



SUSTAINABILITY REPORT 2020

STATEMENT FROM THE CEO

IT HAS BEEN AN IMPORTANT YEAR FOR SUSTAINABILITY

2020 has been a year like no other. The global COVID-19 pandemic disrupted lives and industries. In these tough times, the world turned to gaming for a moment of respite, to connect with distant friends and family, and to recharge. I am enormously proud of how we navigated this challenging year to be there for gamers.

Our priority was to protect people's health, livelihoods, our innovation engine, our supply chain, and our business in a world of lockdowns. Our employees around the world demonstrated remarkable stamina and heart, helping each other, our customers, and our company. I am thankful to each and every "Steelhead" around the world, and know that our shareholders feel the same.

Today, the SteelSeries brand has earned the respect of gamers around the world and our products are sold across the world. We are proud to say that we have come a long way in the last 20 years. And yet, we believe that we still have a long way to go.

We strive to run a responsible business with respect of employees, society and the environment. The main societal impact from our value chain is related to our suppliers and the manufacturing of our products. However, we are responsible for ensuring the sustainable choice when designing the products and when choosing and working with our suppliers.

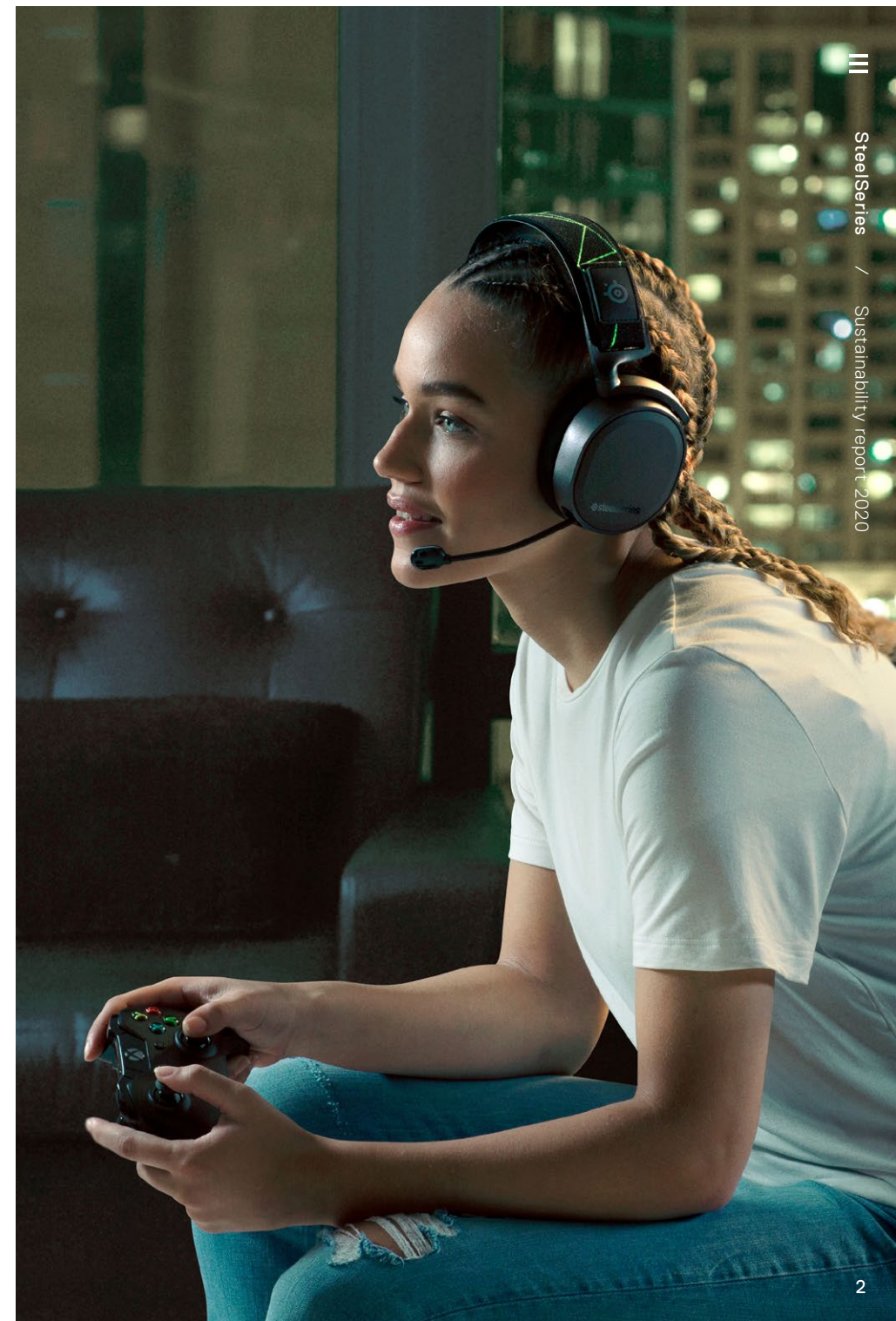
In 2020, SteelSeries became a signatory to the UN Global Compact. Our operations are governed by the Ten Principles of the UN Global Compact related to human rights, working life principles, the environment and prevention of corruption.

For SteelSeries to integrate sustainability as a core value, we have committed to revisiting every stage of our production process—from the concept phase to material sourcing to shipping and sales. We believe that now is the time to become more holistic in our thinking, more strategic in our processes, and more intentional in how we dialogue with our suppliers, partners, and customers. In short, we believe that it is once again time to challenge the status quo.

This report constitutes our first annual Communication on Progress to be submitted to the UN Global Compact. We will continue to support and contribute to the development of the principles of the UN Global Compact and report on progress annually.



Yours sincerely,
Ehtisham Rabbani, CEO



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COMPANY PROFILE

SteelSeries Group is a leader in gaming peripherals focused on quality, innovation and functionality. SteelSeries designs and sells gaming peripherals, including gaming headsets, keyboards, mice, mousepads and related software. In 2020, Nahimic and KontrolFreek were added to the family. Nahimic is developing software-based technologies for advanced digital signal processing and virtual surround sound. KontrolFreek is a leading accessory developer within gaming consoles, most famous for their thumbsticks.

Our products are sold through retail, e-tail, strategic distribution, directly to consumers and our software is integrated in computers, headsets etc.

SteelSeries operates on a global scale with offices in Copenhagen, Chicago, Taipei, Lille, and Shanghai. Our products are manufactured by third parties in China, Taiwan, Vietnam, Thailand, Myanmar, and the USA.

OUR MISSION

**VIDEO GAMES ARE AWESOME.
THERE'S NO LIMIT TO HOW
AWESOME THEY CAN BE.**

**OUR MISSION IS TO HELP EVERY
GAMER PUSH THE BOUNDARIES
OF AWESOME AND FEEL LIKE A
STAR.**

FOR GLORY



PROGRESS IN THE PAST YEAR

Over the past year, our internal leadership team – guided by the United Nations Global Compact principles – has taken several steps toward enhancing our sustainability strategy and clarifying our SDG goals for the future.

Since 2019, the leadership of SteelSeries has executed the following initiatives:

E

Carbon footprint

Conducted a mapping of the direct carbon footprint of our operations.

Packaging

Completely removed single-use plastics in all packaging designed from 2020 onwards

S

Staying safe

Strong focus on Covid-19 employee health and safety

Diversity & inclusion

Conducted a company-wide diversity and inclusion study

G

UN Global Compact

Joined the UN Global Compact

Code of Conduct

Created a SteelSeries Code of Conduct agreement for employees and business partners

Sustainability strategy

Created SteelSeries's first ever Sustainability strategy and actionable timeline

OUR SUSTAINABILITY STRATEGY

We recognize that our business activities can have both a positive and negative societal impact. Our sustainability efforts are driven by the desire to provide high quality and innovative products while minimizing our environmental footprint and being a responsible employer and corporate citizen. The SteelSeries Sustainability Policy reflects our commitment.

In our sustainability efforts, we aim to proactively act upon the development in stakeholder requirements and our operating environment. Sustainable business is of high priority to many of our stakeholders including our largest corporate customers, with a growing focus on the environmental and societal impact of the products they purchase and sell to end users. SteelSeries is also affected by increasing climate and environmental regulation in countries where our products are manufactured and sold.

In our sustainability work, we focus on the topics identified as the most relevant for SteelSeries as a company and with the largest societal impact. These priorities have been identified through a materiality assessment of the most important sustainability topics, risks and impacts to be managed by our business. The assessment was conducted

in autumn 2020 based on internal meetings, workshops and benchmarking within the industry. Going forward, we expect to revisit the selected focus areas annually to ensure that we maintain the right topics and that our activities remain compatible with stakeholders' expectations of SteelSeries as both company and workplace.

Our strategy covers three main areas: reducing our climate and environmental footprint, being an attractive and responsible employer, and ensuring responsible business conduct. For each of the focus areas, we have started the process of identifying strategic targets and initiating actions to be conducted in the upcoming year. We have also identified the UN Sustainable Development Goals associated with the highest impacts of our business activities.

We are committed to contributing to the Sustainable Development Goals by identifying initiatives that will help to improve our performance.

In the following year, we will be working on setting baselines for our sustainability KPIs and setting more concrete sustainability targets.

IN 2020, STEELSERIES BECAME A SIGNATORY TO THE UN GLOBAL COMPACT.

Our operations are governed by the Ten Principles of the UN Global Compact related to human rights, labor rights, the environment and prevention of corruption. This report constitutes our first annual Communication on Progress to be submitted to the UN Global Compact. We will continue to support and contribute to the development of the principles of the UN Global Compact and report on progress annually. This report also serves as our statutory statement on sustainability in accordance with section 99a and b of the Danish Financial Statements Act.



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

OUR VISION

Proving high quality products to our customers while minimizing our environmental footprint, being a responsible employer and corporate citizen.

FOCUS



REDUCING OUR CLIMATE AND ENVIRONMENTAL FOOTPRINT



BEING AN ATTRACTIVE AND RESPONSIBLE EMPLOYER



ENSURING RESPONSIBLE BUSINESS CONDUCT

ACHIEVEMENTS

ESG achievements during the past year

- Eliminate single-use plastics in all 2020 packaging
- Use of recyclable paper packaging materials
- Moving to water-based paints in new product
- Reducing amount of plastic required in new products
- Report on energy consumption and GHG emissions (scope 1 & 2)

ESG achievements during the past year

- Established new HR department with global reach
- Strong focus on Covid-19 employee health and safety
- Conducted extensive Diversity and Inclusion survey
- Took a stance for civil and human rights
- Implement new HR platform

ESG achievements during the past year

- Reviewed and implemented new Codes of Conduct for Employees
- Conducted a mandatory annual training course on sexual harassment
- No work-related injuries

2021 ACTIONS

Forward-looking ESG goals

- Reduce the share of products transported by air when possible
- Proactively engaging in regulatory and customer demands
- Set target on reducing climate impact (scope 1 and 2)
- Determine impact and initiatives to reduce climate impact (scope 3)



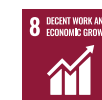
Forward-looking ESG goals

- Follow-up on D&I survey initiatives, to improve employee scoring on enhancing a diverse workforce
- Engage employees on social matters - supporting work of established employee committees (Women, LGBT+)
- Proactively mitigating risk of Covid-19 burnout
- Initiate process for adding female board member



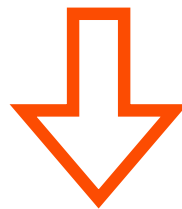
Forward-looking ESG goals

- Review and implement CoC for suppliers and influencers
- Implement new whistleblower channel for employees, customer and suppliers
- Further develop internal policies, guidelines and training material to ensure ethical business conduct
- Release updated Sanction Policy
- Track and report sickness absence



BASE

Sustainability Policy, Code of Conduct for employees and Suppliers, Whistleblower Policy, Anti-corruption policy and Sanction Policy, Privacy Policy, Social Media Policy, Employee Handbook, UN Global Compact, International Labor Organization, Universal Declaration of Human Rights



REDUCING OUR CLIMATE AND ENVIRONMENTAL FOOTPRINT

At SteelSeries we strive to reduce the environmental and climate impact throughout our value chain. The environmental impact of our own business and operations is somewhat limited and primarily consists of the energy use and waste generated in our offices and employee travel. Although not directly handled by SteelSeries, we also consider the environmental impact related to the third party manufacturing and packaging of our products as well as the subsequent transportation of these goods. Our products are mainly transported by ship and, when necessary to support customer demand, also by air. We aim to reduce the share of products transported by air when possible, to lessen the carbon footprint.

Our primary external driver of environment and climate uncertainty relates to regulatory restrictions and strong influence from key stakeholders. We acknowledge the growing demand from customers to use more sustainable materials in products and packaging, and to adhere to stricter environmental regulations in countries where we operate. In an attempt to stay ahead of the curve, we are continuously in close communication with our customers and manufacturers and follow the relevant regulatory developments in all regions where we operate.

The raw materials used in our products consist mainly of plastic and electronics, including certain types of minerals and precious metals. We aim to find the best ways to reduce the environmental footprint of our product designs and packaging solutions.

We have completely removed single-use plastics in all packaging designed from 2020 on in addition to consciously reducing the size of many of our packaging solutions. This has resulted in reduced material use, an improved climate footprint, and a reduction of harmful volatile organic compounds. For some product lines, we further reduced the environmental impact by moving to water-based ink and reducing the amount of plastic required in manufacturing.

In 2020, we conducted a mapping of the direct carbon footprint of our operations. In the upcoming years, our product development team will further assess the environmental impact related to specific products and opportunities to further reduce their environmental impact.

Based on the learning, we will set targets to reduce our environmental footprint.

7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION





BEING AN ATTRACTIVE AND RESPONSIBLE EMPLOYER

SteelSeries is a responsible employer and business partner. We are passionate about our employees and want everyone to feel at home in their workplace. At SteelSeries, we treat each other with respect and we support the internationally recognized labor rights as specified in the International Labor Organization (ILO) core conventions. We respect the freedom of association of our employees and comply with local labor laws in each operating country.

SteelSeries had more than 330 employees in 20 countries at the end of December 2020 and 266 on average throughout the year. We are dedicated to employee well-being, satisfaction, personal and professional development and equal rights and opportunities. As a knowledge-based company, we are dependent on skilled employees and our continued success relies on the ability to attract and retain the right talent. We work purposefully to create an engaging workplace with good working conditions, equal opportunities, and development opportunities for our employees.

In 2020, we invested heavily in our human resources department and worked to formalize our human resource strategy and practices. In the past year, the COVID-19 pandemic has affected the working-lives of people globally. At SteelSeries, we understand the importance of working together (even if from

home) and promote close contact with all employees on a daily basis. In addition, we have focused on keeping our offices clean and sanitized and investing in the necessary sanitizing equipment at all locations. We have kept our employees in the loop of current restrictions and recommendations through ongoing communication and ensured implementation of internal safety guidelines. Our US office in Chicago has been closed since spring 2020, and we have invested significantly in office improvements to support the health and safety of our employees and visitors once the office reopens.

Diversity and inclusion

SteelSeries finds that tolerance and respect are fundamental values necessary to achieve the best working environment. At SteelSeries, all employees are appreciated for their skills, experience and individual points of view regardless of nationality, skin color, gender, age, sexual orientation, language, religion, political views or disabilities. We are committed to creating and maintaining a workplace that welcomes the exchange of experience, attitudes, and views which we consider necessary for our development.

Our workforce is generally young, but all age groups between 18 and 60 are represented. In 2020, our workforce consisted of 34% female and 66% male employees.

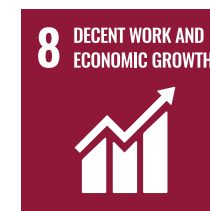
In October 2020, we conducted a diversity and inclusion survey that was sent to all employees globally. The results were very positive with 72% of our employees completing the survey and 71% of them agreeing with the company's values and outlook for the future regarding diversity and inclusion. The results provide us with a good baseline for the future.

All employees have also conducted a mandatory annual training course on sexual harassment. We have set up employee committees in the US focusing on diversity in terms of gender, women, LGBT+ and other members of any under-represented groups. In addition, we provide two company-paid days off for employees to use when volunteering in the local community. We also conduct annual donations to support philanthropic organizations that support diversity and equality in the communities where we operate. In the coming years, we plan to roll out employee committees to other countries.

Our leadership team consists of three females and ten males. The focus on diversity in Management helps create a healthy working environment. We work to achieve a more equal gender balance at all levels in the company by ways of talent development opportunities, promotions and new recruitments.

In 2020, the Board of Directors of the SteelSeries Group elected new members to the Board, which consists of five male and no female representatives. The candidates were chosen based on their specific competencies and fit for the positions. The addition did not change the gender composition. It is our goal to add a female representative to the Board by the end of 2021.

SteelSeries is not a political company. However, we take a stance for civil and human rights. We donate to charities such as Black Lives Matter and the Trevor Project alongside our employees, and we have an active employee base that supports many local causes.





8 DECENT WORK AND
ECONOMIC GROWTH



ENSURING RESPONSIBLE BUSINESS CONDUCT

We require all our employees and all our business partners to respect the Universal Declaration of Human Rights. SteelSeries has zero-tolerance against any form of corrupt and fraudulent behavior or human rights violations. Based on our commitment, we have set up a code of conduct and anti-corruption policy that all employees need to sign.

It is our goal to always act professionally, fairly and with integrity in all our business activities and relationships.

Our employees are encouraged to report any suspected violations of our code of conduct through our whistleblowing channel. In addition, we are in the process of setting up an anonymous whistleblowing website which will be hosted by an independent provider.

SteelSeries' most material risk of violating human rights and risks associated with corrupt behavior is related to the supply chain of our products. We recognize our responsibility to respect human rights and zero-tolerance for corrupt behavior not only in relation to the Group's own employees, but also in relation to partners, customers, suppliers, and subcontractors' employees. Consequently, we defined a more stringent supplier code of conduct which covers our expectations and

requirements related to child labor, forced labor, discrimination, anti-corruption, and bribery, among other things. In the future we will require all of our main suppliers to adhere to this supplier code of conduct.

SteelSeries signs the code of conduct of certain customers such as US-based retailers and e-tailers with extensive sustainability requirements and potential audit schemes. In addition, large customers conduct sustainability audits of manufacturers that produce SteelSeries products, reviewing their social, environmental, and business ethics and processes.

Our policies on responsible business conduct also extend to SteelSeries' business partners such as social media influencers or gamers who are expected to uphold our sustainability policies.

SUSTAINABILITY KPIs

This report covers the relevant and material social, ethical, and environmental issues for the financial year 1 January to 31 December 2020. The report complies with the same consolidation principles and boundaries as the financial statements.

| Environmental KPIs* | Accounting practice | SteelSeries 2020 |
|---|---|--|
| Energy consumption (MWh) | The use of energy from SteelSeries' own business and operations, primarily electricity and heating used in offices. | Electricity: 228 MWh District heating: 13 MWh Natural gas: 118 MWh |
| GHG emissions Scope 1 (tCO₂e) | Direct emissions resulting from the company's own combustion of fuels. | 22 tCO ₂ e |
| GHG emissions Scope 2 (tCO₂e) | Indirect emissions resulting from the purchase of electricity and district heating, in our offices. (emission factors source) | Location-based: 74 tCO ₂ e Market-based: 97 tCO ₂ e |

*We recognize that our direct environmental footprint is limited in comparison to the impact of the full value chain, including third party manufacturing and transportation. In the upcoming years, we will further assess the environmental impact related to other areas of the value chain, where possible.

| Social KPIs | Accounting practice | SteelSeries 2020 |
|---|---|------------------------------------|
| FTE | Average full-time employees (FTEs), defined as full-time employees, FTE-calculated hourly salaried employees, and FTE calculated temporary workers. | 266 |
| Gender diversity % | Share of female employees. | 33.6% |
| Gender diversity, Management % | Share of female representatives in Management as defined by the Group. | 23% |
| Sickness absence Days per FTE | Overall sickness absence (% of total working days). | To be tracked from 2021 on onwards |
| Rate of recordable work-related injuries | Absence rate due to work-related injuries (lost working days per employee). | None |

| Governance KPIs | Accounting practice | SteelSeries 2020 |
|--|--------------------------------------|------------------|
| Reported whistleblowing incidents | Incidents in whistleblowing channel. | None |

