity organisations. Raised funds include MTG's own fundraising campaigns and funds raised together with NGOs.

As we focus our community support on the environment and children, most of our corporate giving in 2016 went to organisations that work in those fields. The local MTG companies can also choose to support additional causes based on local needs. In 2016, our cash and in-kind donations predominantly went to our Game Changers campaign with Reach for Change, as well as a variety of smaller organisations throughout our operating countries.

Environmental Data

CARBON FOOTPRINT, tonnes CO ₂ e	2014	2015	2016
Scope 1 – direct emissions	1,644	1,279	1,138
Scope 2 – indirect emissions	5,817	6,015	5,401
Total Scope 1 & 2	7,461	7,294	6,539
Scope 3 – other indirect emissions	9,282	9,550	9,157
Total carbon emissions, tonnes CO ₂ e	16,744	16,844	15,695
Emissions per employee (excl. Thisisnice)	4.14	4.05	4.49

These figures cover the main emission sources from MTG's operations: Facilities – Energy use in offices and other facilities, including broadcasting and TV production when performed directly by us. Material – Consumption of office supplies, fruit and coffee. Travel – Business travel, including air, rail and road travel plus hotel stays.

We use calculation methodologies that are based on the GHG Protocol and supplemented where necessary by additional data and assumptions by external environmental expert Tricorona Climate Partner. The GHG protocol requires reporting based on the concept of "scope", as in the table above. At MTG, the following emissions fall within the 3 scopes: Scope 1 direct emissions – Diesel, car leasing and owned. Scope 2 indirect emissions – Cooling, electricity and heating. Scope 3 other indirect emissions – Heating, material and travel such as private and rental cars, hotel nights, taxi and air travel. Emission figures are collected and calculated via quarterly data gathering processes across group facilities, as well as our external travel suppliers.

The emissions figures are based on all scopes, i.e. Scope 1,2, and 3 and base year is 2010. Our emissions figure per employee 2014 has been updated.

In 2016, we excluded reporting from our businesses in Ghana, Tanzania and Ukraine as we no longer have operations there. Because of the large fluctuations in employees at Thisisnice and their travel patterns depending on productions, this data is also excluded to get a better overview and comparability.

Our total emissions for 2016 have decreased 7% compared to 2015. The most significant changes are a decrease in emissions from facilities, which lowered the total output by 4%, and a reduction in air travel, which resulted in a total emission decrease of 3%.

ENERGY CONSUMPTION, GJ	2014	2015	2016
Direct energy consumption			
Diesel	2,597	686	302
Indirect energy consumption			
Cooling	1,289	1,241	1,263
Electricity	52,829	58,836	56,429
Heating	13,103	11,109	8,364
Total energy consumption	69,817	71,782	66,358
Energy consumption per employee	18	22	20

Energy per employee includes all fuel, electricity, heating and cooling inside the organisation. 16.6% of our energy consumption in 2016 came from renewable sources (i.e. out of 15,674,636 kWh, 2,602,199 kWh is renewable and 13,072,437 kWh is non-renewable), up nearly 4% since 2015.

Financial Data

NET SALES AND FINANCIAL POSITION	2014	2015	2016
Net sales (MSEK)	15,746	16,218	17,299
Operating income before items affecting comparability (MSEK)	1,290	1,268	1,347
Basic earnings per share	17.10	3.22	-3
Average number of employees	4,111	3,995	3,805
Financial position			
Shareholders' equity	5,831	4,768	5,016
Long-term liabilities	2,111	3,305	3,794
Short-term liabilities	6,190	8,425	8,888
Total shareholders' equity and liabilities	14,131	16,497	17,699

Compliance Data

BROADCAST COMPLAINTS BREAKDOWN – TV	2014	2015	2016
Advertising	18	24	2
Non-compliant	2	22	2
Relating to minors	x	1	0
Sponsorship	2	0	6
Non-compliant	18	0	6
Relating to minors	x	0	
Programmes, promos & other	79	34	42
Non-compliant	5	7	25
Relating to minors	x	12	9
Total	127	58	50
Still pending	6	20	23
Fines/penalties	21	2	0

All of our Ofcom licenced channels plus free-TV and radio channels regulated by other regulators are included in these figures. Due to an update of the reporting procedures and sheets, the broadcast compliance data has improved. Note that if a complaint is not deemed in breach of rules and regulations then it will not be mentioned as non-compliant. Also, note that the Bulgarian media regulator issues a fine at the start of an investigation and that when the appeals process is in motion and has advanced, a complaint no longer counts as pending.

BROADCAST COMPLAINTS BREAKDOWN – RADIO	2014	2015	2016
Advertising	0	2	0
Non-compliant	0	2	0
Sponsorship	0	0	0
Non-compliant	0	0	0
Programmes, Promos & Other	0	0	1
Non-compliant	0	0	0
Total		0	2
Still pending	0	0	0
Fines	0	0	0

All our radio stations have local licenses and are therefore also locally regulated.

BROADCAST COMPLIANCE TRAINING	2014	2015	2016
Total	362	188	182
Internal people trained	346	176	158
External people trained	16	12	24

Our central compliance team provides continuous training for employees whose daily work involves MTG's compliance procedures, such as those working in acquisitions, programming, scheduling, sales, on-air planning and creative services. The compliance team also trains external production teams producing content for our channels. Note that the decrease in training given is due to changes and restructuring of MTG during 2015.

ANTI-CORRUPTION	2014	2015	2016
Confirmed incidents of corruption	0	0	0
Whistleblowers	2	2	2

GRI REFERENCE

G4-9

G4-EC1

G4-SO5

G4-PR7

M5

GRI Index

STANDARD DISCLOSURES

Strategy and analysis		Contents	Assurance	Comments
G4-1	Statement from the most senior decision-maker	Letter from the CEO (page 2)	✓	
Organisation profile		Contents	Assurance	Comments
G4-3	The name of the organization	How We Govern (page 25)	✓	
G4-4	Report primary brands, products and services	MTG Overview (page 6)	✓	
G4-5	Report the location of HQ	MTG Overview (page 6)	✓	
G4-6	Report the number of, and names of, countries of operation and sustainability topics relating to operations	CR Strategy and Materiality (page 4), MTG Overview (page 6)	✓	
G4-7	Report the nature of ownership and legal form	How We Govern (page 25)	✓	
G4-8	Report the markets served	MTG Overview (page 6)	✓	
G4-9	Report the scale of the organization	MTG Overview (page 6), Workforce Data (page 32), Financial Data (page 37)	✓	
G4-10	Report on employees (see list)	Workforce Data (page 32)	✓	
G4-11	Report the percentages of total employees covered by collective bargaining	Workforce Data (page 32)	✓	
G4-12	Describe the supply chain	Value Chain (page 27)	✓	The illustrated value chain does not include our digital ventures.
G4-13	Report any significant changes	Report Boundaries (page 42)	✓	
G4-14	Report whether and how the precautionary principle is addressed by the organization	Environmental Highlights (page 28)	✓	
G4-15	List external charters, principles or other that the organization subscribes to or endorses	Letter from the CEO (page 2), Business Ethics Highlights (page 22), Esports Ethics Partnership (page 23)	✓	
G4-16	List memberships of associations	Letter from the CR Team (page 1), Safety and Security of Employees (page 21), Business Ethics Highlights (page 22), Esports Ethics Partnership (page 23)	✓	
Identified material aspects and boundaries		Contents	Assurance	Comments
G4-17	List all entities etc	Report Boundaries (page 42)	✓	
G4-18	Explain the process for defining content and boundaries etc	CR Strategy and Materiality (page 4)	✓	The materiality analysis in this year's report uses a materiality matrix. The previous report used a prioritisation pyramid.
G4-19	List all material aspects	CR Strategy and Materiality (page 4)	✓	

G4-20	Report the aspects boundaries within the organization	Report Boundaries (page 42)	✓	
G4-21	Report the aspects boundaries outside the organization	Report Boundaries (page 42)	✓	
G4-22	Report the effect of any restatements	Report Boundaries (page 42)	✓	
G4-23	Report significant changes	Report Boundaries (page 42)	✓	
Stakeholder engagement		Contents	Assurance	Comments
G4-24	Provide a list of stakeholder groups	Our Stakeholder Engagement (page 26)	✓	
G4-25	Report the basis for identification and selection of stakeholders	Our Stakeholder Engagement (page 26)	✓	We have identified our stakeholder groups through a mapping and analysis process. This process includes all people and organisations that may be affected by our business.
G4-26	Report the organizations approach to stakeholder engagement	Our Stakeholder Engagement (page 26)	✓	
G4-27	Report the key topics and concerns for stakeholders	Our Stakeholder Engagement (page 26)	✓	
Report profile		Contents	Assurance	Comments
G4-28	Reporting period	Report Boundaries (page 42)	✓	
G4-29	Date of previous report	Report Boundaries (page 42)	✓	
G4-30	Reporting cycle	Report Boundaries (page 42)	✓	
G4-31	Provide the contact point	Report Boundaries (page 42)	✓	
G4-32	GRI index	Report Boundaries (page 42)	✓	
G4-33	External assurance	Independent Assurance Statement (page 43)	✓	
Governance		Contents	Assurance	Comments
G4-34	Governance structure	How We Govern (page 25)	✓	
G4-39	Chairman of the Board is executive officer	How We Govern (page 25)	✓	
Ethics and integrity		Contents	Assurance	Comments
G4-56	Ethics and integrity	Business Ethics Highlights (page 22)	✓	The Head of Corporate Responsibility owns the Code of Conduct and it is approved by the Board of Directors.
Economic performance indicators		Contents	Assurance	Comments
Aspect: Direct economic value generated and distributed				
G4-EC1	Direct economic value generated and distributed	MTG Overview (page 6), Financial Data (page 37)	✓	Partially reported.
Aspect: Indirect economic impacts				
G4-EC7	Corporate giving	Media Responsibility Highlights (page 8), Game Changers (page 19), Corporate Giving Data (page 36)	✓	

Environmental performance indicators		Contents	Assurance	Comments
DMA		Our Environmental Work (page 29), Environmental Data (page 36)	✓	
Aspect: Energy				
G4-EN3	Energy consumption within the organisation	Our Environmental Work (page 29), Environmental Data (page 36)	✓	
G4-EN5	Energy intensity	Our Environmental Work (page 29), Environmental Data (page 36)	✓	
Aspect: Emissions				
G4-EN15	Direct Greenhouse gas (GHG) emissions (Scope 1)	Environmental Data (page 36)	✓	
G4-EN16	Energy indirect Greenhouse gas (GHG) emissions (Scope 2)	Environmental Data (page 36)	✓	
G4-EN17	Other indirect Greenhouse gas (GHG) emissions (Scope 3)	Environmental Data (page 36)	✓	
G4-EN18	Greenhouse gas (GHG) emissions intensity	Our Environmental Work (page 29), Environmental Data (page 36)	✓	
Social performance indicators		Contents	Assurance	Comments
DMA	Disclosure on management approach	Broadcast Compliance (page 11), People of MTG (page 13), Diversity and Equality (page 14), Effective Anti-corruption and Anti-bribery Management (page 23), Workforce Data (page 32), Compliance Data (page 37)	✓	
Aspect: Employment				
G4-LA1	Total number and rate of new employee hires and employee turnover by age group, gender and region	People of MTG (page 13), Workforce Data (page 32)	✓	
G4-LA3	Return to work and retention rates after parental leave, by gender	People of MTG (page 13), Workforce Data (page 32)	✓	Omission: It is not possible to report the total number of employees that were entitled to parental leave, as we do not always have this information available for male employees.
Aspect: Occupational health and safety				
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities by region and by gender	People of MTG (page 13), Workforce Data (page 32)	✓	Omission: Calculation for absentee rate differs from GRI guidelines to be comprehensible for our stakeholders. Contractors are not included in the data as we do not have this information available.
Aspect: Training and education				
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	People of MTG (page 13), Workforce Data (page 32)	✓	Omission: Breakdown per gender and employee category has not been possible as we currently do not record this in our performance reviews.

Aspect: Diversity and equality

G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age and minority group	Diversity and Equality (page 14), Workforce Data (page 32)	✓	Omission: Breakdown by age per employee category has not been possible due to limitations in our reporting systems. Reporting on minority groups is not allowed according to local law in countries of operations, hence not disclosed.
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Aspect: Equal Remuneration for Women and Men

G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Diversity and Equality (page 14), Workforce Data (page 32)	✓	Omission: Breakdown per employee category has not been possible due to limitations in our reporting systems.
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Aspect: Anticorruption

G4-SO4	Communication and training on anticorruption policies and procedures	Effective Anti-corruption and Anti-bribery Management (page 23)	✓	Partially reported.
G4-SO5	Confirmed incidents of corruption and actions taken	Business Ethics Highlights (page 22), Effective Anti-corruption and Anti-bribery Management (page 23), Compliance Data (page 37)	✓	

Aspect: Marketing and communication

G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	Broadcast Compliance (page 11), Compliance Data (page 37)	✓	We have not signed any voluntary codes concerning marketing communications.
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Media specific indicators		Contents	Assurance	Comments
DMA	Disclosure on management approach	Responsible content (page 9), Minors Online Protection (page 10), Broadcast Compliance (page 11), Compliance Data (page 37)	✓	

Aspect: Content creation

M2	Methodology for assessing and monitoring adherence to content creation values	Minors Online Protection (page 10), Broadcast Compliance (page 11)	✓	
M3	Actions taken to improve adherence to content creation values, and results obtained	Broadcast Compliance (page 1), Media Responsibility Highlights (page 8)	✓	

Aspect: Content dissemination

M4	Actions taken to improve performance in relation to content dissemination issues and results obtained	Minors Online Protection (page 10), Broadcast Compliance (page 11)	✓	
M5	Number and nature of responses (feedback/complaints) related to content dissemination and processes for addressing these responses	Broadcast Compliance (page 11), Compliance Data (page 37)	✓	

Aspect: Audience interaction

M6	Methods to interact with audiences and results	Media Responsibility Highlights (page 8), Responsible content (page 9) Broadcast Compliance (page 11)	✓	
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Report Boundaries

This Annual Report summarises our corporate responsibility work across our operations, where we have identified a list of topics that are relevant to our business. The list is based on the Global Reporting Initiative's G4 guidelines and Media Sector Supplement, the work we have done with our peers in the Responsible Media Forum as well as the materiality analysis that we conducted with our stakeholders. External third party Ethos International, who has verified our reports since 2012, has also declared that this report is in accordance with the core level of the Global Reporting Initiative G4 guidelines. We have also applied GRI's Media Sector Supplement for indicators where possible. The report complements the financial Annual Report.

Report scope

The reporting scope includes operations over which we have full control, as well as all subsidiaries and leased facilities unless stated otherwise. Also included is GES Media Holding in the Czech Republic, of which we had a 50% ownership in 2016. Countries where we only operate pay-TV channels on other providers' platforms have been excluded from the reporting, because we do not have employees or facilities in these countries, and therefore they do not have significant impact on MTG's sustainable development. Trace, of which MTG acquired 75% in June 2014 is included in the labour figures. Our digital ventures Splay Networks and DreamHack are also included in the labour figures and Turtle Entertainment and ZoominTV will be integrated in our processes starting Q1 2017. InnoGames, of which MTG acquired 35% in October 2016, is not included in the report. Ghana, Hungary, Russia, Tanzania and Ukraine are not included as since 2016 MTG no longer has operations there. Given that some operations have been added, while others have been removed, there have not been any significant changes to the data.

We implemented a new HR reporting system in 2016 in order to improve both our workforce data gathering processes and the quality of our data. This implementation will continue in 2017 when we will also work to ensure that our workforce data meets relevant GRI criteria, such as grouping into employee category, which to date has not been possible due to system limitations.

Report boundary

The report boundary has been defined by using the Global Reporting Initiative (GRI) boundary protocol and completeness principle to reflect MTG's significant economic, environmental and social impacts. There were no material changes in the supply chain in 2016 that affect our operations. All material topics are relevant within the organisation and the topic sustainable supply chain is relevant outside the organisation.

Reporting period: 01/01/2016-31/12/2016

Reporting framework: GRI G4

Previous report: 08/04/2016

Send feedback to: responsibility@mtg.com

GRI REFERENCE

G4-13

G4-17

G4-20

G4-21

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G4-30

G4-31

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Independent Assurance Statement

Scope and objectives

Ethos International AB has undertaken independent assurance of the MTG Corporate Responsibility Report 2016 (the Report). The assurance process was conducted in accordance with AA1000AS (2008). We were engaged to provide moderate level Type 2 assurance, which covers:

- Evaluation of adherence to the AA1000APS (2008) principles of inclusivity, materiality and responsiveness (the Principles) and
- The reliability of specified Corporate Responsibility performance information and data.

The performance information included in the scope was all data and key claims in the Report with the exception of data that is subject to mandatory auditing included in the Annual Report 2016. We applied the Global Reporting Initiative's Principles for defining quality as criteria to evaluate performance information. Additionally, we provide a third party check on the application of the GRI G4 Guidelines.

Responsibilities of the Directors of MTG and of the Assurance providers

The Directors of MTG have sole responsibility for the preparation of the Report. The Board of Directors publish the report for MTG jointly with the President and CEO of MTG. Ethos International has been involved in one stage of this year's preparation and guidance process, which was moderating the materiality analysis including stakeholder dialogues. This is the sixth year Ethos International has provided corporate responsibility assurance, with recommendable rotation of team members.

Our statement represents our independent opinion and is intended to inform all of MTG's stakeholders including management. We adopt a balanced approach towards all MTG stakeholders. Our assurance team comprised Malin Lindfors Speace and Sandra Rumélius. Further information relating to the team is available at: www.ethosinternational.se.

Basis of our opinion

Our work was designed to gather evidence with the objective of providing moderate assurance as defined in AA1000AS (2008). We undertook the following activities:

- Review of the current Corporate Responsibility issues that are material for MTG and are of interest to stakeholders.
- Interviews with Board of Directors responsible for Corporate Responsibility, selected directors and senior managers responsible for the management of Corporate Responsibility issues and review of selected evidence to support

issues discussed. These were freely selected by the assurers. The main focus of the interviews was the understanding of material aspects, stakeholder perspectives, risks and opportunities related to Corporate Responsibility, communication and changes during the year.

- Review of MTG approach to stakeholder engagement and recent outputs.
- Review of the report texts, graphs and tables.
- Review of the processes for gathering and consolidating data and supporting evidence for all claims. For both data and claims checking, this included accessing all key internal reporting and performance management systems as well as reviewing electronic documents, e-mails, external reports alongside other sources of evidence.
- Verification of Scope 1, 2 and 3 CO₂e statements, underlying carbon emission calculations and factors, with specific attention to CDP requirements.

Exemption

The site visit has been postponed due to production timing. The site visit will cover planning, production and post-production facilities connected to the content value chain.

Findings and Opinion

We reviewed and provided feedback on drafts of the Report and where necessary changes were needed these were made. On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe MTG's adherence to the Principles or its performance on Corporate Responsibility.

In terms of data accuracy, nothing came to our attention to suggest that the data have not been properly collated from information reported on an operational level, or that the assumptions used were inappropriate. We are not aware of any errors that would materially affect the data or information.

We can confirm that we have made an independent assessment of MTG's self-declared application of the GRI G4 guidelines and can confirm it to be a Core level "in Accordance" report.

As actual operational review has not been made awaiting the production site visit, our independent assurance cannot yet confirm nor decline any or all reliability or information of Corporate Responsibility performance in the content value chain.

Observations

Without affecting our assurance opinion we also provide the following observations:

Performance information

Overall we have confidence in the level of accuracy of the performance information presented in the Report. Data collection processes are described and supported through evidence seen during the assurance process.

Limited numbers of data errors in calculations were highlighted during the assurance process and have subsequently been corrected in later versions of the report. Consolidation and implementation of HR data management should be Group wide, accessible and consequent to raise traceability and decrease manual errors

Materiality

We believe the report describes the majority of MTG's material impacts in an adequate and good manner that enables all stakeholders to engage with MTG to co-create in moving Corporate Responsibility to a broader and more incorporated level both in MTG and as stakeholder in an external context.

Areas that should be highlighted and addressed in MTG's forthcoming Corporate Responsibility performance is the acknowledgment of MTG's Code of Conduct and dissemination of policies both internally and in MTG's supply chain. Further, MTG should emphasize the adaptation of understanding and training on diversity and equality within the Group and specifically in new digital ventures.

Inclusivity and responsiveness

During the year MTG conducted a study that included in-home, in-depth interviews of households and has multiple customer interactions on a monthly basis. This has strengthened the understanding of Corporate Responsibility connectivity to content and ensures the collection of customer feedback.

To uphold understanding and engagement for its operations at large MTG should plan for and include Corporate Responsibility in Group wide business strategy as well as in acquisition and growth strategy. Increased purpose inclusion in corporate growth will strengthen and ensure inclusion of all stakeholders.

Ethos International

3rd April 2017



Malin Lindfors Speace, Partner and Senior Advisor



Sandra Rumélius, Head of Advisory Services

Ethos International AB is a Nordic Sustainability Advisory firm licensed by AccountAbility to provide AA1000 AS (2008) assurance.

GRI REFERENCE

G4-33

Get In Contact With Us

responsibility@mtg.com

+46 8 562 000 50





Modern Times Group MTG AB
Skeppsbron 18, P.O. Box 2094
Stockholm, Sweden
+46 8 562 000 50
www.mtg.com

