



**Media and Games  
Invest SE**

# COMMUNICATION ON PROGRESS

## FY 2020/ H1 2021

MEDIA AND GAMES INVEST SE



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# COMMUNICATION ON PROGRESS REPORT

## MEDIA AND GAMES INVEST SE

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# STATEMENT OF CONTINUED SUPPORT

*"I am proud to present Media and Games Invest SE's first Communication on Progress, showing our continued support and effort to comply with the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption for the full year 2020 and the first half of 2021.*

*Life is not only about financials and numbers; we need to take on our responsibility towards sustainability and integrate this into our actions. While we had a strong focus on sustainability since the start of our journey eight years ago, we have also honed our focus on and invested in sustainability in 2020 and 2021. While we see sustainability as a 'natural', we are happy to also report on it and to give our stakeholders an insight into the measures we have taken and are further preparing and to show our continued efforts.*

*Within MGI we have developed five sustainability priorities. Each of the sustainability priorities include the focus on one or several of the Ten Principles. The five sustainability priorities are the following: "Diversity and fair play in our products and services", "Providing data protection and security ", "A great team and an inspiring workplace ", "Working towards a greener future" and "Corporate Governance". How our priorities interlink with the Ten UN Principles will be explained in this report.*

*MGI has been operating sustainably for many years. The fact that we have been converting most of our games to resource-saving cloud solutions for many years instead of running them in large, inflexible traditional data centers, offering our employees flexible working time models or providing anti-corruption training to employees are only some examples showing that there have been many individual, often independent activities at MGI that are not specifically combined under the aspect of sustainability. It is undisputed that sustainability is becoming more and more important for the society as a whole and we want to do our part while running a successful business.*

*We are convinced that this is not only possible, but mutually dependent. In this context, MGI has decided to take 2020 as a year to analyze its current status quo and to work on solutions to assume our part on the way towards an even more sustainable future. In 2020 for the first time a formal Sustainability Committee has been established consisting of experts in various fields and top management that reports on the current status of the company to the Sustainability Board which includes C-Level Executives and the Board of Directors. To grasp the individual understanding of sustainability of our stakeholders better, we have also conducted a materiality analysis in cooperation with imug consulting agency resulting in a plan for action.*

*In this annual Communication on Progress, we describe our actions to continually improve the integration of the UN Global Compact principles into our business strategy, culture, and daily operations."*

Remco Westermann, CEO and Chairman of MGI Group





## MGI – A COMPANY WITH TWO SYNERGETIC BUSINESS SEGMENTS

Media and Games Invest SE ("MGI" or "The Company" or "The Group") is a digitally integrated games and media company with main operational presence in Europe and North America. With roots dating back to 2000, the Group experienced rapid growth in the recent years due to successfully combining an active M&A strategy and organic growth. More than 35 value-generating synergetic acquisitions in the last six years coupled with successful organic growth initiatives led to continuously strong and profitable growth with a revenue CAGR of over 45% over the last 6 years.

MGI's games segment ("gamigo group") offers more than 10 Massively Multiplayer Online Games (MMOs) and over 5,000 casual games. Genres range from role playing, to fantasy and strategy MMOs, and include such diverse titles like Trove, Aura Kingdom, Desert Operations, Grand Fantasia, Fiesta Online, Pirate101 and Wizard1011 which have been established in the market for many years with strong and loyal communities. gamigo group strives to support these MMO games with regular fresh game content, frequent large updates, and targeted marketing to continuously add excitement and innovation, enabling lively communities and long-term user retention. This extends the games' lifespans and keeps players engaged and entertained. In addition to maintaining our existing games portfolio, gamigo group continuously licenses games exclusively from recognized third-party developers and publishes them in our core markets North America and Europe.

MGI's media segment ("Verve Group") today offers a fully integrated programmatic SaaS platform, which offers full transparency from advertiser until consumer, for all major ad-formats on web, mobile web, in-app, connected TV as well as digital out of home. The offering is based on modules, where partners can choose between fully self-serve, partial, or complete solutions as well as managed and supported services. The Verve platform contains open-source software and is fully data protection compliant for all major markets worldwide. The ability to optimally match supply and demand throughout the value chain, gives the Verve platform a significant advantage over single focus supply and/or demand side platforms each optimizing their own part but, in the end, creating less efficient overall results.

By combining Verve Group's and gamigo group's positions and expertise, MGI benefits from strong synergies between the two segments and also from the growth potentials in each market. Verve Group supports gamigo group by enabling targeted advertising for their games and therefore ensures efficient user acquisition to attract more players into the games. This expertise is also made available to the other Verve Group customers, as Verve Group understands the needs of advertisers and publishers very well and has as such a great base for further profitable growth.





# ACTIVELY PURSUING SUSTAINABILITY FOR MGI

In early 2020 MGI initiated a comprehensive analysis pertaining to the sustainability efforts of the Group. We were supported in this undertaking by imug consulting, a German sustainability expert consulting group, which analyzed the current status of effort. Starting from this base, clear guidelines for action were established and are constantly developed by the management of MGI. During the analysis, the most relevant aspects for MGI were identified, resulting in MGI's five sustainability priorities:

## **Diversity and Fair Play in our Products and Services**

MGI is committed to create products and services that are inclusive and inspiring for all stakeholders and that are accessible to everyone. In this context, MGI has implemented policies and takes initiatives throughout the whole Group but also for the individual units, games and media, thereby offering interesting and diverse products and services to all.

## **Providing Data Protection and Security**

As a globally operating games and media company, data protection and security are of the utmost importance to MGI. To create a safe environment for all stakeholders, we have taken several actions and are continuously updating and improving these measures.

## **A Great Team and an Inspiring Workplace**

A successful and reliable company can only be built if it has a strong and motivated team and can rely on expertise and talent for all its business areas. MGI focuses on building an equal and inclusive workplace to ensure every employee gets the same opportunities to grow and that offers attractive career opportunities in a healthy working environment distinguished by diversity and gender equality, as well as a work-life balance. Providing exciting jobs with secure employment terms is the focus for a sustainable business and a key to continued growth.

## **Working towards a Greener Future**

Alongside the virtual worlds MGI creates for the players, we also see ourselves responsible for taking care of this planet. Especially gaming is energy intensive and therefore we have introduced several measures to reduce our impact on the environment. The goal is to become carbon neutral by 2022 at the latest and, if possible, go even beyond that to carbon negative, in order to clean up our past footprint.

## **Corporate Governance**

Corporate governance for us means to act in accordance with the principles of responsible corporate management geared to sustainable value creation and should aim to include all areas of the company. Transparent reporting and corporate communication, corporate management that is aligned to the interests of all stakeholders, cooperation between management and the board based on trust, and compliance with the applicable law are among the essential cornerstones of a modern corporate culture.



# COMPLIANCE WITH THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

In the following section we will link our efforts in our different sustainability priorities to the Ten Principles of the UN Global Compact.

## Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

### *Strategy and Goals*

For MGI, it is undisputed to support and respect the generally applicable human rights at all times. Abuse or misconduct in respect to the human rights is not tolerated at MGI.

Within all its business units, MGI opposes any form of insults, sexual harassment, racist or hateful language, threats or bullying. MGI focuses on building an equal and inclusive environment for all stakeholders.

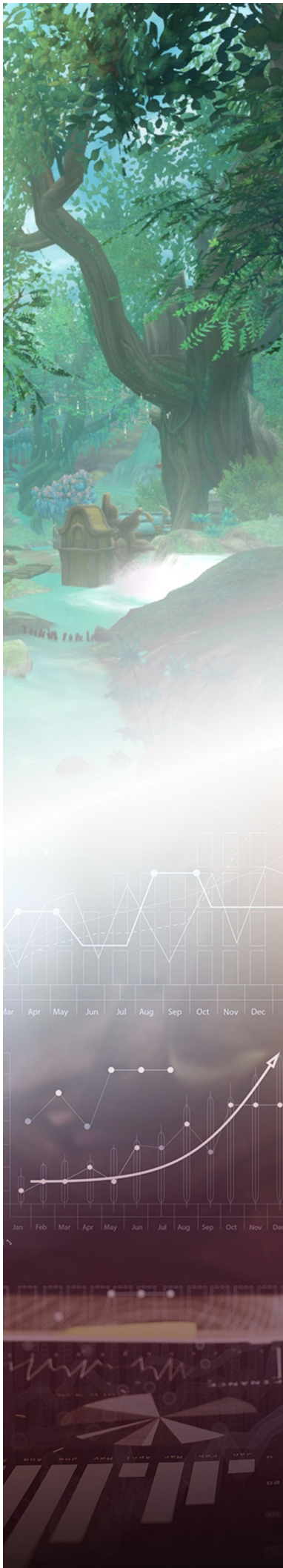
### *Implementation*

The compliance with the human rights is integrated in different parts of our sustainability priorities.

Within our priority “Diversity and fair play in our products and services”, for our games unit gamigo, we have established preventive measures and sanctions for misconduct in case of violations against our “Rules of the game” which prohibit any form of insults, harassment in any form, bullying, threats or racist or hateful language. Moreover, all our games have in-game communities and community managers as well as chat filters who monitor the situation constantly. All players have the opportunity to directly contact the community manager or customer support agent to report any misconduct which will then be treated accordingly by MGI. In our media segment Verve Group, advertising partners are asked to follow strict content guidelines and Verve Group prohibits the serving of prohibited content. All publishing partners must follow similar content guidelines. If the content guidelines are not followed, these advertisers or publishers are removed from the platform.

Moreover, MGI has implemented tools like GeoEdge on the B2B side that is scanning our products in real-time to filter out any malicious advertising or content such as sexually harassing, violent or hidden malware to protect our customers and is constantly training and educating its customer support agents in both business segments to prepare them to recognize the warning signs for misconduct and how to react to such problems.





In our priority “Providing Data Protection and Security” for our games unit, we review all games that are added to the portfolio in terms of propaganda against the free democratic order, for characteristics of unconstitutional organizations or incitements to hatred against any part of the population. Critical elements are excluded from the portfolio. In an effort to particularly protect minors that are using our products, gamigo group is a signatory of the USK (German Entertainment Software Self-Regulation), PEGI-certification (Pan European Game Information) and ERSB (Entertainment Software Rating Board) for its core games. Additionally, the external Youth Protection Officer monitors the gamigo group and provides quarterly reports on the status of gamigo groups youth protection developments. To emphasis its players and particularly its young players safety even further, we have legal interventions against "pirate servers" in place which illegally offer games out of the gamigo group portfolio also to young players. By disabling these servers, gamigo group protects its young players from losing money to fraud cases. Similar actions are taken against "Gold Sellers" who illegally sell game currencies to other players in game. To protect its young players particularly, gamigo group reviews all purchase offers under competition law in order to protect all players from rash purchases. All these measures in combination ensure that we can offer our customers a framework in which everyone feels safe and in which the protection of minors is respected.

All stakeholders have the possibility to report any misconduct in terms of Human Rights: employees of MGI have the opportunity to make suggestions or complaints by using an anonymous postbox or a whistleblowing tool but are also involved directly via e.g. workgroups and questionnaires. The players can contact gamigo group by using satisfaction surveys, engaging in the forums and communities of each game or by contacting the responsible community manager or the customer support agents directly. Media customers can contact the Verve Group customer support and their responsible sales contact. Investors can speak to the management of MGI and ask questions during the quarterly updates and are free to contact the management or the investor relations department at any time should they have concerns or suggestions in any regard.

### *Results*

During the reporting period, MGI has not found any violations of the Human Rights or discrimination in their business activities.



## Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

### *Strategy and Goals*

Safeguarding and complying with generally applicable working standards should be the reality at any company. MGI opposes any kind of forced or compulsory labour, child labour or discrimination. MGI focuses on building an equal and inclusive environment for all stakeholders. Any form of discrimination, based on ethnic or cultural background, sexual preference, religion, gender, age or other, is not tolerated. Providing exciting jobs with secure employment terms is the focus for a sustainable business and a key to continued growth. All employees have the opportunity to speak with their managers about any problems or can use our anonymous whistleblowing tool to report any problems.

### *Implementation*

The compliance with the UN principles related to labour are anchored in our sustainability priority “A great Team and an inspiring workplace”.

Within our priority “A great team and an inspiring workplace”, MGI is focusing on building an equal and inclusive workplace where every employee has the same opportunity to grow and that offers attractive career opportunities in a healthy working environment distinguished by diversity and gender equality as well as a work-life balance. At MGI, it does not matter who you are, where you come from or how old you are. MGI has zero-tolerance against all forms of harassment and discrimination based on ethnic or cultural background, sexual preference, or others and has a strong belief in diversity, equality, and inclusiveness. By defining clear career paths and individual skill development plans, MGI contributes to the future of its employees. MGI fosters a culture of developing creativity and autonomy for everyone in their area of expertise. Our managers are trained to be leaders and their job is focused on coaching and growing their own team members. By conducting bi-annual performance reviews, MGI gives employees the opportunity to be fairly assessed and promoted based on defined KPI's. Following the designed growth matrixes, team members are easily able to work on improving their specific skill set and grow into new levels of their internal career path. MGI understands the importance of health in the work environment and supports it in multiple ways. To foster the work-life balance and to give equal opportunities to employees despite their various life circumstances, MGI decided to implement a flextime policy. This policy gives team members more control over when they work and adapt their hours to suit their personal life.





To ensure fluid collaboration, each office has established mandatory core working hours. Remote working has been widely implemented at all MGI subsidiaries in response to the Covid-19 health crisis. Throughout our offices all around the world, MGI offers a modern, flexible, stimulating and healthy working environment that enables a work-life balance. The offices have recreation/fun rooms, where employees have the possibility to take a break or get together with their colleagues. MGI further supports the health and wellbeing of employees by offering healthy snacks such as fresh fruits & vegetables in all our office locations. To create a safe work environment, regular safety audits of the offices are performed.

### *Results*

At the end of 2020, the workforce of MGI has been distributed as follows: 34.5% female/ 65.18% male/ 0.31% diverse. While there is always room for improvement, with these numbers MGI is above the industry standard which shows a distribution of 25% female/ 75% male employees. Within its new hires, equality was nearly achieved with a split of 43.81% female and 56.19% male hires. Overall, MGI employs colleagues from 42 different nationalities. The average age of the workforce is 34,8. MGI does not have a fixed quota for female vs. male vs. diverse employees, however the aim is to have a diverse workforce with employees from various different backgrounds, genders, nationalities or age groups. During the reporting period no court proceedings in relation to the above-mentioned goals were reported.

### **Environment**

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

### *Strategy and Goals*

As a games and media company, we are very conscious about the energy needed to provide our games and services as well as of the emissions that our products create not only for us a company but also by our customers using our products. It is therefore our aim to firstly introduce measures as a company that can reduce our environmental impact and secondly to educate our customers about a more environmentally responsible use of energy as well as them educating around different environmental issues.



### *Implementation*

The compliance with the UN principles related to the environment are anchored in our sustainability priority “Working towards a greener future”, where we have grouped our activities linked to our environmental impact.

Whenever possible, as a Group, MGI aims to use cloud resources to deliver our computing power. MGI aims to use data centers that are powered with green energy for the remaining non-cloud operations. Old and inefficient technology is replaced with newer environmentally friendlier solutions. This has resulted in significant energy savings throughout the Group as a whole. All obsolete equipment, whether from a data center or from MGI offices, is either reused or is disposed of in an environmentally safe manner.

MGI works with companies such as CDW in Europe and Centrics IT in the US to ensure that wherever possible, unused IT equipment can be given to people and companies that can make use of the equipment. If this is not possible, MGI ensures that the equipment is properly recycled so that potentially hazardous materials are extracted and cannot impact the environment. MGI is also collaborating with planetly who are tracking the CO2 emissions throughout the Group and are helping to identify further potential for improvement for MGI to help us become carbon neutral until latest end of 2022. The year 2020 has already been analyzed and we achieved carbon neutrality for 2020. The most successful cooperation to engage with players in 2020 was the reforestation event to fight the impact of deforestation by not only restoring the eco system in the affected areas but also supporting the local communities by promoting fair wages, employment for women and support for single parents working in the local area. In May 2020, gamigo group launched a cooperation and project website with the Eden Projects program, in which players were encouraged to participate. Eden Projects is a non-profit organization that plants trees in reforestation projects across the world. All player purchases via the cooperation website would generate donations to Eden Reforestation Projects, resulting in a total of over 110,000 trees being planted, with the help of community participation. The project was so successful that a second round was launched in December 2020 and into January 2021, resulting in another 100,000 trees planted this year. MGI is committed to continue community events with positive impacts on the environment and/or society in the future.





## Results

For the year 2020, a total of 4,949 t CO<sub>2</sub> was measured for the whole Group. We have offset these emissions with three projects around the globe (Clean Water Project in Rwanda, REDD+ Rainforest Project in Borneo, Solar Power Project in Kenya) which were chosen by our employees. Moreover, we are constantly evaluating how we can further reduce our emissions in the future. In cooperation with our players, we have planted over 200,000 trees together with the Eden Reforestation Project which not only benefited local communities but was also used to educate our players around the problems deforestation creates and what can be done to help.

For the reporting period no activities that were dangerous to the environment were registered.

## Anti-Corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

### Strategy and Goals

MGI does not tolerate any form of corruption or bribery and has clear guidelines and trainings in place to avoid any breaches of the anti-corruption policy.

### Implementation

The compliance with the UN principles related to anti-corruption are anchored in our sustainability priority “Corporate Governance”.

The Group has a zero-tolerance policy with regards to corruption and employees are educated within the area (Anti-corruption policy). Moreover, as an ongoing pursuit to raise awareness for compliance and anti-corruption, MGI has organized in-depth trainings. Furthermore, additional software to help complying with the sanction regulations is to be implemented.

## Results

No incidents of corruption or other unethical behavior have occurred throughout the reporting period. Moreover, employees are trained on compliance topics. During the first half of 2021, MGI employees completed a compliance workshop covering topics such as anti-money-laundering, bribery, corruption and sanctions. Employees were made aware of the warning signs and pitfalls in connection to the aforementioned topics and how to act in case critical situations arise. Trainings were given by lawyers from Baker McKenzie and were well received by the employees. Furthermore, MGI has decided to deploy additional software to help the company to comply with the sanction regulations. Various solutions are currently being evaluated in consultation with the company’s lawyers.



# Media and Games Invest SE

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