

An esports and gaming enterprise

Shaping the future
of entertainment

2019 CORPORATE RESPONSIBILITY REPORT

MTG

01	LETTER FROM THE HEAD OF CORPORATE RESPONSIBILITY
02	LETTER FROM THE CEO
06	CR STRATEGY AND RISK MANAGEMENT
06	MTG OVERVIEW
12	SOCIAL IMPACT
12	Overview
13	Highlights
14	Protection of minors and responsible gaming for all
18	Gender equality, diversity and inclusion
22	Event safety and security
24	Giving back to society
28	BUSINESS ETHICS
28	Overview
29	Highlights
30	Compliant business
34	How we govern
36	Strategic association memberships
40	Stakeholder Engagement
42	Our Value Chains
46	ENVIROMENT
46	Overview
47	Environmental Work
48	ABOUT THE REPORT
50	Workforce Data
57	Corporate Giving Data
58	Environmental Data
59	Financial Data
60	Compliance Data
61	GRI Index
64	Report Boundaries and Scope
65	Independent Assurance Statements

LETTER FROM THE HEAD OF CORPORATE RESPONSIBILITY

Welcome to our 2019 Corporate Responsibility Report. The past year has been both eventful and challenging – but it is just the beginning of a new and exciting journey ahead!

2019 was the year we became the new MTG – a strategic operational and investment holding company with a sharpened focus on gaming and esports entertainment.

As we make a fresh start, we have been rolling out our refined Corporate Responsibility strategy and building new foundations together with our subsidiaries. This year's report will give you an initial insight into the new basis for our sustainability work going forward.

As sustainability gains importance in gaming and esports, we want to proactively turn risks into opportunities, and be part of building a more sustainable industry with our partners, suppliers and peers. It is our ambition to ensure that everyone playing our games, visiting or participating in our events feels both welcome and safe.

Keeping in mind that both the esports and gaming industry are young, still developing and fast paced, we need to acknowledge that the implementation and incorporation of Corporate Responsibility will take time. Our subsidiaries need to fully embrace Corporate Responsibility and the fact that when done in the right way, it will not only make us more compliant or sustainable, but will also create a competitive advantage and boost our bottom line. Besides, our core target groups, millennials and GenZs, expect nothing less of us.

The path we have marked out ahead of us will require commitment, teamwork, structure and dedication. But we are ready to embrace this journey – join us!

Christin Hertzberg
Head of Corporate Responsibility, MTG

LETTER FROM THE CEO

GRI 102-14
GRI 102-15

Following a year that was both exciting and challenging, our Corporate Responsibility journey continues as we shape the future of entertainment.

A new beginning

Following the spinoff of the Nordic Entertainment Group from our business, we have developed and are implementing a new Corporate Responsibility strategy. The strategy is designed to cope with and focus on the main risks we are faced with. It will also enable us to be at the forefront of developing the sustainable entertainment of tomorrow in our fast-paced industry.

During the year, we rolled out the new strategy in the MTG group and are now working on fully implementing and integrating it into our everyday business. We understand that a more sustainable business is a more profitable business. However, refining how we manage our business is a journey and as we reboot our business after the spinoff, we will continue to develop our sustainability efforts and structures. We will continue to report according to GRI Standards, as it provides a clear framework and approach to sustainability as well as providing comparability to peers who follow the same framework.

We have identified the risks we need to mitigate, but we also have significant opportunities to further improve and develop our business. In addition, we have implemented a new policy framework headed by an updated Code of Conduct, and I am pleased to report that 94% of our employees have signed it to date.

My 2019 highlights

I am very proud of the collaboration we established with UNICEF during the year. This involved participating in UNICEF research on children's rights in a digital world and online gaming, which looked into the challenges as well as the opportunities. Another highlight for me, and for our work with gender equality and inclusion in par-

ticular, was the launch of DreamHack Showdown Valencia that was an all-women CS:GO tournament with the same prize pool, support and facilities as a male tournament. We believe that women and men should be able to compete on equal terms, we want to pave the way for a unified esports environment, and this event was certainly a step in the right direction.

The importance of sustainability for gaming and esports

The gaming and esports fan bases predominantly comprise of millennials and Gen-Zs. These generations not only value sustainability – they have high expectations on it. They want to work for responsible employers and consume sustainable products, which highlights the importance of continuing our focus on sustainability. We think that it is equally important to keep an eye on the broader trends of the industry such as the commercialization of esports and the increasing competition of the gaming industry in a globalizing world, in which Corporate Responsibility becomes a stronger factor.

Our increased focus on risk and opportunities

As the gaming and esports industries mature, they are increasingly exposed to risks, but they also present great opportunities related to their growing fan base as they become more mainstream. In an effort to identify our risks, we conducted a materiality analysis during the latter half of 2018 for our esports and gaming verticals.

Our most important risks for the esports vertical are discrimination, event security, the exploitation of minors, corruption, occupational health risks for workers as well as mental health and the perceived negative social impact of games.

I believe that continuing to ensure a happy, well balanced and diverse workforce – to promote creativity and productivity – is essential to mitigate risk and ensure we have an efficient and viable business going forward. We also mitigate risk by making sure we have the best and most relevant arena security at our events and the right policies and structures in place to prevent corruption, bribery and match fixing. Another risk mitigation measure is ensuring that the right age groups attend our events, and that we provide information to parents and minors so they can consume our products responsibly and understand them.

The six main risks we identified in our gaming vertical that we continuously want to mitigate include discrimination, irresponsible marketing, the exploitation of minors, inadequate internet safety, gaming addiction and mental health issues, as well as occupational health risks for workers.

I think it is essential that we have the right mechanisms in place in mobile games that safeguard players – including community managers as well as mechanisms for players to signal when they are being discriminated against or harassed. It is also important to counteract stereotypes as well as unconscious biases both in the workplace and in game development.

Another important area is to market fairly and openly with the aim for players to understand if and when they make in-game purchases and that we promote correct ethical marketing policies.

It is the responsibility of the game developer to ensure that their games are age-rated and where possible help to educate and inform parents and minors about gaming. We must also ensure internet safety and be compliant with laws such as GDPR.

So-called “crunch times”, when very long hours are worked to meet deadlines, can be occupational health risks for workers within the gaming industry that we must also mitigate.

Not mitigating the above risks can lead to reputational and operational headwinds. However, if we do these things right and raise our game, we have the opportunity to not only mitigate our risks but also become more successful, relevant and profitable. I believe that constantly reviewing our risks and opportunities and as a result of this, understand our impact, it is crucial to maintain our leading positions in the industry. For

example, we attended the Fair Play Alliance Symposium in London 2019 to meet peers and share good practice. Such gatherings are essential as they help develop a common Corporate Responsibility basis for the industry to build on.

Our Corporate Responsibility journey continues

As we continue to professionalize esports and its leagues, I believe that our Corporate Responsibility ambitions will play an increasingly important role. We need to create structures and frameworks to streamline and professionalize our sustainability ambitions.

We want to become more gender equal and work more with diversity and inclusion for our employees, as well as our events and products. We will also continue our focus on the health and well-being of all our employees, and further help them to find a good work-life balance.

The safety and security of our events and festivals remain top priorities. Everyone should feel safe and be able to enjoy themselves at our events. We naturally also remain dedicated to continuously working and improving our data privacy and internet safety.


We continue to listen to our stakeholders as it is an important channel to support us in evolving our corporate responsibility work. For example, we see a demand for education and information from parents who want to understand what their kids get so excited about both in esports and gaming. And by engaging more with our suppliers and partners on more sustainable solutions we can benefit our business but also our industry and society.

This report details how we work with Corporate Responsibility issues, including with our most relevant topics, and what we do to mitigate impacts and maximize our benefit to society.

We at MTG are excited about the future – both in terms of what we will achieve and how we will contribute to shaping the future of entertainment. Happy reading and enjoy the ride!

Jørgen Madsen Lindemann
President & CEO, MTG





“As we continue to professionalize esports and its leagues, I believe that our Corporate Responsibility ambitions will play and increasingly important role.”

JØRGEN MADSEN LINDEMANN
PRESIDENT AND CEO, MTG

CR STRATEGY AND RISK MANAGEMENT

GRI 102-46
GRI 102-47
GRI 102-15

MTG aspires to be the responsible and sustainable home of esports and gaming entertainment, because we believe that responsible and sustainable entertainment is better entertainment.

Following the spin-off of what is now Nordic Entertainment Group in Q1 2019 and all the necessary organizational changes, our long-term mission is to contribute toward shaping the responsible and sustainable future of esports and gaming. We conducted a new materiality analysis during the second half of 2018 that included benchmarking, risk analysis and the identification of the material aspects for MTG as a whole and specifically our two verticals – esports and gaming.

Risk management

Our new strategy considers the risks for our entire business and subsidiaries. We continuously review our identified risks, and in 2019, the main risks for our two verticals were:

Esports

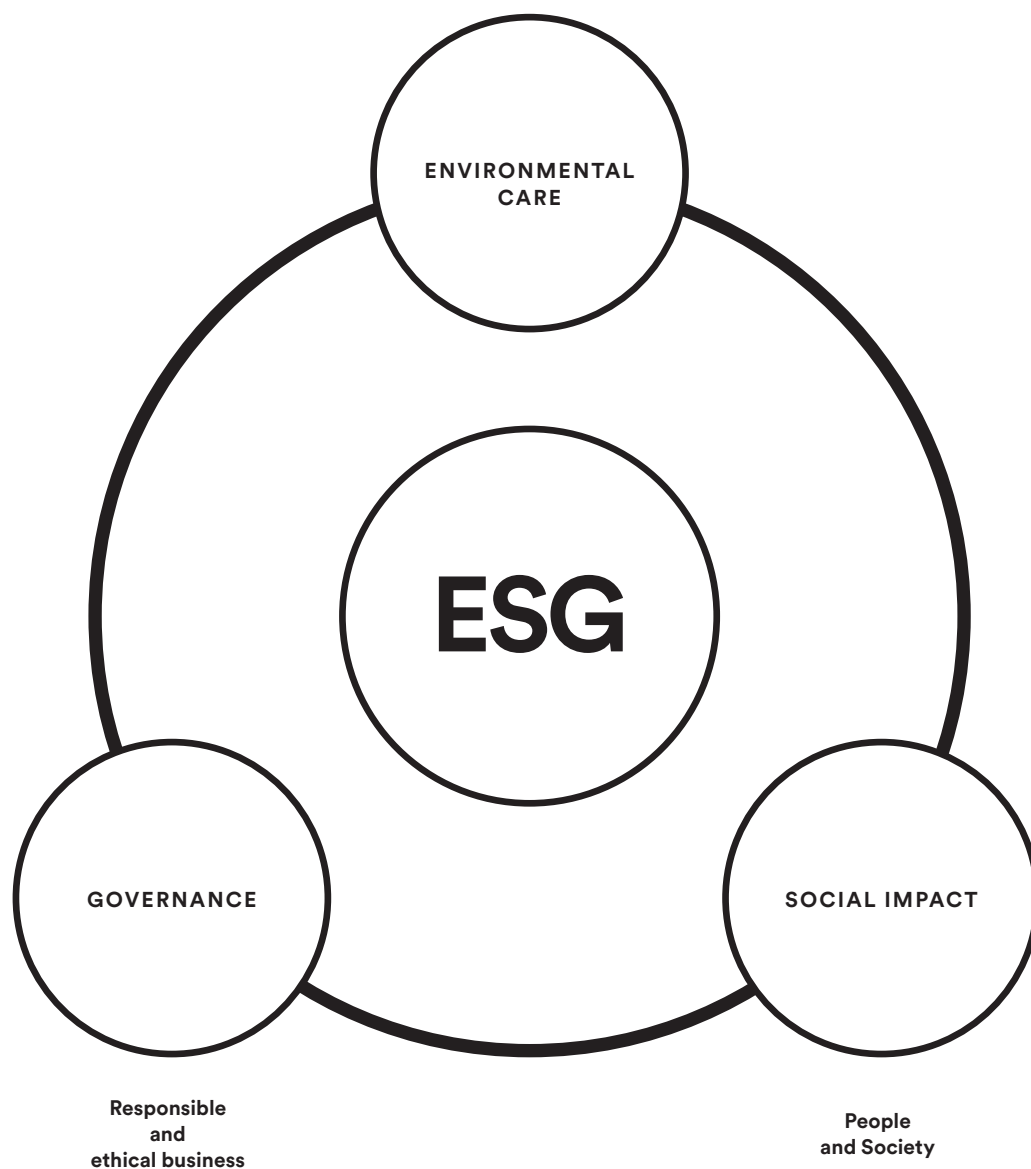
- Discrimination
- Event security
- Exploitation of minors
- Corruption
- Occupational health risks for workers
- Mental health and the perceived negative social impact of games

Gaming

- Discrimination
- Irresponsible marketing
- Exploitation and/or exposure of minors
- Insufficient internet safety
- Game addiction and mental health issues
- Occupational health risks for workers

Identifying our most material topics

To identify the most material topics of our business, we conducted a questionnaire, surveys and interviews with our main internal and external stakeholders – including our employees at all levels, our Board, customers, investors, suppliers and NGOs. We cross-referenced our stakeholder analysis with an impact analysis of the positive and negative impacts on the economy, society and environment throughout our entire value chain, as well as considered legal requirements and our ability to have an impact. This resulted in our priority pyramid.



We have organized our strategy around three strategic focus areas: Environmental care, Social Impact and Governance (ESG).

Environmental care

- Carbon footprint & emissions, energy use and waste management

Social Impact

- Health & well-being
- Gender equality
- Diversity & inclusion
- Education for employees, children & parents
- Protection of minors
- Community impact
- Internet safety
- Accessibility of events
- Safety & Security of events

Governance

- Training on Code of Conduct & core policies
- Fair markets practice
- Internet safety
- Data Privacy (GDPR)
- Following laws & regulations processes

MTG PRIORITY PYRAMID*

– FOUNDATION ASPECTS THE MTG GROUP HAS TO FOCUS ON

■ Unique

These top 2 aspects are our top differentiators where we can create the biggest impact in our industry

- Health and well-being
- Gender equality

■ Focus

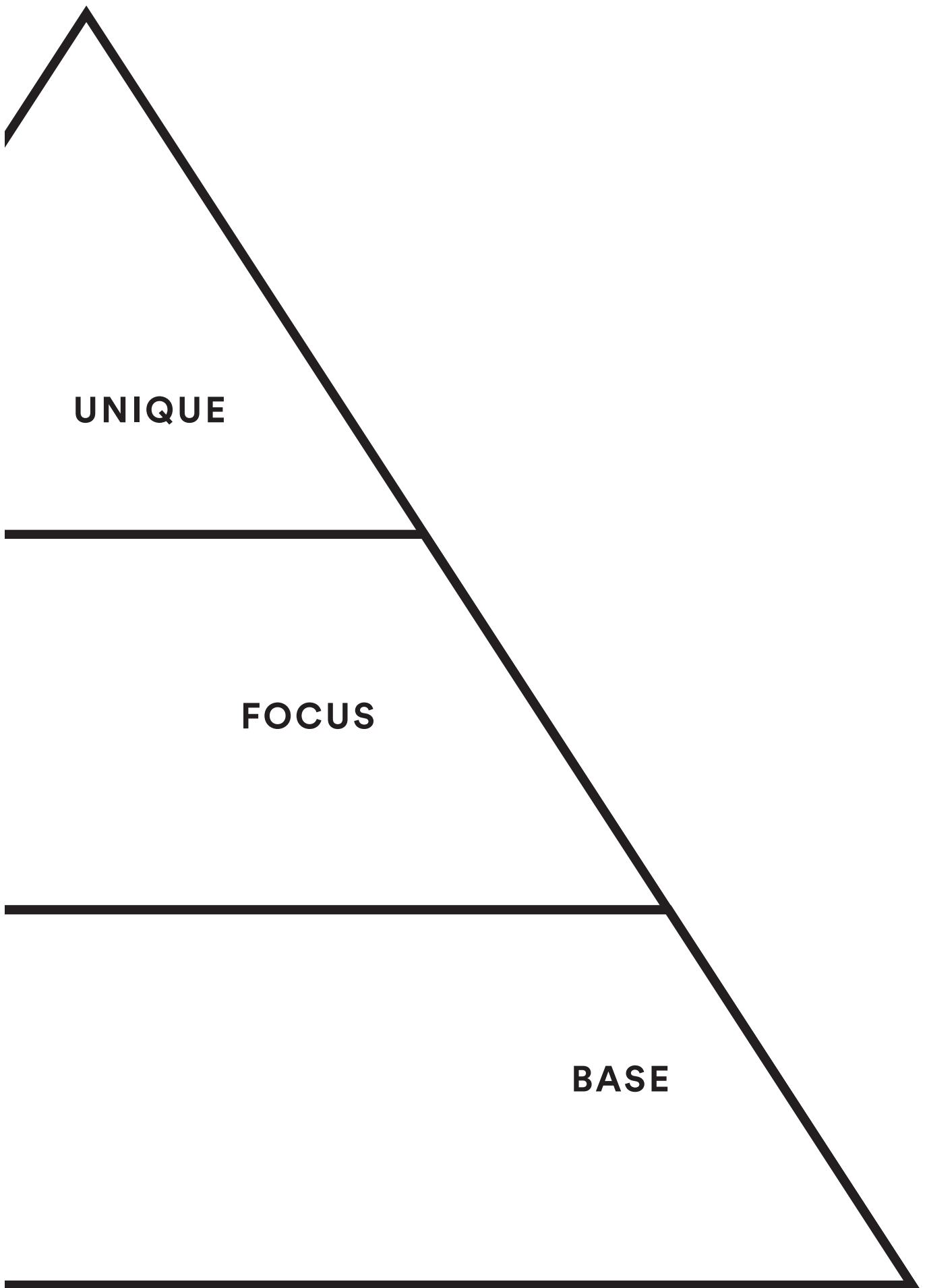
These are our focus aspects, areas that we need to prioritize and continuously work with and improve

- Education and training for employees, children and parents
- Fair market practices
- Internet safety
- Doping, corruption and other forms of cheating

■ Base

These are our base aspects, areas that we continuously work on in our daily operations

- Accessibility of events
- Diversity and inclusion
- Protection of minors
- Environmental care
- Community impact
- Safety and security at events



* The pyramid reflects MTG's significant economic, environmental and social impact that also substantiates, influences the assessment and decision of our stakeholders. The top differentiators being those with the greatest overlap of the two perspectives.

MTG OVERVIEW

GRI 102-1
GRI 102-2
GRI 102-3
GRI 102-4
GRI 102-5
GRI 102-6
GRI 102-7
GRI 201-1

MTG (Modern Times Group MTG AB) is a strategic operational and investment holding company in esports and gaming entertainment. Founded in Sweden and headquartered in Stockholm, our shares (MTGA and MTGB) are listed on Nasdaq Stockholm.

Our esports vertical consists of German-based ESL, Swedish-based DreamHack and Danish-based DreamHack Sports Games. Their national and international leagues, tournaments and festivals are both attended and viewed by fans all around the world who follow the action via various media distribution platforms. Primary revenue streams comprise of sponsorship deals, media rights sales, event tickets and branded merchandise.

Both companies have a track record of developing leading category brands such as Intel Extreme Masters (IEM), ESL One and DreamHack Masters. During 2019, ESL and

DreamHack announced the ESL Pro Tour, a single and unified circuit connecting all ESL and DreamHack CS:GO, StarCraft II and WarCraft III competitions that will commence in 2020.

Our gaming vertical consists of German-based Innogames and US-based Kongregate. The subsidiaries develop and publish multi-platform free-to-play games such as Forge of Empires, Tribal Wars, Animation Throwdown and BattleHand that constantly evolve through live ops and new content creation. Both companies engage global online communities. Their primary revenue streams are in-game purchases.

2

0

2018

Number of companies sold

251

Total employee hires

15

Number of countries
MTG operates in*

243

2018

19

2018

NET SALES & FINANCIAL POSITION

	2017	2018	2019
Net sales (MSEK)	17.537	19.742	4.242
Operating income before items affecting comparability (MSEK)	1.263	1.571	-255
Basic earnings per share	18.73	15.52	212.68
Average number of employees	3.28	3.305	1.000

Financial position

Shareholders' equity	6.572	6.997	6.581
Long-term liabilities	2.648	1.969	1.006
Short-term liabilities	10.066	11.357	1.376
Total shareholders' equity and liabilities	19.285	20.324	8.963

* A country where MTG operates is a country where MTG's legal entities are based/registered.

SOCIAL IMPACT

Providing safe, trusted, inclusive and enjoyable gaming and esports experiences is fundamental to the success of our businesses.

It is essential that we protect minors by correctly age-rating games, and ensure we follow local laws and age recommendations for our events and festivals. The integrity of our games and events is another crucial area for our business, and we work proactively to prevent cheating such as match fixing, manipulation or doping. Safety and security at our esports events are also crucial as we want all our guests to always feel safe and secure.

Similarly, creating equal and inclusive environments for everyone to feel welcome and represented is important. Everyone should be able to enjoy our mobile games and esports events – regardless of gender, age, nationality, race, religion or political view. We also value gender equality, diversity and inclusion as an employer as we understand that diverse businesses perform better.

We finally believe it is important for us to take our responsibility and give back to societies that we interact with and affect either directly or indirectly. We do so through collaborating with different organizations and initiatives.

1

Every little helps - giving back to society
We donated 1.3 million SEK and donated products and services worth over 600,000 SEK to a variety of organizations and causes.

2

Contributing to UNICEF research into children's digital rights
We participated in the research of UNICEF's discussion paper – Children's Rights and Business in a *Digital World Child rights and online Gaming: Opportunities & Challenges for children and the industry*.

3

Both DreamHack and ESL contracted consultants to assess several festivals and events
The consultants analyzed and advised on safety and security and specific opportunities for further improvements.

4

Two major all-women esports events
The Intel Challenge in Poland and DreamHack Showdown in Spain featured the best women's Counter-Strike: Global Offensive (CS:GO) teams, paving the way for a more inclusive esports environment.

THE PROTECTION OF MINORS AND RESPONSIBLE GAMING FOR ALL

GRI 102-12
M2, M3, M4

We aim to provide safe, trusted and enjoyable gaming and esports experiences for everyone – including minors.

DreamHack Winter 2019,
Gymnasiemästerskapet
© DreamHack | Adela Sznajder
(IMAGE RIGHT)

Protecting minors in gaming

The target players of our gaming company InnoGames are aged 16 and above, as per their terms and conditions and their games being classified by the International Age Rating Coalition (IARC). Mobile games from InnoGames and Kongregate use the Google Play and the Appstore rating systems to provide age recommendations to parents and players. Country or region-specific age limits may also vary.

Children under the age of 13 years are not allowed to create accounts on Kongregate.com – in line with the US COPPA legislation and the privacy requirements for children. Without an account, under 13s can still play games on Kongregate.com but they cannot access the social features. A Kongregate.com account is also a prerequisite to create a Kartridge.com account, which is our direct sales platform.

Chat filters and age-gating

Kongregate utilizes an automated chat filter, which evaluates words and statements using textual clues and blocks users that breach our guidelines. The filter blocks cursing, sexual comments, racist or hateful language, threats, bullying etc. for the eight most common languages. If a user regularly “misbehaves”, they will be classified as untrusted and their chats will be

subject to an even stricter filter. The filter can also be used in forums to manage the sharing of links and images.

Additionally, there is a game community manager and a group of volunteer moderators as an extra layer of protection. Their task is to moderate chats, steer people towards positive topics, defuse conflict and in general create an inclusive environment. They also have the power to punish anti-social behavior – with measures ranging from a short temporary removal of access to social functions to a warning followed by a permanent ban.

Players who have a negative chat experience can reach out to Kongregate and InnoGames and their concerns and complaints will be investigated and dealt with.

Kongregate has clear community guidelines available in several languages. The guidelines describe how to behave but also how to act in different situations, for example a don't feed the trolls section where players are given advice on what to do if they are trolled, or a don't harass others section. The guidelines provide some useful advice and are written in an easy and accessible manner. InnoGames also communicates terms and conditions and a specific Code of Conduct for each game.



“With children, adolescents and families visiting ESL and DreamHack, we need to be aware of the risks involved as well as the opportunities to create safe and inclusive events.”



Kongregate is a member of the Fair Play Alliance organization that brings together industry peers to discuss relevant topics and to share best practice such as how to address toxic behavior and bullying, or how to create more inclusive and diverse games.

Engagement with UNICEF

During 2019, we started working on a new foundation to underpin our Corporate Responsibility efforts. As part of this work, we participated in the research of UNICEF's discussion paper – *Children's Rights and Business in a Digital World Child rights and online Gaming: Opportunities & Challenges for children and the industry* (available from unicef.org).

We also continued our ongoing engagement with UNICEF on recommendations for the industry regarding children and gaming. During the year, we participated in a deep dive together with industry partners to identify and develop such recommendations. The support is part of our responsibility to protect minors, but also empower them to benefit from digitalization and gaming responsibly and securely. Gaming can be a great way to learn different skills and connect with friends and family both near and far.

Protecting minors in esports

With children, adolescents and families visiting ESL and DreamHack, we need to be aware of the risks involved as well as the opportunities to create safe and inclusive events.

DreamHack

The general age gating at DreamHack festivals is that children under the age of 18 years must have a waiver signed by their parent or legal guardian to attend. Under 13s must be accompanied by their parents or legal guardian.

We understand that many parents want to understand and learn more about their child's hobby, which is why DreamHack trialed a parental lounge during DreamHack Winter 2019. The lounge was hosted by Sverok and Malmö e-sport – both being non-profit organizations that promote gaming and esports. Sverok was represented by Jesper Englin co-author of the "Parents and esports" pamphlet, which was also handed out to interested parents. Additionally, the lounge was a quiet zone for parents to relax, work and meet.

There were discounted add-on tickets for parents whose children had BYOC (Bring Your Own Computer) tickets. A family duo BYOC Fortnite competition was also held to encourage family gaming and competing together.

Additionally, DreamHack provides basic information on the event homepage for parents on how to prep their kids and what to expect. This included getting enough rest, staying hydrated, the importance of eating regularly and updating their kids' mobiles with ICE (in case of emergency) phone numbers. There was also a hotline during DreamHack Summer and Winter for parents to call if they were concerned about their child's safety and security. During DreamHack Winter, food influencer Matgeek visited the expo to cook delicious and healthy snack alternatives that were also available to buy and eat. This is part of DreamHack's step by step ambition to integrate sustainable thinking into its business.

ESL

ESL age categorizes its events according to the age rating of the game played as well as local laws and regulations. Professional gamers must be 16+ to compete.

At the German National Championships in Duesseldorf, ESL offered the under 18s participants to bring their parents along for free. Parent attendance was good, and parents were given backstage tours where they could ask questions.

Integrity in esports

Both ESL and DreamHack are proud members of the Esport Integrity Commission (ESIC), and ESL is a founding partner. The organization safeguards the integrity of esports and takes responsibility for the disruption, prevention, investigation and prosecution of all forms of cheating, including match manipulation and doping. The purpose is to set out the shared values and visions essential to a united front against corruption and form the basis of the ESIC program of integrity measures. ESIC acts as a neutral third party to help mediate and monitor situations in which integrity can be questioned. During 2019, doping tests at four out of eight ESL Masters competitions were conducted with no cases detected.

GENDER EQUALITY, DIVERSITY AND INCLUSION

GRI 103-1
GRI 103-2
GRI 103-3
GRI 404-3
GRI 405-1

Our new Corporate Responsibility strategy recognizes that we need to continue to focus on gender equality, diversity and inclusion – both internally within our business as well as externally toward our customers and various stakeholders.

DreamHack Winter 2018
© DreamHack | Kim Ventura
(IMAGE RIGHT)

Our holistic approach to these topics considers the interconnectedness of equality, diversity and inclusion to further our business. This involves being a good workplace as well as having open and embracing products to drive our future business success and sustainability work.

The internal perspective

It is widely acknowledged that companies that treat their employees equally, have a diverse workforce, and are open and inclusive are more creative, innovative and competitive. However, both gaming and esports are currently male dominated. Within MTG, only 22% of our employees are female, and women only represent 17% of our management.

The reasons for this lack of diversity are historically a low interest amongst women to pursue a career in gaming and esports as well as gender bias in recruiting and unclear career paths. We need to focus on creating the right internal structures within our subsidiaries to both attract and retain more women. We must also collaborate more with

schools and universities to create an early interest in career opportunities in the gaming and esports industry.

We believe that ongoing skill and career development are in the interest of both employers and employees. At InnoGames, career planning is divided into two strands – specialist and management. Depending on the path chosen, employees will be offered a variety of personal development measures such as conference attendance, as well as hard and soft skill training. InnoGames also offers various opportunities to begin careers through apprenticeships, internships and as a working student, such as through the InnoMaster, which is a three-year package combining a University degree with work experience.

MTG encourages all its subsidiaries to conduct performance and career development reviews with their employees to maximize and unlock the potential of each individual, to benefit both the employee and the company. In 2019, 87% of all employees received these reviews.

“...now, more than ever,
is the time for us to stand
together to move our
industry forward towards
a more inclusive future for
competitors of all kinds.”

YVETTE MARTINEZ-REA
CEO OF NORTH AMERICA, ESL



ESL sees value in a diverse workforce that reflects its customer base. The company regularly engages employees by gathering feedback on diversity through an annual employee opinion survey or the occasional adhoc survey. A recent survey addressed different topics that can influence gender diversity among management roles, such as work-life balance, organizational culture or recruitment practices.

With an 80% response rate, respondents believe that having a diverse and inclusive workforce contributes to the success of the company in the esports industry. ESL is committed to the better representation of females in the tech and gaming industries through various initiatives, such as engaging with local schools and universities to promote its traineeship and internship programs, facilitating workshops and attending external events or career fairs to attract more women to the industry.

When it came to recruitment practices, besides ensuring fair and equal opportunities to all candidates, 69% of respondents thought that promoting ESL internal and external initiatives focusing on gender diversity would increase the diversity of its job candidate pool.

Based on feedback from the subsidiaries when implementing the Corporate Responsibility strategy, MTG has noted areas to address during the coming years to increase gender diversity, such as leadership programs, mentorships and supporting individuals to explore new career experiences. For example, Kongregate leverages diversity recruitment sourcing strategies through minority recruiters and colleges. The Synapse studio based in Chicago even leveraged a gender-bias tool in the development of job descriptions. The tool uses artificial intelligence and data science to provide suggestions for improvements.

InnoGames has fair play as one of its core values. To strengthen this value in terms of equal pay, the management uses a pay grid to ensure that salaries are set on a fair and equal basis. To strengthen their support for diversity within the gaming industry, InnoGames COO Michael Zillmer signed the game declaration of the 'Hier spielt Vielfalt' (diversity plays here) campaign to promote all kinds of diversity within the industry.

Throughout the year, InnoGames hosted a variety of events such as receiving a group of 13 girls from the MINT:pink initiative, which aims to get them into technical, IT and science jobs. It also hosted WomenHack in Hamburg and embraced the younger generation through hosting a Girl's and Boy's day, which is a careers orientation project aimed at children between the ages of 11-15, for the seventh year running.

A diverse and equal workforce understands and develops products that attract global and diverse customers.

We believe that it is equally important to ensure staff retention, which is why both our gaming and esports companies focus on work-life balance. The gaming industry is known for 'crunch time' related to esports festivals and tournaments with very intense work periods with overtime. InnoGames has clear guidelines for good project management and planning. At DreamHack this includes how and when overtime needs to be used as a compensatory measure, as well as ensuring that employees rest properly after an event. Our subsidiaries encourage flexible working hours so that employees can balance their work and private life. Although gender equality and diversity are issues within the games and esports industry, diversity of nationalities is typically not an issue. MTG's employees, represent 53 different nationalities.

The external perspective

Working on gender equality, inclusion and diversity also means providing our gaming customers and event visitors with an enjoyable and inclusive experience regardless of their gender, ethnicity, religion, age or political views.

In game development, diverse teams create better content and game design. Both InnoGames and Kongregate work on creating more diverse characters, for example by producing a broad range of avatars to choose from, be it male, female, different ethnicities but also trying to avoid gender stereotyping, for example by making female characters intelligent and powerful rather than focusing on their bodily features. Some games offer customizations like special equipment, special cosmetics or gender swap. The possibility to customize and/or choose avatars depends on the game and genre, but game diversity certainly broadens their appeal and the market.

ESL is a founder and partner of the advocacy group AnyKey, which supports diversity, inclusion and fairness in competitive gaming. During 2019, AnyKey relaunched its 'Good Luck, Have Fun (GLHF) Pledge' to help gaming become more inclusive for everyone. "As a global leader in esports, we take our responsibility seriously to promote gaming communities that are welcoming of all and the GLHF Pledge renewal is an important tool to allow fans, players, and influencers a way to signal their support to eliminate toxicity in all forms," said Yvette Martinez-Rea, CEO of North America, ESL. "There is so much positive power in the strength and passion of esports communities, and we believe, now, more than ever, is the time for us to stand together to move our industry forward towards a more inclusive future for competitors of all kinds."

ESL, Intel and AnyKey also hosted the fifth edition of the women's Intel Challenge at the Intel Extreme Masters (IEM) Katowice in Poland, where eight of the world's best women's Counter-Strike: Global Offensive (CS:GO) teams competed.

DreamHack followed suit by launching 'DreamHack Showdown', which was an all-women CS:GO tournament in Valencia Spain that had the same prize pool, support and facilities as the male tournaments. This partnership was DreamHack's first large-scale collaboration aimed at elevating ambitious female CS:GO players in global esports and provide a dedicated platform to support their professional growth. DreamHack Showdown aims to raise the visibility of the women currently on the scene, provide equal access to competitive support as their male counterparts, and offer a concrete way for female players to find guidance and inspiration to establish their path to turning pro.

"Inclusivity at our events is a huge part of DreamHack – we aim to be the esports and gaming festival where all groups feel welcome," said DreamHack's Co-CEO Marcus Lindmark. "DreamHack Showdown is a step to help create inspirational moments for aspiring female esports competitors worldwide."

Anna Nordlander, Chief Operating Officer at DreamHack weighs in stating, "As a former professional esports player myself, I know what challenges female competitors face every day and to be able to help eliminate some of those challenges feels really good. DreamHack Showdown is only a means to an end as our goal is to pave the way for a unified esports environment where everyone is welcome to compete at the same tournaments."

Our vision for equality, diversity and inclusion

Promoting greater equality, diversity and inclusion is essential for the future success of not just MTG, but the entire gaming and esports industry. Our long-term vision is to continue to create a more diverse workforce that attracts and retains talent from all different backgrounds – to enable us to create products and events that appeal to an even wider range of customers.

EVENT SAFETY AND SECURITY

We work to ensure the safety and security of everyone at our esports festivals and tournaments.

Safety and security at our esports festivals and tournaments are ranked highly by our stakeholders in our materiality analysis and in our risk analysis.

How we work with event safety and security

Our new Corporate Responsibility strategy promotes continuous improvements in terms of event safety and security, and we work with due diligence and routines that can be replicated. When scouting new venues, both DreamHack and ESL follow scouting sheets that look at criteria such as security to verify the overall suitability of a venue for an esports event.

Both ESL and DreamHack always try to apply good practice from previous events, follow local safety legislation as well as local expert advice, for example from the local venue security team or local law enforcement. DreamHack performs an ocular risks and hazards assessment before each event following the same

template for each festival. ESL judges the safety before each tournament.

Both ESL and DreamHack have verbal safety briefings before events. At DreamHack the event safety officer works together with the event management to evaluate risks such as emergency evacuation, crowd control as well as individual risks. At ESL the project manager works together with the local regional security service provider to evaluate risks of the event. Metal detectors and bag checks are used at all main entrances to promote security at all DreamHack and selected ESL events. At DreamHack visitors wear RFID bracelets and are checked before entering all backstage areas.

Progress in 2019

Throughout 2019, both DreamHack and ESL contracted a consultancy to visit and assess a number of festivals and events for safety and security. These consultants analyzed and advised on safety and security and specific opportunities for further improvements.

DreamHack and ESL developed a new security briefing as a guideline for security, event and project managers. DreamHack has started its implementation with some practical amendments whilst ESL will start its roll-out during 2020.

When scouting new venues, both DreamHack and ESL follow scouting sheets looking at criteria such as security and fire safety amongst others, checking the overall suitability of a venue for an esports event.

DreamHack Co-CEO Marcus Lindmark on the importance of safety and security

“It is essential to us that all DreamHack visitors, regardless of age, sex or ethnicity, feel welcome and that our events are safe and secure. We take great pride in our security work, which is led by trained safety professionals together with our extensive team of volunteers who are visible throughout our

events and serve as an accessible first point of contact for visitors. It is also important that we have good cooperation with the local law enforcement to promote a greater understanding of our events but also the presence of police officers – to help maintain a safe environment.

We have also improved our safety procedures in recent years to keep in line with our vision of hosting zero-incident events. Everyone should feel that DreamHack events are places to meet up with friends, have fun and feel safe but also that if something was to happen, we’re always there to help out.” “Both DreamHack and ESL must continue to develop structures and put processes in place to further improve their safety and security work.” DreamHack Co-CEO Marcus Lindmark and ESL Co-CEO David Neichel agree.

“Everyone should feel that DreamHack events are places to meet up with friends, have fun and feel safe...”

MARCUS LINDMARK
DREAMHACK CO-CEO

GIVING BACK TO SOCIETY

GRI 103-1
GRI 103-2
GRI 103-3
GRI 203-1

We want to use our reach and influence to positively impact and give back to the communities that are directly or indirectly impacted by our business and activities.

We engage many people through our mobile games and our esports festivals and tournaments. We also support a variety of initiatives that aim to benefit society. During 2019 we donated 1,3 million SEK and donated products and services worth over 600.000 SEK to a variety of organizations and causes.

InnoGames continues to support code.org through *Hour of Code*

Computer science education is fundamentally important in the increasingly digital world at home and at work. Code.org is a nonprofit organization dedicated to expanding access to computer science in schools and increasing participation by women and underrepresented minorities. InnoGames supports code.org and its 'Hour of Code' initiative to give students around the world the chance to learn computer science.

ESL and Gamers Outreach cheer up children in hospital

ESL announced its partnership with Gamers Outreach in July 2019. The partnership is aimed at supporting children and adolescents during their hospital treatments through providing gaming equipment, technology and software. Gaming hardware is delivered to younger patients by volunteers through the so-called 'GO Kart', a portable video game kiosk that enables them to play in their rooms whilst in hospital.

DreamHack and Pantamera recycle to support Radiohjälpen

DreamHack and Pantamera (a Swedish recycling company) collaborated on the annual 'Pantamera med esporten' (recycle with esports). The initiative collects money from recycled cans and bottles for the charity event Musikhjälpen, which supports various

projects that include helping children, people with special needs and providing clean water around the world. As part of the partnership, DreamHack donated all the money collected from recycling cans and bottles during DreamHack Summer and Winter. DreamHack Co-CEO Marcus Lindmark pointed out: “Our belief is that DreamHack attendees will appreciate that they can benefit both the environment and people in need by recycling their used cans and bottles.”

ESL & AnyKey continue to push for the ‘Good luck, have fun’ (GLHF) pledge

To support its ambition to create a world where anybody can be somebody, ESL works with AnyKey to build a more inclusive gaming and esports community regardless of gender, race, disability and belief. “There is increasing awareness around the cultural patterns of toxicity and harassment in gaming that disproportionately impact marginalized players,” said Morgan Romine, Director of Initiatives, AnyKey. Signatories to the pledge, who are Twitch users, get access to a global chat badge to display on their account illustrating their commitment.

Kongregate promotes the rights of children in war

Kongregate supports War Child UK and Children in Conflict through a promotion where Kongregate created in-game items for its mobile video game ‘Bit Heroes’ that gamers could purchase in support of the cause. War Child UK and Children in Conflict have the shared mission to protect, educate and stand up for the rights of children in war.

MTG helps celebrate women in the creative arts

MTG is a co-founder of the Nine Muses Festival, which is an event held on International Women’s Day on March 8. Women working in the creative arts have a direct and lasting impact on culture and society and the ambition of the festival is to create an inspirational exchange for these women through inspirational speakers, workshops and networking opportunities.

“There is increasing awareness around the cultural patterns of toxicity and harassment in gaming that disproportionately impact marginalized players,”

MORGAN ROMINE
DIRECTOR OF INITIATIVES, ANYKEY



“As a former professional esports player myself, I know what challenges female competitors face every day and to be able to help eliminate some of those challenges feels really good. DreamHack Showdown is only a means to an end as our goal is to pave the way for a unified esports environment where everyone is welcome to compete at the same tournaments.”

ANNA NORDLANDER
CHIEF OPERATING OFFICER, DREAMHACK

BUSINESS ETHICS

An ethical business culture is a fundamental part of our commitment to making a positive social impact and being a responsible business.

We updated and reviewed our **Group policies** and governance framework in 2019 to reflect the new MTG. The heart of our policy framework is our **Code of Conduct**, which sets out our core values and standards, and that we expect all employees to sign.

Our **Whistleblower Policy** clearly encourages the reporting of illegal, unethical or inappropriate behavior or practices. It also describes the reporting procedure and what the escalation process looks like. Crucially, we have a zero-tolerance approach to anti-bribery and corruption.

It is essential to have appropriate mechanisms in place that underpin and strengthen our governance and encourage a culture of transparency and accountability.

Customer privacy and data protection are essential for the continued success of our businesses and are committed to remaining **GDPR** (General Data Protection Regulation) compliant.

We acknowledge the importance of **memberships** in industry associations, national and international organizations and bodies to develop the gaming and esport industries.

1

Group policy framework updated and adapted to reflect the new MTG operating model
MTG's Board of Directors approved a new and updated set of policies as required so that we comply with relevant legislation as well as the requirements of being a listed company.

2

Updated Whistleblower Policy
Our Whistleblower Policy is aligned with our new operating model, and encourages the reporting of illegal, unethical or inappropriate behavior or practices within MTG AB or its subsidiaries.

3

Industry memberships
We are involved in nine key strategic association memberships.

4

No confirmed corruption cases
During 2019 we had zero confirmed incidents of corruption and no incidents that led to employee dismissal or disciplinary action.

5

GDPR
Working with privacy and GDPR is an important part of MTG's everyday business and its commitment to GDPR throughout the Group.

COMPLIANT BUSINESS

GRI 102-16
GRI 102-17
GRI 103-1
GRI 103-2
GRI 103-3
GRI 205-3

During the year, we updated our Group policies to reflect the new MTG and further strengthened our work with privacy.

As MTG continues to transform into a strategic and operational investment holding company in esports and gaming entertainment, we will continue to promote a culture of openness, responsibility and accountability. MTG and its subsidiaries aim to conduct business in compliance with laws, regulations, international initiatives and standards.

Updated Group policies

During 2019, we updated and adapted our Group policy framework to reflect the new MTG and its operating model. MTG's Board of Directors approved a new and updated set of policies to ensure that we comply with relevant local legislation as well as the requirements of being a listed company. The policies approved by the Board in May 2019 are:

1. Insider Trading Policy
2. Whistleblower Policy
3. Sanctions Compliance Policy
4. Risk Management Policy
5. Data Protection Group Policy
6. Code of Conduct
7. Corporate Responsibility Policy
8. Asset Protection Group Policy
9. Anti-Bribery & Corruption Group Policy

The policies have been formally approved by the Board of MTG AB which must review and approve the policies periodically. As part of the review, the policies have also been updated with relevant contact details for different topics within MTG or its subsidiaries.

Code of Conduct

Our Code of Conduct clearly expresses our values and helps us navigate ethical and legal issues. As the governing document of our entire policy framework, it is a practical guide to how we do (and don't do) business. Our individual policies give further detailed information on specific topics highlighted in the Code, such as fair working conditions, asset protection, anti-corruption practices, data privacy and asset protection.

As a responsible global business, we are committed to international initiatives and standards such as the OECD Guidelines for Multinational Enterprises, the UN Global Compact, the Fundamental Conventions of the International Labor Organization, the UN Universal Declaration of Human Rights, and the UN Guiding Principles on Business and Human Rights.

Our Code applies to all MTG Group employees, including employees of entities in which MTG exercises decisive control. We rolled-out our new Code during the autumn 2019 with the request that all employees including contractors, freelancers and consultants sign it. Our signing rate by year end was 94%.

We understand the importance of training our employees to enhance their understanding of our values and policies, and it is our ambition to continue this work. During 2018, we rolled-out four e-learning courses on our Code of Conduct, Data and Asset

Protection, Competition as well as Anti-Bribery and Corruption with a completion rate of 87% overall for Kongregate, InnoGames, ESL, DreamHack and MTG AB.

Whistleblower Policy

During Q2 2019, we also updated our Whistleblower Policy to be aligned with the new operational model of MTG. The policy encourages the reporting of illegal, unethical or inappropriate behavior or practices. The policy only applies to serious irregularities committed by employees in key leading positions within MTG AB or its subsidiaries. The policy does not address matters of harassment, grievance, compliance, disciplinary or other procedures. However, should local measures fail, the whistleblower process can be used as a last resort.

The process encourages the whistleblower to promptly report the suspected misconduct and that they can do so without fear of retribution. The escalation process typically involves the whistleblower reporting to their manager or to the next level of management. If this is not possible they can send an e-mail to whistleblower@mtg.com, which is managed by the Group General Counsel, Chief Financial Officer and the Head of Human Resources. All reported issues will be reviewed according to their seriousness, credibility and the likelihood of confirming the allegation from reliable and independent sources.

Anti-Bribery & Corruption

At MTG, we take anti-bribery and corruption seriously, which is why we have a zero-tolerance approach as stated in our Code of Conduct. This is also why we have updated our Group policies and prioritized their roll-out to our subsidiaries.

Our policies give clear guidance to our employees on what constitutes a bribe, what is an acceptable gift, how to act if approached and who to consult for advice within MTG or our subsidiary.

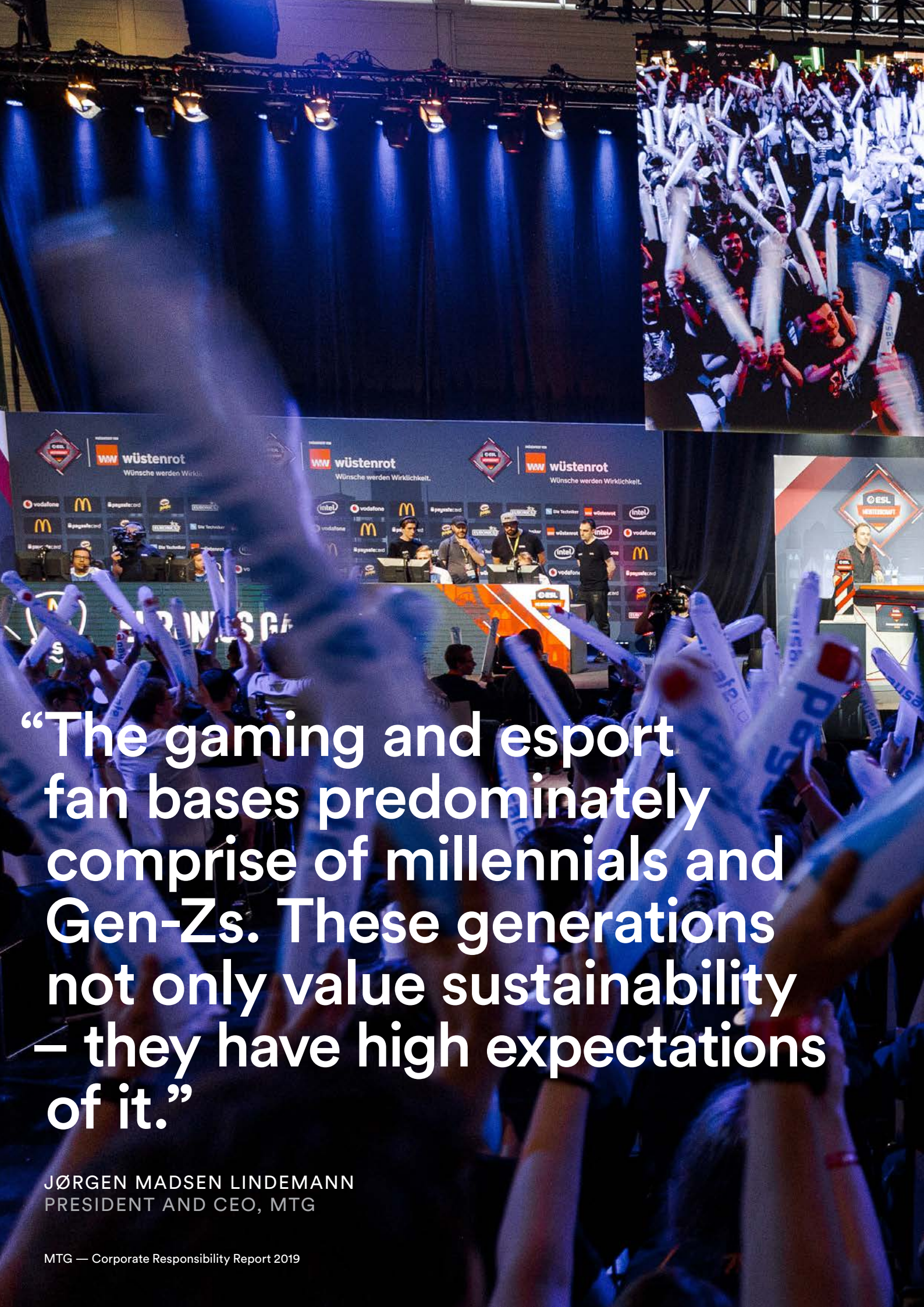
During 2019, we had no confirmed incidents of corruption and no incidents that have led to employee dismissal or disciplinary action. No contracts with business partners have been terminated or not renewed due to violations related to corruption, and MTG has no unresolved complaints before the court except for one recent substantiated claim from an individual which is pending.

Ensuring continued compliance with GDPR

Ensuring data protection and privacy for our customers is essential for the continued success of our business. Prior to the General Data Protection Regulation (GDPR) coming into force in 2018, we were well prepared to ensure compliance with the regulation. Following the spin-off of Nordic Entertainment Group (NENT) in March 2019, the work to improve MTG's privacy program and its efforts to stay compliant have continued. In line with our commitment to privacy, we formed a privacy team at Group level comprised of a Group Data Protection Officer and a temporary GDPR Project Manager early in 2019. Each subsidiary was also tasked with employing a full-time Data Protection Manager (DPM) to drive and facilitate the continued compliance efforts. Additionally, the DPMs are required to ensure the availability of a privacy team, consisting of themselves, a technical lead and privacy champions.

In order to further strengthen our privacy work post spin-off, we established and communicated a Privacy Compliance Framework that our subsidiaries have been required to adopt and continuously report on to our Group Data Protection Officer. This includes areas such as governance structure, personal data inventory, data privacy policies, data transfer mechanisms, training and awareness programs, notices and data subject access requests. All MTG companies have started to work in accordance with this framework, although the level of progress differs between our companies. The process is followed up regularly and monitored by the DPO together with the local DPM.

During Q4 2019, a privacy audit of all subsidiaries was performed that allowed us to evaluate the overall status of privacy within the Group and to define which areas need most attention in 2020 and beyond. Working with privacy and GDPR is an important part of MTG's everyday business and its commitment to GDPR throughout the Group.



“The gaming and esports fan bases predominately comprise of millennials and Gen-Zs. These generations not only value sustainability – they have high expectations of it.”

JØRGEN MADSEN LINDEMANN
PRESIDENT AND CEO, MTG



HOW WE GOVERN

GRI 102-1
GRI 102-5
GRI 102-18
GRI 102-23

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



Shareholders

Our valuable investors who can exercise their rights as shareholders at the annual general meeting (the AGM).

The AGM

The AGM is the highest decision-making body of the company, at which the MTG shareholders vote on various resolutions, sign off the accounts, appoint MTG's Board of Directors (the Board) and its Chairman, appoint MTG's Auditors and may also make other proposals. Shareholders wishing to have matters considered at the AGM should submit proposals in writing at least seven weeks before the AGM.

Nomination Committee

The Nomination Committee evaluates the Board of Director's work and composition, submits proposals to the AGM regarding the election of the Board, the Chairman of the Board and the Auditors, prepares proposals regarding fees paid out to the Board and the Auditors as well as proposals for the Chairman of the AGM. Additionally, the Committee prepares proposals for the administration and order of appointment of the Nomination Committee for the AGM.

External Auditors

The External Auditors examine the Annual Report and financial accounting, and the Board's and CEO's management of the company. They report their findings to the shareholders in an Auditor's Report which is presented to the AGM. They also address detailed findings at each of the Audit Committee's meetings and to the full Board as necessary.

Board of Directors

The Board comprises of five non-executive directors, all of which are independent of the Company and its management and are independent of the major shareholders. The Board has the overall responsibility for MTG's organization and administration and governs MTG's Corporate Responsibility.

Remuneration Committee

The Remuneration Committee appointed by the Board is responsible for matters related to salaries, pension plans, bonus and remuneration programs, the structure and levels of remuneration at MTG as well as providing advice on long-term incentive schemes and the Guidelines for Remuneration applicable to the Chief Executive Officer and Executive Management.

Audit Committee

The Audit Committee appointed by the Board monitors MTG's financial reporting, efficiency relating to internal control, internal audit and risk management, impartiality and independence of the auditor, assists the Nomination Committee in preparing for auditors' election at the AGM and when applicable, monitors and secures the quality and fairness of transactions with related parties.

Executive Management

The Executive Management team oversees the 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.

Local Business

It is the local CEO's responsibility to implement MTG's corporate responsibility strategy which forms an integral part of our various businesses. We also communicate with team members across the organization to drive and execute corporate responsibility initiatives on a group level.

STRATEGIC ASSOCIATION MEMBERSHIPS

GRI 102-13

As an owner-operator company, our subsidiaries maintain memberships in industry associations, national and international organizations and bodies to develop the gaming and esports industries.

The following memberships are considered strategic and/or significant to our subsidiaries:

AnyKey

ESL is a strategic partner and sponsor of AnyKey, which is an advocacy group that supports diversity, inclusion and equity in competitive gaming. Their aim is to amplify, connect and empower marginalized players and their allies through research and strategic initiatives.

Dataspelsbranschen

DreamHack is a member of Dataspelsbranschen – the Swedish Games Industry – which is an organization that compiles and communicates the computer and video game industry's shared responsibilities. Dataspelsbranschen focuses on the industry as a whole and its advocacy in the media.

ESBD

MTG's ESL is one of the founding members of the German esports federation – Esport Bund Deutschland (ESBD). ESBD is the point of contact for esports, and the interests of esports athletes and organizations.

ESIC

ESL and DreamHack are both members of the Esport Integrity Coalition (ESIC) – a non-profit association established by esports stakeholders to deal with integrity issues, particularly match manipulation and betting fraud.

Fair Play Alliance

Kongregate is a member of the Fair Play Alliance, which is a global coalition of gaming professionals and companies within the gaming industry. The organization provides a forum for gaming professionals and companies to work together to promote best practice, healthy communities and player interactions in online gaming. Their vision is to be part of creating a world where games are free of harassment, discrimination and abuse, and where players can express themselves through play without fear.

game

Both ESL and InnoGames are members of the German Games Industry Association (game), which has a mission to make Germany the best games location. game is an expert partner for media, social and political institutions and addresses topics regarding market development, games culture and media literacy.

Leaders for climate action

In August 2019, InnoGames joined Leaders for climate action, together with 100 other digital entrepreneurs in Germany with the ambition to combat climate change through their own actions and initiatives. Their vision is for Germany to source 100% renewable energy as well as being climate neutral and digital by 2035.

USK – Unterhaltungssoftware Selbstkontrolle

InnoGames is a member of the German Entertainment Software Self-Regulation Body (USK), which was set up by associations in the computer games industry. It

offers a wide range of services for developers, publishers and content providers, such as information on the classification of games, apps, online content and trade fairs and events. The USK ensures that games can be tested both technically and in terms of their content for a wide range of game platforms. Tasks carried out by the USK also include the organization of the Classification Committees, classification deadlines and the necessary ongoing training for all those involved in the classification procedure. The USK is advised by an Advisory Council, which stipulates the principles and classification regulations by which the USK operates and approves game testers and appoints child protection experts.

WESA

In 2016, ESL helped found the World Esport Association (WESA). Based on similar traditional sports associations, WESA aims to further professionalize esports by introducing elements of player representation, standardized regulations and revenue shares for teams.

“Our subsidiaries need to fully embrace Corporate Responsibility and the fact that when done in the right way, it will not only make us more compliant or sustainable, but will also create a competitive advantage and boost our bottom line.”

CHRISTIN HERTZBERG
HEAD OF CORPORATE RESPONSIBILITY, MTG





STAKEHOLDER ENGAGEMENT

GRI 102-40
GRI 102-42
GRI 102-43
GRI 102-44

In 2019, we launched our new Corporate Responsibility strategy, which was informed by our key stakeholders and how we engage with them.

Stakeholders inform our approach

Our new strategy, which was approved by the Board in May 2019, was shaped by a materiality analysis, that was conducted by an experienced sustainability advisory consultancy. The materiality analysis involved identifying our stakeholders around the world that may affect or be affected by our business. Their input and feedback were very valuable in developing our new strategy and will inform our ongoing sustainability work. To stay up to date with our strategy it is our ambition to review the materiality analysis every third year.

The method of engagement with our different stakeholders varies but is predominantly based on online surveys and interviews. We consider customers, shareholders, the Board of Directors, employees, suppliers, NGOs, trade associations as well as peers and colleagues to be our key stakeholders. Our subsidiaries have a commitment to engage with a variety of stakeholders to get their feedback on the issues included in our Corporate Responsibility strategy.

The frequency of the engagement varies depending on the stakeholder group and need. Event and festival visitors and volunteers are asked to respond to surveys during or after events, to provide DreamHack and ESL with constant feedback. Customers of InnoGames and Kongregate can always get in touch through dedicated mail addresses or in game support. Engagement with the Board is always scheduled a year in advance, while engagement with suppliers takes place ad hoc when there is a specific need.

Customers

Esport participants and enthusiasts, mobile game players and developers, sponsors and advertisers.

Regular engagement methods include:

Conversations, meetings, post-event customer satisfaction surveys, blogs, websites, social media, newsletters and customer support channels.

Key issues: Gender equality, inclusion, diversity, safety and security, environmental footprint, doping, corruption and other forms of cheating.

Shareholders

Our investors

Regular engagement methods: Annual General Meeting, Capital Markets Day, Annual Report, Corporate Responsibility Report, quarterly reports, press releases, individual meetings and ESG (environment, social and governance) roadshows.

Key issues: the protection of children and minors, event safety, environment, governance, data protection and privacy, gender equality, corruption and cheating.

Board of Directors

Regular engagement methods: Board of Directors meetings, feedback interviews and meetings upon request.

Key issues: Our Corporate Responsibility strategy – particularly gender equality and diversity, event safety, governance framework and strategy management.

Employees

Regular engagement methods: Governance framework (reading and signing of our Code of Conduct and policies, whistleblower procedures), local surveys, corporate responsibility meetings and interviews, personal development reviews, training, programs, workshops, daily dialogues, statistic engagement tools, on-boarding and off-boarding processes.

Key issues: gender equality and inclusion, environment, employee health and well-being, and the protection of children and minors.

Suppliers & Partners

Regular engagement methods: regular meetings and calls including raising awareness of corporate responsibility issues – e.g. gender equality and inclusion, environmental, data protection and privacy.

Key issues: discussions on the implementation of corporate responsibility issues and partner demands.

NGOs

Regular Engagement methods: Continuous dialogue (locally and centrally), supporting research, and the participation in forums and workshops.

Key issues: the protection of children and minors, gender equality, diversity and inclusion.

Trade Associations & Industry

Regular Engagement methods: meetings and calls, association events, workshops and conferences, discussions with stakeholders, sharing best practice with industry peers and colleagues, long-term projects and joining advocacy efforts.

Key issues: regulation of the esports and gaming industry, protection of children and minors, gender equality, and diversity and inclusion, employee health and well-being, data protection and privacy, and the regulation of the esports and gaming industry.

OUR VALUE CHAINS

GRI 102-9

Our esports and gaming value chains are the eco-systems of our business that create value for our customers, partners, employees and shareholders, as well as society as a whole.

Following the spin-off of MTG's broadcasting business in March 2019, we now focus on our two remaining verticals – esports and gaming.

Esport

Our esports value chain centers around our esports companies, ESL and DreamHack, which are two of the world's largest independent esports tournament organizers. They organize esports tournaments and gaming festivals around the world that attract a spectrum of esports audiences and players – from enthusiasts to professional (esport) athletes.

Distribution (online and offline)

Our esports content is distributed through online and offline channels. For online distribution, esports enthusiasts can consume our events and LAN festival content using digital third-party distribution platforms. As our esports companies own the distribution rights to the original esports production, the content rights are sublicensed to networks and digital services in multiple languages.

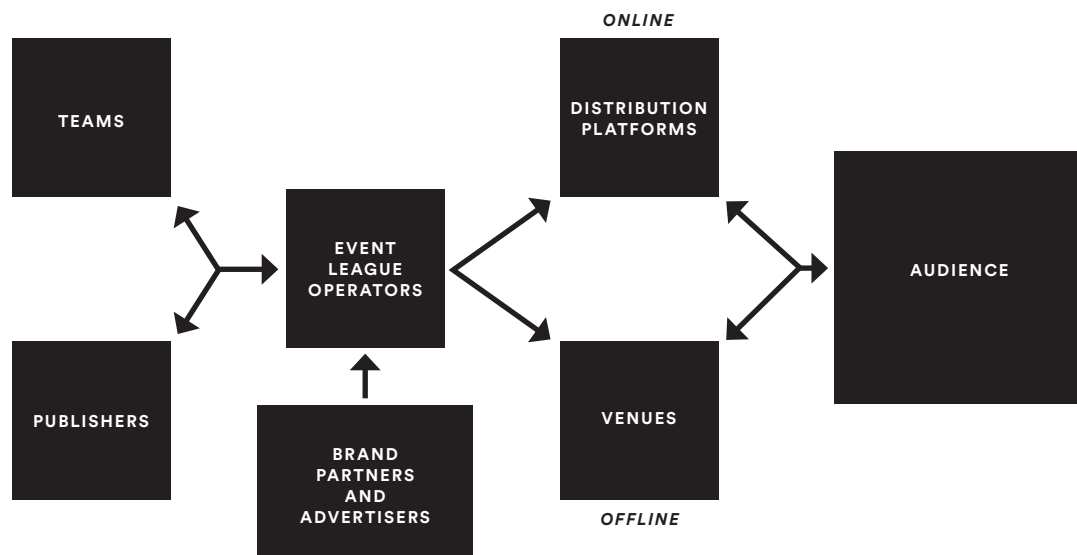
Enthusiasts can experience the action live at a venue after purchasing event tickets.

Brand partners and advertisers

At esports events and festivals, we sell sponsoring opportunities and advertising space to brand partners and advertisers. There are a variety of purchase opportunities to promote products at different stages of the value chain (such as commercial breaks, social media marketing and venue activations). We provide both endemic and non-endemic brands with effective exposure channels toward the esports audience.

Other stakeholders

DreamHack and ESL work closely with all stakeholders throughout the value chain. This includes with game publishers on a license basis to ensure the competitive scene of their games are effectively managed. Furthermore, we continuously interact with esports organizations, athletes and teams to ensure they are able to compete at their best level at our tournaments.



Gaming

Our gaming companies InnoGames and Kongregate develop free-to-play mobile and browser games. They work with all aspects of the development and launch of a game – from idea generation and IP development, to coding, artwork and marketing.

IP Licensing

Kongregate regularly works with large known IP owners, such as entertainment and broadcasting companies, which license the rights to develop and publish games based on their IPs. Kongregate's title "Animation Throwdown: The Quest for Cards" is an example of such a title. All InnoGames' IPs are fully owned by the company.

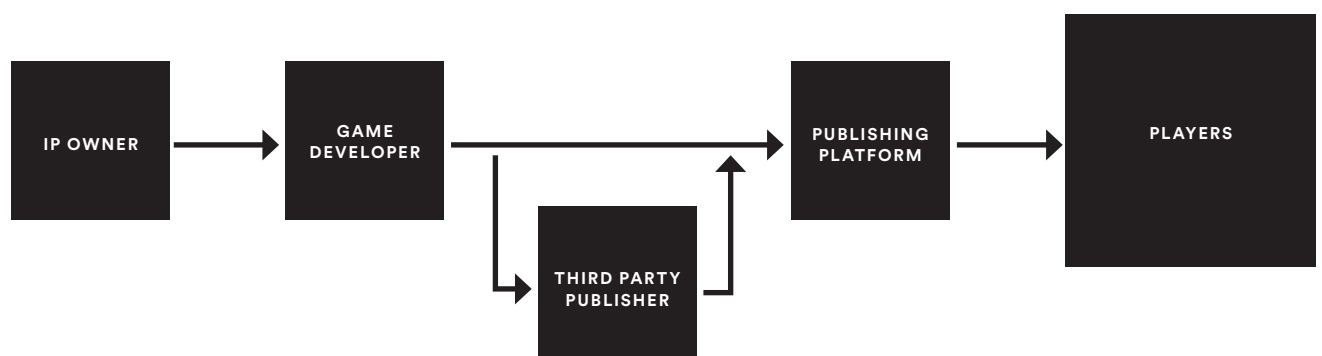
Distribution and publishing

Our free-to-play games are distributed through different publishing platforms. For our owned titles, we operate as a self-publisher using the common smartphone app stores (Google Play and App Store). Kongregate also operates as a third-party publisher, which means it distributes and markets for other external game developers.

Additionally, Kongregate operates its own publishing platform Kongregate.com, which is a large community of indie game developers and players. The community includes over 125,000 published games by 40,000 developers.

Players

Game developers and publishers interact with their players on an ongoing basis and have a broad range of tools to monetize its users, primarily through in-app purchases and advertisements. As Kongregate and InnoGames focus on free-to-play games, the companies generate the vast majority of their revenue through in-app purchases from a fraction of the total userbase that wishes to progress faster or unlock additional in-game features.







ENVIRONMENT

GRI 102-11

Following the spinoff of the Nordic Entertainment Group from our business, our verticals are reassessing how they can best minimize their environmental impacts.

Monitoring and improving our environmental footprint remain integral elements of our Corporate Responsibility strategy going forward. Our ambition is to provide our fans with experiences that are both **entertaining and sustainable**.

We want to raise **environmental awareness** among our colleagues, audiences and the societies we interact with. To enable us to become more environmentally responsible, we aspire to work with the right suppliers that share our approach and vision going forward.

We apply the **precautionary principle** when assessing the environmental and health impacts of our operations and we have no entities that require separate environmental reporting or licensing.

Monitoring and improving our environmental footprint remain integral elements of our Corporate Responsibility strategy and our two verticals need to develop their individual approaches to reduce their environmental impacts.

Our carbon footprint 2019

During 2019 MTG's total carbon footprint was 27,390 tonnes of CO₂e. 95% of the emissions (25,941 tonnes of CO₂e) are a result of travel, with 90% resulting from air travel. The remaining 5% are facilities and material emissions. The figures clearly show that specifically our esports subsidiaries are very travel intense as they host events and festivals globally to which both employees and players travel. We interpret the increase to be related to an increase in esports events during 2019 as well as continued improvements in data collection.

Our environmental aspirations

It is our long-term ambition to provide our fans with experiences that are both entertaining and sustainable. To be able to become more environmentally responsible, we aspire to work with the right suppliers that support our approach, be it with venues or merchandising.

We intend to implement the right guidelines and structures internally so that everyone acts in the same way. We can achieve a more sustainable approach through collaborating together with our partners and suppliers and setting out what we expect and want to achieve going forward. Travel is a key area where we can act smarter – both by only travelling when needed to avoid unnecessary travel and by traveling more sustainably, such as using the train when possible.

Collaborating on sustainability

It is our ambition to work with venues that value sustainability, as well as demand better sustainability performance from our suppliers. For instance, DreamHack Summer

and Winter take place at Elmia Exhibition and Convention Center in Jönköping, which is certified according to Svensk Miljöbas. Additionally, DreamHack collaborated with both Pantamera (a Swedish recycling company) to encourage all visitors to not only recycle their cans and bottles but to also donate the bottle deposit to a good cause. DreamHack also collaborated with SJ (Swedish Rail) to encourage as many fans and visitors as possible to take the train to DreamHack Winter rather than the car. InnoGames joined forces with Germany's digital entrepreneur community through leaders for climate action. Their aim is to promote renewable energy, efficient CO₂ pricing, and most importantly they want to be part of the solution by offering their digital competence.

A new approach on our carbon emissions

Following the spinoff of the Nordic Entertainment Group from our business, the carbon data for 2019 is our new baseline that we will measure our future progress on. To help us measure and monitor our carbon footprint going forward we have set up an online reporting tool, which we will roll out throughout MTG during 2020.

We are currently looking for an efficient way to measure the carbon footprint of our esports festival and event venues, as we acknowledge that they have an impact that we currently do not measure or influence enough. However, we do measure travel related to our events. We want to create a more systematic and structured approach to our environmental requirements on venues as their environmental footprint varies between countries.

ABOUT THE REPORT



WORKFORCE DATA

GRI 103-1
GRI 103-2
GRI 103-3
GRI 102-7
GRI 102-8
GRI 102-41
GRI 401-1
GRI 401-3
GRI 403-2
GRI 404-1
GRI 404-3
GRI 405-1
GRI 405-2

Workforce by Region	2017	2018	2019
Total	3,619	3,709	1,097
Female	2,277	2,271	246
Male	1,342	1,438	851
Nordics	1,757	1,779	101
Female	1,053	1,032	28
Male	704	747	73
Europe	1,640	1,673	759
Female	1,052	1,048	159
Male	588	625	600
America & Australia	222	248	227
Female	172	185	57
Male	50	63	170
Asia	N/A	9	10
Female	N/A	6	2
Male	N/A	3	8

Note that it is not advisable to compare the 2019 data with previous years due to the spin-off of Nordic Entertainment Group as the data reflects the new MTG and its current subsidiaries.

All data figures relate to the period 1st January - 31st December 2019. All data reported is effective 31st December 2019 for all companies included in the report.

All data relates to employees only, except where stated explicitly that the data relates to, and/or includes workers who are not employees.

All employee numbers are consistently expressed as headcount throughout the entire report. All employee data figures are based on both permanent and temporary employees, except for the full-time and part-time employees who are based on permanent employees only.

The data has been collected in various ways, depending on the company in question. A predominant part of the data was extracted from internal HR systems, payroll systems, or excel files populated through a salary system or manually. Other parts of the data were extracted from payroll excel and budget actual sheets, written contracts, HR cost reports, HR cost file populated using payroll software and company bookkeeping.

'Nordics' includes Sweden and Denmark. Europe includes UK, Germany, France, Poland and Spain. 'America and Australia' includes USA, Canada, Brazil and Australia. 'Asia' includes Singapore.

Malta Holding Ltd and DreamHack France are excluded from the HR data.

The HR data covers all legal entities that are part of MTG, have active employees in them, and are sufficiently owned (above 50%).

Workforce by Employment Contract	2017	2018	2019
PERMANENT	3,213	3,305	918
Female	1,222	1,276	202
Male	1,991	2,029	716
Nordics	1,536	1,616	100
Female	642	674	27
Male	894	942	73
Europe	1,470	1,444	589
Female	536	541	119
Male	934	903	470
America & Australia	207	241	222
Female	44	60	54
Male	163	181	168
Asia	N/A	4	7
Female	N/A	1	2
Male	N/A	3	5
TEMPORARY	406	404	179
Female	120	162	44
Male	286	242	135
Nordics	221	163	1
Female	62	73	1
Male	159	90	0
Europe	170	229	170
Female	52	84	40
Male	118	145	130
America & Australia	15	7	5
Female	6	3	3
Male	9	4	2
Asia	N/A	5	3
Female	N/A	2	0
Male	N/A	3	3

In all regions where MTG operates, a significant part of the work in 2019 was performed by workers who are not employees. These workers performed work such as: production, casting and talent services, project management, customer service, payroll support, sales, community management, support in organizing and running esports events and tournaments, social media, creating video content, online broadcasts, graphic design, logistics, finance and accounting, business administration, research, sales and business development and legal matters.

Workers should be understood as people who are working for our organisation, but are not considered employees. This group can include consultants, freelancers and self-employed people for example.

For the purposes of this report, a significant portion of work has been performed by workers when i) the workers performed activities that are core or much significant to our business; ii) because the work they performed was crucial to our business, we could not operate without their input or, iii) more than 50% of the total workforce contained these workers who are not employees. The three requirements are alternative in nature, meaning that only one out of three sufficed to consider that a significant part of our work in 2019 was performed by workers who are not employees.

Dreamhack Sweden AB uses volunteers at its festivals, but we do not report on volunteers.

Workforce by Employment Type	2017	2018	2019
Full-time	3,062	3,231	900
Female	1,908	1,233	186
Male	1,154	1,998	714
Part-time	151	74	48
Female	83	43	18
Male	68	31	30

Employees Covered by Collective Bargaining Agreements	2017	2018	2019
Total	7.18%	7.74%	7.47%

The total number of employees was used as a basis for calculating the percentage of employees covered by collective bargaining agreements.

New Employee Hires	2017	2018	2019
Total	(25.78%) 933	716 (19.30%)	251 (22.88%)
By gender			
Female	(8.37%) 303	275 (7.41%)	68 (6.2%)
Male	(17.41%) 630	441 (11.88%)	183 (16.68%)
By age			
<30	(14.95%) 541	365 (9.84%)	130 (11.85%)
30-50	(10.44%) 378	333 (8.98%)	114 (10.39%)
>50	(0.39%) 14	18 (0.49%)	8 (0.73%)
By region			
Nordics	(29.99%) 527	361 (20.29%)	27 (26.73%)
Female	(10.81%) 190	145 (8.15%)	9 (8.91%)
Male	(19.18%) 337	216 (12.14%)	18 (17.82%)
<30	(19.46%) 342	162 (9.11%)	11 (10.82%)
30-50	(10.24%) 180	191 (10.74%)	15 (14.85%)
>50	(0.28%) 5	8 (0.45%)	2 (1.98%)
Europe	(21.77%) 357	298 (17.81%)	172 (22.66%)
Female	(6.22%) 102	111 (6.63%)	44 (5.8%)
Male	(15.55%) 255	187 (11.18%)	128 (16.86%)
<30	(10.85%) 178	172 (10.28%)	91 (11.99%)
30-50	(10.43%) 171	118 (7.05%)	77 (10.14%)
>50	(0.49%) 8	8 (0.48%)	4 (0.53%)
America & Australia	(22.07%) 49	54 (21.77%)	47 (20.70%)
Female	(4.95%) 11	17 (6.85%)	13 (5.73%)
Male	(17.12%) 38	37 (14.92%)	34 (14.98%)
<30	(9.46%) 21	29 (11.69%)	23 (10.13%)
30-50	(12.16%) 27	23 (9.27%)	22 (9.96%)
>50	(0.45%) 1	2 (0.81%)	2 (0.88%)
Asia	N/A	3 (33.33%)	5 (50%)
Female	N/A	2 (22.22%)	2 (20%)
Male	N/A	1 (11.11%)	3 (30%)
<30	N/A	2 (22.22%)	5 (50%)
30-50	N/A	1 (11.11%)	0 (0%)
>50	N/A	0 (0.00%)	0 (0%)

The rates of new hires per age group have been calculated by using the total number of employees per age group in total, and for each region respectively. As there is no data available on the age of employees in some ESL offices, the rates of new hires could only be calculated against the number of active employees whose age is known and reported in the section on diversity of employees.

The rates of new hires comprises of all new employees joining the company for the first time.

Employee numbers as of 31st December 2019 (the end of the reporting period) have been used to calculate the rate of new employee hires.

Employee Turnover	2017	2018	2019
Total	(16.47%) 596	775 (20.90%)	243 (22.15%)
By gender			
Female	(5.42%) 196	287 (7.74%)	50 (4.56%)
Male	(11.05%) 400	488 (13.16%)	193 (17.59%)
By age			
<30s	(7.18%) 260	296 (7.98%)	106 (9.66%)
30-50	(8.76%) 317	437 (11.78%)	130 (11.85%)
>50s	(0.53%) 19	42 (1.13%)	7 (0.64%)
By Region			
Nordics	(18.38%) 323	328 (18.44%)	11 (10.89%)
Female	(7.51%) 132	119 (6.69%)	1 (0.99%)
Male	(10.87%) 191	209 (11.75%)	10 (9.9%)
<30s	(8.59%) 151	126 (7.08%)	0 (%)
30-50	(9.11%) 160	182 (10.23%)	10 (9.9%)
>50s	(0.68%) 12	20 (1.12%)	1 (0.99%)
Europe	(15.55%) 255	372 (22.24%)	178 (23.45%)
Female	(3.54%) 58	150 (8.97%)	34 (4.48%)
Male	(12.01%) 197	222 (13.27%)	144 (18.97%)
<30s	(6.22%) 102	144 (8.61%)	87 (11.46%)
30-50	(8.90%) 146	211 (12.61%)	87 (11.46%)
>50s	(0.43%) 7	17 (1.02%)	4 (0.56%)
America & Australia	(8.11%) 18	74 (29.84%)	54 (23.79%)
Female	(2.70%) 6	18 (7.26%)	15 (6.61%)
Male	(5.41%) 12	56 (22.58%)	39 (17.18%)
<30s	(3.15%) 7	26 (10.48%)	19 (8.37%)
30-50	(4.95%) 11	43 (17.34%)	33 (14.54%)
>50s	0	5 (2.00%)	2 (0.88%)
Asia	N/A	1 (11.00%)	0 (0.00%)
Female	N/A	0 (0.00%)	0 (0.00%)
Male	N/A	1 (11.00%)	0 (0.00%)
<30s	N/A	0 (0.00%)	0 (0.00%)
30-50	N/A	1 (11.00%)	0 (0.00%)
>50s	N/A	0 (0.00%)	0 (0.00%)

The rates of employee turnover per age group have been calculated by using the total number of employees per age group in total, and for each region respectively. As there is no data available on the age of employees in some ESL offices, the rates of employee turnover could only be calculated against the number of active employees whose age is known and reported in the section on diversity of employees.

Employee numbers as of 31st December 2019 (the end of the reporting period) have been used to calculate the rate of employee turnover.

Parental Leave	2017	2018	2019
Number of employees entitled to parental leave			
Total	1,891	3,132	1,038
Female	790	1,200	232
Male	1,101	1,932	806
Number of employees who took parental leave			
Total	191	195	68
Female	83	103	22
Male	108	92	46
Number of employees who returned to work from parental leave			
Total	152	128	55
Female	52	48	11
Male	100	80	44
Number of employees who stayed for 12 months after their return			
Total	71	124	55
Female	19	45	11
Male	52	79	44
Return to work rate			
Total	N/A	67.02%	102.00%
Female	N/A	57.83%	79.00%
Male	N/A	74.07%	110.00%
Retention rate			
Total	N/A	81.58%	100.00%
Female	N/A	86.54%	200.00%
Male	N/A	79.00%	84.00%

In some instances, the entitlement to parental leave is recognized and followed as prescribed by law, without internally reinforcing and/or restating the legal right to parental leave in a written form. In other instances, the entitlement to parental leave activates once the employee has been working in the company at question for a certain period of time, e.g. 12 months period. Similarly, sometimes the entitlement to parental leave establishes itself at the moment of one becoming a parent. These circumstances have been taken into account when reporting how many active employees have been entitled to parental leave in 2019.

For some employees that returned to work after their parental leave ended, it was not possible to determine if they stayed 12 months later, because that time period has not fully passed yet.

The return to work and retention rates are more than 100 % due to employees who took longer parental leave than 12 months but returned during the reporting year.

Work-related Injuries	2017	2018	2019
Work-related accidents			
Total	N/A	N/A	N/A
Female	N/A	N/A	N/A
Male	N/A	N/A	N/A
Injury rate (The rate shows the number of injuries per 1,000,000 working hours.)	N/A	4.00	6.76
By Gender			
Female	2.58	3.09	4.02
Male	1.3	4.57	7.55
By Region			
Nordics	2.25	2.22	9.78
Female	3.51	1.98	0
Male	1.41	2.39	13.54
Europe	0.9	6.20	7.81
Female	1.68	4.74	6.21
Male	0.47	7.07	8.23
America & Australia	4.45	1.99	2.18
Female	0	0	0
Male	5.75	2.67	2.18
Asia	N/A	0	0
Occupational disease rate (The rate shows the number of occupational diseases per 1,000,000 working hours.)	0.68	1.86	2.70
By Gender			
Female	0.37	0.69	0
Male	0.87	2.61	3.48
Lost days due to work-related accidents			
Total	N/A	N/A	
Lost days rate (The rate shows the number of lost working days per 1,000,000 working hours.)	67.03	83.52	25.22
By Gender			
Female	124.44	55.32	6.03
Male	33.2	101.38	30.77
By Region			
Nordics	114.17	29.16	146.75
Female	177.56	29.76	0
Male	71.79	28.73	203.04
Europe	25.61	136.44	16.92
Female	71.42	91.70	9.32
Male	0	163.12	18.94
America & Australia	0	119.53	0
Female	0	0	0
Male	0	160.24	0
Asia	N/A	0	0
Work-related fatalities	0	0	0

The injury rate comprises injuries to both employees and workers who are not employees. Separately calculating the injury rate for workers who are not employees would require the number of workers at MTG, which data we do not collect. The number of injuries for both employees and workers were therefore calculated only against the number of employees at MTG. The injury rate per gender does not include the number of injuries occurred at the traditional businesses within MTG Sweden, because they do not own gender specific data on injuries.

Minor (first-aid) injuries are included in the injury rate. The work-related injuries include minor injuries due to a cut with a knife and stumble accidents; injury on the way to work, circulatory collapse; broken leg, torn ligaments and hand injuries.

The rules for reporting and recording injuries varies amongst different companies. In some instances, there is no internal system or rules in place for reporting and recording injuries. In other instances, the injuries are reported and recorded in an internal HR, payroll and service desk system, or are reported directly to the office, HR, an executive or event manager via email or by word of mouth. There are instances where the recording of injuries is managed externally by insurance funds and companies, through employee's input or information communicated by the company itself. In some companies, there are safety representatives or delegates who follow up on safety, or accidents and injuries are managed by the team at location. In other instances, injuries are recorded manually in excel, google sheets, emails, claim forms and in special accident reporting book managed by staff & facility manager. Sometimes injuries are not reported in any system due to privacy. For some companies, we have no information available as to how injuries are being reported & recorded.

There were no fatalities at MTG during 2019. Lost days were understood and reported as scheduled working days, beginning to count the day after the accident. The lost days rate, absence rate and occupational diseases rates relate to employees only, excluding the workers who are not employees. Due to the small number of occupational diseases, we do not provide regional breakdown of the figures to protect the privacy of our employees.

The 2018 figures for injury rate, occupational disease rate and lost day rate has been restated following further analysis of HR data.

Absence Rate	2017	2018	2019
Total	0.13%	0.11%	0.28%
By gender			
Female	0.32%	0.17%	0.42%
Male	0.02%	0.07%	0.24%
By Region			
Nordics	0.24%	0.10%	0.06%
Female	0.53%	0.16%	0.00%
Male	0.05%	0.06%	0.16%
Europe	0.03%	0.12%	0.16%
Female	0.09%	0.20%	0.65%
Male	0.00%	0.08%	0.31%
America & Australia	0.00%	0.12%	0.00%
Female	N/A	0.09%	0.00%
Male	N/A	0.13%	0.00%
Asia	N/A	0.00%	0.00%
By gender	N/A	N/A	0.00%
Female	N/A	N/A	0.00%
Male	N/A	N/A	0.00%

Absence rate for employees is calculated by inserting the total number of days absent from work and the total number of employees in each category, and 253 working days per year per employee, in an employee absence calculator. All companies used 253 as an average number of working days per year when reporting absenteeism.

Average Yearly Employee Training Hours	2017	2018	2019
Average training hours per employee	4.03	5.09	1.02
By Gender			
Female	1.56	3.14	0.79
Male	1.48	2.30	1.09
By employee category			
EVPs	0	2.67	0.00
Female	0	0.00	0.00
Male	0	3.43	0.00
CEOs, CFOs, COOs	4.11	2.76	5.33
Female	1.39	0.77	14.40
Male	5.08	3.81	3.27
SVPs, VPs, Heads of	3.29	2.05	3.13
Female	4.22	2.53	0.00
Male	2.89	1.79	3.42
Managers	2.65	16.50	2.76
Female	4.54	12.09	2.58
Male	1.87	6.67	2.87
Non-managers	1.18	4.04	0.37
Female	1.11	2.25	0.21
Male	1.24	1.70	0.42

Not all companies keep track on the training hours given to their employees. In some cases, the only information that is kept are the training costs and/or the number of employees that have been given trainings.

Performance and Development Reviews	2017	2018	2019
% of all employees	61.79%	57.02%	86.87%
By Gender			
Female	42.47%	33.10%	82.11%
Male	47.47%	39.10%	88.25%
By employee category			
EVPs	80.00%	56.00%	0.10%
Female	100.00%	0.00%	0.00%
Male	75.00%	71.00%	0.10%
CEOs, CFOs, COOs	60.23%	69.61%	66.67%
Female	69.57%	74.29%	40.00%
Male	56.92%	67.16%	72.73%
SVPs, VPs, Heads of	45.35%	37.97%	83.51%
Female	41.56%	36.89%	100.00%
Male	46.96%	38.54%	82.02%
Managers	58.44%	48.39%	93.13%
Female	53.98%	42.11%	87.10%
Male	60.29%	51.88%	95.00%
Non-managers	45.79%	33.98%	87.13%
Female	41.70%	30.56%	82.09%
Male	48.56%	36.24%	88.71%

PDA's in the businesses in MTG Sweden are not counted in the % per gender and employee category, as it is not possible to detect how many of those that received PDA's are females, males or belong to one or another employee category.

MTG does not have a central HR function which would enable a centralized supervision of the PDA processes on a group level. The HR function is, similarly, nonexistent in some companies as well, leading to the same result. In some instances, the PDA processes activate after a probation period has ended for the employee in question and in other instances, newly employed people are not immediately included in the PDA process. This means that there is a cut off period for participation in the performance reviews, hence the employees hired after the cutoff date will automatically be excluded from a performance review for the year they have entered the company. At the time of collecting the data, some have been in the process of completing their PDA's or have not managed to have their PDA yet.

Diversity	2017	2018	2019
Workforce by gender			
Female	37.08%	41.99%	22.00%
Male	62.92%	58.01%	77.00%
Workforce by age			
< 30	24.70%	25.16%	31.00%
30-50	69.89%	67.75%	66.00%
>50	5.41%	5.47%	2.10%
Board of directors			
Female	33%	33%	40%
Male	67%	67%	60%
<30	0%	0%	0.00%
30-50	67%	50%	40%
>50	33%	50%	60%
Nationalities represented:	N/A	4	3
EVPs	N/A	0.24%	0.09%
Female	20%	22%	0%
Male	80%	78%	100%
<30	0%	11.11%	0.00%
30-50	100%	89%	100%
>50	0%	0.00%	0.00%
Nationalities represented:	N/A	6	1
CEOs, CFOs and COOs	N/A	2.75%	2.46%
Female	26.14%	34.31%	18.52%
Male	73.86%	65.69%	81.48%
<30	0%	4.90%	3.70%
30-50	71.59%	79.41%	88.89%
>50	18.18%	15.69%	7.41%
Nationalities represented:	N/A	18	8
SVPs, VPs and Heads of	N/A	7.95%	8.84%
Female	29.84%	34.92%	8.25%
Male	70.16%	65.08%	91.75%
<30	6.59%	7.12%	4.12%
30-50	84.88%	86.44%	95.88%
>50	5.43%	6.10%	0.00%
Nationalities represented:	N/A	23	15
Managers	N/A	10.03%	76.48%
Female	29.35%	35.75%	23.96%
Male	70.65%	64.25%	76.04%
<30	10.65%	10.22%	38.86%
30-50	75.06%	83.60%	59.24%
>50	5.71%	5.38%	1.91%
Nationalities represented:	N/A	24	19
Non-managers	N/A	79.02%	79.02%
Female	40.34%	39.75%	39.75%
Male	59.66%	60.25%	60.25%
<30	27.29%	29.61%	29.61%
30-50	62.14%	63.39%	63.39%
>50	4.54%	5.08%	5.08%
Nationalities represented:	N/A	66	50
MTG nationalities total	59	70	53

The employee categories refer to the job title one has, which is also indicated in one's employment agreement. The managers are employees with staff responsibility, while non-managers are employees with no staff responsibility, hence no one is reporting to them. Non-managers comprise team leaders too.

Salary and Remuneration Rates	2017	2018	2019
Ratio of basic salary of women to men			
Total, all employees	60.67%	59.03%	65,64%
CEOs, CFOs, COOs	66.78%	64.17%	64,44%
SVPs, VPs, Heads of	64.42%	66.08%	68,56%
Managers	55.87%	54.62%	66,15%
Non-managers	57.90%	49.13%	58,61%
By significant locations of operations			
Nordics, all employees	60.71%	56.73%	63,70%
CEOs, CFOs, COOs	65.74%	61.74%	66,30%
SVPs, VPs, Heads of	67.15%	59.18%	100,00%
Managers	55.21%	55.09%	0,00%
Non-Managers	58.31%	50.31%	58,09%
Europe, all employees	66.17%	69.26%	75,97%
CEOs, CFOs, COOs	82.18%	75.64%	100,00%
SVPs, VPs, Heads of	55.74%	86.29%	69,48%
Managers	59.16%	51.39%	71,24%
Non-managers	49.69%	41.24%	62,27%
America & Australia, all employees	51.05%	63.46%	63,26%
CEOs, CFOs, COOs	45.96%	54.69%	32,99%
SVPs, VPs, Heads of	49.21%	71.70%	52,16%
Managers	57.76%	49.67%	74,75%
Non-managers	57.57%	69.85%	58,37%
Asia, all employees	N/A	N/A	56,76%
CEOs, CFOs, COOs			N/A
SVPs, VPs, Heads of			N/A
Managers			68,18%
Non-managers	N/A	N/A	38,84%
Ratio of remuneration women to men			
Total, all employees	66.63%	62.61%	82,67%
CEOs, CFOs, COOs	79.88%	73.00%	67,42%
SVPs, VPs, Heads of	66.39%	60.40%	75,29%
Managers	56.44%	57.87%	73,38%
Non-managers	57.97%	52.97%	67,33%
By significant locations of operations			
Nordics, all employees	67.50%	61.57%	66,11%
CEOs, CFOs, COOs	82.05%	70.94%	100,00%
SVPs, VPs, Heads of	68.98%	60.64%	89,10%
Managers	56.13%	58.45%	0,04%
Non-managers	58.37%	52.19%	86,81%
Europe, all employees	66.14%	70.59%	77,46%
CEOs, CFOs, COOs	79.51%	83.16%	100,00%
SVPs, VPs, Heads of	57.22%	54.37%	70,05%
Managers	58.00%	53.21%	70,65%
Non-managers	50.23%	54.76%	62,36%
America & Australia, all employees	51.93%	67.00%	56,47%
CEOs, CFOs, COOs	48.93%	46.77%	N/A
SVPs, VPs, Heads of	48.83%	78.18%	N/A
Managers	57.29%	60.64%	66,58%
Non-managers	57.54%	78.29%	37,50%

The EVPs salaries and remuneration are excluded from the report, since there is only one EVP at MTG. To protect the confidentiality of the male EVP earnings, the information will not be disclosed; hence the gender pay gap between female and male EVPs will not be identified.

The figures show the difference between female and male earnings as a percentage of male earnings amongst all employees with a fixed monthly salary.

The salary figures reflect annual average salary by gender in each employee category.

Remuneration should be understood as remuneration according to contract, including full bonus potential for 2019 (maximum entitlement).

CORPORATE GIVING DATA

Corporate Giving	2017	2018	2019
Volunteer hours	878	742	0
Products and services, KSEK	6.014	2.3	612
Cash donations, KSEK	0.074	1.8	1.3
Funds raised for charity, KSEK	5.6	8.439	77

Raised funds include MTG and its subsidiaries own fundraising campaigns and funds raised together with NGOs.

ENVIRONMENTAL DATA

GRI 103-1
GRI 103-2
GRI 103-3
GRI 302-1
GRI 302-3
GRI 305-1
GRI 305-2
GRI 305-3
GRI 305-4

Carbon Footprint, tonnes CO ₂ e	2017	2018	2019
Scope 1 – direct emissions	595	258	38
Scope 2 – indirect emissions	3,312	3,693	1,130
Total Scope 1 & 2	3,907	3,951	1,168
Scope 3 – other indirect emissions	19,594	21,264	26,223
Total carbon emissions, tonnes CO ₂ e	23,500	25,215	27,391
Emissions per employee	6.85	7.63	25

These figures cover the main emission sources from MTG's operations:

Facilities – Energy use in offices.

Material – Consumption of office supplies, fruit and coffee.

Travel – Business travel, including air, rail and road travel plus hotel stays.

Not included in our emission data is the carbon footprint of our esports events and festivals, but we understand that our events have a climate impact and we aim to include them going forward. During previous years we have used the location-based method where the average emission intensity of the grid is used. This year we have chosen to use the market-based method which allows for emissions calculation based on certificates of origin of energy. Emission factors for market-based electricity for Singapore and Australia were not possible to find publicly disclosed and therefore the location-based method was used.

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 – Leased and owned cars, diesel fuel.

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.

As MTG spun-off Nordic Entertainment Group during Q1 2019, the 2019 data represents new MTG and its subsidiaries. Due to this, the data of 2019 is not comparable to the data of previous years. We made the judgement to exclude offices with a small carbon footprint, such as ESL Gaming España, UK and Brazil, DreamHack Inc and DreamHack Canada Inc. MTG Nordics A/S is only included in the travel data.

Energy Consumption, GJ	2017	2018	2019
Direct energy consumption			
Diesel	0	0	0
Indirect energy consumption			
Cooling	328	80	1,697
Electricity	44,832	31,695	7,106
Heating	6,298	8,41	2,615
Total energy consumption	51,459	40,185	11,418
Energy consumption per employee	16	12	10

Energy per employee includes all fuel, electricity, heating and cooling inside the organisation.

FINANCIAL DATA

GRI 102-7
GRI 201-1

Net Sales and Financial Position	2017	2018	2019
Net sales (MSEK)	17.537	19.742	4.242
Operating income before items affecting comparability (MSEK)	1.263	1.571	-255
Basic earnings per share	18.73	15.52	212.68
Average number of employees	3.280	3.305	1.000
Financial position			
Shareholders' equity	6.572	6.997	6.581
Long-term liabilities	2.648	1.969	1.006
Short-term liabilities	10.066	11.357	1.376
Total shareholders' equity and liabilities	19.285	20.324	8.963

COMPLIANCE DATA

GRI 205-3

Anti-Corruption	2017	2018	2019
Confirmed incidents of corruption	0	0	0
Whistleblowers*	0	0	0

*Numbers of substantiated whistleblower cases where an in-depth investigation was initiated.

GRI 101: Foundation 2016 - General Disclosures

Organizational Profile	Reference	Assurance	Comment
102-1 Name of the organization	MTG overview (page 10-11) How we govern (page 34-35)	✓	
102-2 Activities, brands, products, and services	MTG overview (page 10-11)	✓	
102-3 Location of headquarters	MTG overview (page 10-11)	✓	
102-4 Location of operations	MTG overview (page 10-11)	✓	
102-5 Ownership and legal form	How we govern (page 34-35) MTG overview (page 10-11)	✓	
102-6 Markets served	MTG overview (page 10-11) Our value chains (page 42-43)	✓	
102-7 Scale of the organization	MTG overview (page 10-11) Workforce data (page 50-56) Financial data (page 58)	✓	
102-8 Information on employees and other workers	Workforce data (page 50-56)	✓	
102-9 Supply chain	Our value chains (page 42-43)	✓	
102-10 Significant changes to the organization and its supply chain	Report boundaries and scope (page 64)	✓	
102-11 Precautionary Principle or approach	Environment (page 46)	✓	
102-12 External initiatives	Environmental Work (page 47) The protection of minors and responsible gaming for all	✓	
102-13 Membership of associations	Strategic association memberships (page 36-37)	✓	
Strategy	Reference	Assurance	Comment
102-14 Statement from senior decision-maker	Letter from the CEO (page 2-3)	✓	
102-15 Key impacts, risks, and opportunities	Letter from the CEO (page 2-3) CR strategy and risk management (page 6)	✓	
Ethics and integrity	Reference	Assurance	Comment
102-16 Values, principles, standards, and norms of behaviour	Compliance Business (page 30-31)	✓	
102-17 Mechanisms for advice and concerns about ethics	Compliance Business (page 30-31)	✓	
Governance	Reference	Assurance	Comment
102-18 Governance structure	How we govern (page 34-35)	✓	
102-23 Chair of the highest governance body	How we govern (page 34-35)	✓	
Stakeholder Engagement	Reference	Assurance	Comment
102-40 List of stakeholder groups	Stakeholder engagement (page 40-41)	✓	
102-41 Collective bargaining agreements	Workforce data (page 50-56)	✓	
102-42 Identifying and selecting stakeholders	Stakeholder engagement (page 40-41)	✓	
102-43 Approach to stakeholder engagement	Stakeholder engagement (page 40-41)	✓	
102-44 Key topics and concerns raised	Stakeholder engagement (page 40-41)	✓	

Reporting Practice	Reference	Assurance	Comment
102-45 Entities included in the consolidated financial statements	Report boundaries and scope (page 64)	✓	
102-46 Defining report content and topic Boundaries	CR strategy and risk management (page 6)	✓	
102-47 List of material topics	CR strategy and risk management (page 6)	✓	
102-48 Restatements of information	Report boundaries and scope (page 64)	✓	
102-49 Changes in reporting	Report boundaries and scope (page 64)	✓	
102-50 Reporting period	Report boundaries and scope (page 64)	✓	
102-51 Date of most recent report	Report boundaries and scope (page 64)	✓	
102-52 Reporting cycle	Report boundaries and scope (page 64)	✓	
102-53 Contact point for questions regarding the report	Report boundaries and scope (page 64)	✓	
102-54 Claims of reporting in accordance with the GRI Standards	Report boundaries and scope (page 64)	✓	
102-55 GRI content index	GRI Index (page 61-63)	✓	
102-56 External assurance	Independent assurance statements (page 65-67)	✓	

GRI 200: Economic Standard Series - Material Topics

GRI 201: Economic Performance 2016	Reference	Assurance	Comment
201-1 Direct economic value generated and distributed	MTG overview (page 10-11) Financial data (page 58)	✓	Partially reported

GRI 203: Indirect Economic Impacts 2016	Reference	Assurance	Comment
103-1 to 103-3 Management approach	Giving back to society (page 24-25)	✓	
203-1 Infrastructure investments and services supported	Giving back to society (page 24-25) Corporate Giving Data (page 57) Environmental work (page 47)	✓	

GRI 205: Anti-corruption 2016	Reference	Assurance	Comment
103-1 to 103-3 Management approach	Compliance Business (page 30-31)	✓	
205-3 Confirmed incidents of corruption and actions taken	Compliance Business (page 30-31) Compliance data (page 60)	✓	

GRI 300: Environmental Standards Series

GRI 302: Energy 2016	Reference	Assurance	Comment
103-1 to 103-3 Management approach	Environmental Work (page 47) Environmental data (page 59)	✓	
302-1 Energy consumption within the organization	Environmental data (page 59)	✓	Omission: GHG emissions from ESL and DreamHack events
302-3 Energy intensity	Environmental data (page 59)	✓	

GRI 305: Emissions 2016	Reference	Assurance	Comment
103-1 to 103-3 Management approach	Environmental Work (page 47) Environmental data (page 59)	✓	
305-1 Direct (Scope 1) GHG emissions	Environmental Work (page 47) Environmental data (page 59)	✓	Omission: GHG emissions from ESL and DreamHack events
305-2 Energy indirect (Scope 2) GHG emissions	Environmental Work (page 47) Environmental data (page 59)	✓	Omission: GHG emissions from ESL and DreamHack events
305-3 Other indirect (Scope 3) GHG emissions	Environmental Work (page 47) Environmental data (page 59)	✓	Omission: GHG emissions from ESL and DreamHack events
305-4 GHG emissions intensity	Environmental data (page 59)	✓	Omission: GHG emissions from ESL and DreamHack events

GRI 400: Social Standards Series - Material Topics

GRI 401: Employment 2016	Reference	Assurance	Comment
103-1 to 103-3 Management approach	Gender equality, diversity and inclusion (page 18-21) Compliant business (page 30-31) Workforce data (page 50-56)	✓	
401-1 New employee hires and employee turnover	Workforce data (page 50-56)	✓	
401-3 Parental leave	Workforce data (page 50-56)	✓	

GRI 403: Health and Safety 2016	Reference	Assurance	Comment
103-1 to 103-3 Management approach	Gender equality, diversity and inclusion (page 18-21)	✓	
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Workforce data (page 50-56)	✓	

GRI 404: Training and Education 2016	Reference	Assurance	Comment
103-1 to 103-3 Management approach	Gender equality, diversity and inclusion (page 18-21)	✓	
404-1 Average hours of training per year per employee	Workforce data (page 50-56)	✓	
404-3 Percentage of employees receiving regular performance and career development reviews	Gender equality, diversity and inclusion (page 18-21) Workforce data (page 50-56)	✓	

GRI 405: Diversity and Equal Opportunity 2016	Reference	Assurance	Comment
103-1 to 103-3 Management approach	Gender equality, diversity and inclusion (page 18-21)	✓	
405-1 Diversity of governance bodies and employees	Gender equality, diversity and inclusion (page 18-21) Workforce data (page 50-56)	✓	
405-2 Ratio of basic salary and remuneration of women to men	Workforce data (page 50-56)		

G4 Media Sector Disclosures

Content creation	Reference	Assurance	Comment
M2 Methodology for assessing and monitoring adherence to content creation values	The protection of minors and responsible gaming for all (page 14-17)	✓	
M3 Actions taken to improve adherence to content creation values, and results obtained	The protection of minors and responsible gaming for all (page 14-17)	✓	
Content dissemination	Reference	Assurance	Comment
		✓	
M4 Actions taken to improve performance in relation to content dissemination issues (accessibility and protection of vulnerable audiences and informed decision making) and results obtained	Responsible content (page 14-17) Minors Protection & Compliance (page 14-17)	✓	

REPORT BOUNDARIES & SCOPE

GRI 102-10
GRI 102-45
GRI 102-48
GRI 102-49
GRI 102-50
GRI 102-51
GRI 102-52
GRI 102-53
GRI 102-54

Report Boundaries

This Annual Report summarizes our Corporate Responsibility work throughout our operations where we have identified a list of topics that are relevant to our business as a strategic operational and investment holding company in esports and gaming entertainment. The list is based on the Global Reporting Initiative Standards Framework (GRI Standards) and its current G4 Media Sector Supplement The EU Non-Financial Reporting Directive (Directive 2014/95/EU), which is also implemented into Swedish Law as well as the legal requirements of sustainability reporting in the Annual Accounts Act (ÅRL). The report also follows our new Corporate Responsibility strategy, which was devised during the second half of 2018 and approved by the Board of Directors during the first half of 2019.

Ethos International, which has verified our reports since 2012, has declared that this report has been prepared in accordance with the GRI Standards: core option. We have also applied the GRI G4 Media Sector Supplement where relevant. The Report complements the MTG Annual Financial Report and is also legally bound to it due to the EU Non-Financial Reporting Directive and the Annual Accounts Act (ÅRL).

Report Scope

The reporting scope included operations where we exercise decisive control (i.e. subsidiaries where MTG AB owns 51% or more). In February 2019, shareholders approved the spin-off of Nordic Entertainment Group, which was successfully executed in March with the distribution of NENT Group shares to all our shareholders and their listing on NASDAQ Stockholm on March 28.

We have excluded the following entities from the reporting: all entities that became part of Nordic Entertainment Group, Nova Broadcasting Group and the Zoom.in Group companies as they were sold during 2019. MMalta Holding Ltd and DreamHack France are also excluded due to liquidation. The human resources data includes all MTG companies with employees. We have made the judgement to exclude offices with a small carbon footprint, such as ESL Gaming España, UK and Brazil, DreamHack Inc and DreamHack Canada Inc as these companies have few employees working in shared offices and we consider their carbon footprint to be negligible. This also applied to MTG Nordics A/S but they are included in the travel data.

We understand that our events have a climate impact and as we move forward we it is our aim to include this environmental impact.

We continue to be committed to improving and adapting our reporting frameworks in line with the changes in MTG to meet the GRI Standards requirements where possible.

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. The report reflects the new MTG following the spin-off of Nordic Entertainment Group both in text and data. Data collected for 2019 is therefore not comparable with previous years.

Report period: 01/01/2019-31/12/2019

Report framework: GRI Standards & G4 Media Supplement

Previous report: 05/04/2019

Send feedback to: responsibility@mtg.com

Independent assurance statement

Scope and objectives

Ethos International AB has undertaken independent assurance of the MTG Corporate Responsibility Report 2019 (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 2019. We provide a third-party check on the application of the GRI Standards and the legal requirements of sustainability reporting in the Annual Accounts Act (ÅRL). The Global Reporting Initiative's Principles for defining quality as criteria was applied to evaluate performance information.

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 emits the report for MTG jointly with the President and CEO of MTG. This is the ninth 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 of Malin Lindfors Speace, Catarina Larsson and Timmy Rosendal. 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 to MTG and are of interest to stakeholders.
- Interviews with Board of Director 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. Main focus of the interviews was the understanding of the Corporate Responsibility strategy, the implementation of set strategy, risks and opportunities related to Corporate Responsibility, communication and changes during the year.
- Site visits, freely selected by the assurers, to DreamHack Summer in Jönköping as well as ESL Headquarters in Cologne.
- 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.

Omissions

There are no omissions.

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 compiled to an accurate 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 the legal requirements in the Annual Accounts Act (ÅRL) and MTG's self-declared application of the GRI Standards. We can confirm the Corporate Responsibility report to be a Core level "in Accordance" report.

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. Following divestments and organizational changes within MTG, data is not comparable with previous years.

The assurance process highlighted the need for MTG to continue the implementation of the Corporate Responsibility strategy within all parts of MTG and its subsidiaries.

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 protection of minors, health and safety at events as well as equality and diversity in operations, specifically with focus on management approach. Further, MTG needs to strengthen the adherence to the Supplier Code of Conduct and ensure adequate follow-up on a responsible supply chain.

Inclusivity and responsiveness

During the year MTG and subsidiary companies have held dialogues with respective key stakeholders to discuss and inform them of external and internal expectations and demands that may impact the actions and goals each company set forthcoming.

Ethos International
Stockholm
27th February 2020



Malin Lindfors Speace, Partner and Senior Advisor

Catarina Larsson, Engagement Manager

Timmy Rosendal, Advisor

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



Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders in Modern Times Group
MTG AB, corporate identity number 556309-9158

Engagement and responsibility

It is the board of directors who is responsible for the sustainability report (Corporate Responsibility Report) for the year 2019 on pages 1-64 and that it is prepared in accordance with the Annual Accounts Act.

The scope of the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm 17 April 2020
KPMG AB

Joakim Thilstedt
Authorized Public Accountant

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

