



**Media and Games
Invest Group**

Communication on Progress

H2 2021/ H1 2022

MEDIA AND GAMES INVEST GROUP "MGI"

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 second 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 second half 2021 and the first half of 2022.

We at MGI stand by what we have said in our last report: our business is not just about our products or numbers, but we need to be aware of our acting and take initiative in terms of sustainability. As a company we want to be growing long-term and, in our opinion, this can only be achieved if we grow sustainably. Acting sustainably and running a successful business is a continuous process and should run hand in hand and we are committed to do our part for a more sustainable world. We are therefore pleased to update our shareholders on our efforts in terms of sustainability that were undertaken during H2 2021 and H1 2022.

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.

2021 was the second year that we all have worked under challenging circumstances due to the ongoing Covid-19 pandemic. Our employees continued working mostly from home and company and industry events as well as the exchange with our stakeholders was mostly arranged online rather than in person. Even though the circumstances were challenging, 2021 was a successful year with five acquisitions, which have also been integrated in our sustainability strategy, and an organic growth of 38% throughout the whole Group. While our business performance was impressive, we are equally proud of what we have achieved as a company in regard to sustainability.

Following the start of our cooperation with Planety in 2020, we were able to report that we are carbon neutral for 2020 in August 2021, earlier than anticipated. We have established our first permanent charity with our long-term partner Eden Reforestation Projects through which our players are educated about deforestation and can buy different packages in our games which include in-game items but also real trees being planted, and we have signed a cooperation with a water charity. Additionally, we have improved our governance structure through various initiatives such as a comprehensive compliance training or the implementation of a state-of-the-art whistleblowing tool as well as establishing various committees in the near future.

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

SUSTAINABILITY AT MGI

In early 2020, MGI initiated a comprehensive analysis pertaining to the sustainability efforts of the Group. MGI was 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, that ensure a safe and sustainable product portfolio thereby offering interesting and diverse products and services to all. This includes topics such as diversity, non-discrimination, and customer health & safety.

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, MGI has taken several actions and are continuously updating and improving these measures. In all that MGI does, it acts with a privacy first approach to create a safe environment for our customers.

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 should be 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, MGI also see itself responsible for taking care of this planet. Especially games are energy intensive and therefore MGI has introduced several measures to reduce the impact on the environment. MGI is carbon neutral since 2020 and if possible, wants to go even beyond that to carbon negative, to clean up the past footprint.

Corporate Governance

Corporate governance for MGI 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 with the interests of all stakeholders, cooperation between management and the board based on trust, and compliance with the applicable laws are 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

Respecting human rights is a universal responsibility for any business which means avoiding the infringements of human rights of others and to address any impacts where they occur. MGI recognized its responsibility to respect and promote internationally proclaimed human rights when doing business and considers respecting human rights as a fundamental value of the company. Abuse or misconduct in respect to human rights is not tolerated at MGI.

Implementation

The compliance with the human rights is integrated in different parts of MGI's sustainability priorities.

Most importantly to mention is MGI's equal opportunities policy as well as MGI's human rights policy which govern the equal treatment of all employees as well as the company's understanding of respecting human rights as a company. The equal opportunities policy is a clear guideline for all employees at MGI about the equal opportunities and the fair treatment of all in the MGI Group and includes actions that will be taken in case of a violation of the policy. The human rights policy covers MGI's approach towards human rights including which universal declarations are being followed as well as the most important aspects in terms of human rights at MGI. Both policies have been revised during H1 2022 and will be made available to all employees during H2 2022.

In MGI's product portfolio, MGI has installed behavioral guidelines that are designed to avoid any forms of discrimination, sexual harassment or any other form of abuse in the company's products and services.

MGI's games portfolio is frequently checked on its political correctness, meaning checking the avoidance of any glorification of violence or drug use (incl. alcohol) as well as the avoidance of sexual content. Additionally, parts of the portfolio have voluntary age restrictions for registering to protect minors. The automated checks are complemented by a stringent community management, which is a central element in MGI's strategy to offer a safe game environment for the players. The community managers are responsible for all communication between the company and the games community and monitor and moderate in-game chats, forums and other communication channels. Moreover, a special services page for complaints about misbehavior is available to all players. Through these actions the team ensures the compliance with the rules and guidelines set by the company. The behavioral guidelines need to be read and accepted by all players before participating in any social interactions and players are sanctioned if the rules are not complied with.

All advertising and publishing partners of MGI are required to follow strict content guidelines that forbid serving prohibited content such as sensitive adult content, violence, drugs or the like. The policy is publicly available on the Verve website (MGI's ad software platform) and the content guidelines are also included in the client onboarding. Additionally, MGI's exchanges and the Verve DSP continue to be integrated with the third-party technology from GeoEdge, which automizes the real time scanning of creatives, in order to prevent showing of malicious creatives (sexual harassment, violence etc.) by providing publishers with an advanced machine learning solution to combat malicious advertising. In 2021, the Verve DSP checked 1,603,879 impressions with potential incidents for a total of 772 incidents. Partners can also directly reach out to the Exchange or the Verve DSP to signal problematic creatives which could have been overlooked and MGI has a dedicated flow to handle such requests. The DSP received 47 complaints from partners in 2021. Additionally, when the Exchange sees incoming bid requests with a COPPA flag (Children's online privacy protection act), they zero out all PII (personal identifiable information) in the request. This means that when publishers specify that the request is coming from COPPA enabled device, there is no user level targeting, and the user data will not be stored.

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 (MGI's games portfolio) 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.

Labor

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 labor;

Principle 5: the effective abolition of child labor; 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 labor, child labor 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.

Implementation

The compliance with the UN principles related to labor are anchored in MGI's sustainability priority "A great team and an inspiring workplace".

For this section, the aforementioned equal opportunities policy as well as the human rights policy are also effective. Both documents have been revised during H1 2022 and will be rolled out to all employees during H2 2022.

MGI is focused on building an equal and inclusive workplace where all employees have the same opportunities to develop within the organization. It does not matter who you are, where you are coming 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. To ensure diversity and equal opportunity during the hiring process, MGI has implemented a competency-based interview process including an unconscious bias training for manager to avoid any discriminatory recruiting. Additionally, MGI has aligned their benefits which apply equally to both full-time and part-time employees across the whole group. Moreover, the flextime policy caters to the different living circumstances of each employee allowing for a work-life balance.

In case of any complaints, employees have the opportunity to report through various channels such as speaking directly with their manager or the HR team, using an anonymous postbox or by using the whistle blowing tool.

Results

At the end of 2021, the workforce of MGI has been distributed as follows: 31.59% female/ 67.86% male/ 0.55% diverse. Within its new hires, the split has been as follows: 29.77% female/ 69.71% male/ 0.52% diverse hires. Overall, MGI employs colleagues from 60 different nationalities. The age distribution has been as follows: 148 employees under 30, 528 employees were aged between 30 and 50 and 52 employees were over 50. 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 an ad software platform with strong first-party games content, MGI is very conscious about the energy needed to provide its games and services as well as of the emissions that the products create not only for MGI as a company but also by the customers using MGI's products. It is therefore the company's aim to firstly introduce measures that can reduce the environmental impact and secondly to educate MGI's customers about a more environmentally responsible use of energy as well as educating them around different environmental issues.

Implementation

The compliance with the UN principles related to the environment is anchored in the sustainability priority "Working towards a greener future", where MGI has grouped our activities linked to its environmental impact.

One important aspect for MGI is to reduce its energy consumption. Whenever possible, MGI tries to reduce the use of energy resources. This means hosting data in the cloud rather than on own physical servers, reducing overall energy consumption. Large parts of MGI's cloud operations are hosted with Google Cloud. Google is investing heavily into switching the energy supply throughout all its operations to carbon-free energy and Google Cloud customers are benefiting from this through the usage of the cloud operations. MGI also continuously adjusts its resource allocation based on game needs and shuts down no longer needed resources. In addition, in the media segment, MGI is actively working on optimizing its bidding processes to reduce volumes to be more efficient with its energy consumption. Lastly, and even before the Covid-pandemic, MGI tries to reduce business trips to a minimum. On average, MGI holds around 24.000 virtual meetings per year and has over 36.000 individual calls.

During 2021, MGI also continued the successful cooperation with Planetly, which was initiated in 2020. While the primary goal of the cooperation is to identify possible potential for emission reductions, MGI has also offset all emissions of 2020 as these emissions lie in the past and can no longer be reduced or avoided.

Lastly, after the successful collaboration with the Eden Reforestation Projects during 2020 and the beginning of 2021, where MGI planted over 200,000 trees in cooperation with its players, MGI decided to permanently support the Eden Reforestation Projects by establishing them as the first permanent charity. MGI has created a permanent website in September 2021 which informs about the project and has regular promotions and events around the topic, which has already generated additional donations for more trees to be planted on an ongoing basis.

Results

While MGI has reported the CO2 emissions for the year 2020 already, MGI is currently still working on the data collection of the CO2 emissions for the year 2021 and is therefore currently unable to report an updated number. The data collection for 2021 is taking more time as MGI is currently improving the tracking systems in order to get a clearer insight into what the largest drivers for carbon emissions are based on each business unit.

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 MGI's 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). In addition, MGI has revised and updated all company policies during H1 2022, and they will be rolled out during H2 2022. This also includes the anti-corruption policy.

Results

No incidents of corruption or other unethical behavior have occurred throughout the reporting period. Moreover, employees are trained on compliance topics.



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