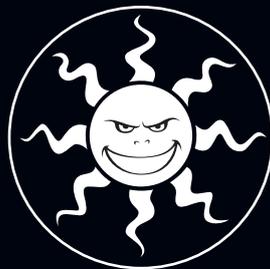


Sustainability Report 2019



STARBREEZE
STUDIOS

SUSTAINABILITY REPORT 2019

Introduction

As of the financial year 2017, larger companies are obliged under the Annual Accounts Act to issue a sustainability report according to certain criteria. For 2019, Starbreeze meets the criteria for preparing a sustainability report for the first time. The Board of Directors is responsible for this sustainability report, which is prepared in accordance with the provisions of ÅRL chapter 6. The sustainability report relates to Starbreeze AB and all subsidiaries in the Group.

A good and safe working environment is an important sustainability issue for Starbreeze. The goal of Starbreeze's work environment work is to create a physically, mentally and socially sound and developing workplace for all employees,

where risks of occupational injuries and work-related ill-health are prevented. Starbreeze continuously evaluates the company's efforts in the field of health and safety at work in order to make improvements in its daily work environment work. Gender equality is also seen as an important part of sustainability work. Starbreeze's gender equality work will follow up and improve equality between employees. Gender issues shall be taken into account and conducted in the company's operations.

The Code of Conduct sets out the basic principles for Starbreeze's business. For example, it regulates how Starbreeze will work against corruption and fair competition. The Code of Conduct

also shows what employees can expect from Starbreeze as employers in areas such as health and safety, safety, human rights, gender equality, health and individual privacy.

With regard to the company's products and a stakeholder in the games industry and the product's marketing, the company shall comply with the labelling in accordance with the regulations and recommendations in force at the time in the respective markets, such as PEGI for the EU, and the ESRB for the United States, on, for example, content and age. Marketing should be ethical, honest and should reflect generally common social standards for what is considered to be good taste and decency.

Business idea & model

Starbreeze is an independent developer, creator, publisher and distributor of PC and console games with a global market focus, with studios in Stockholm, Barcelona and Paris. With the successful PAYDAY IP at its core, Starbreeze develops games based on its own and others' brands, both internally and in collaboration with external game developers

Starbreeze's main business consists of own development of computer and video game games that are wholly or partly financed from own resources. The majority of the company's employees have as their main occupation to develop the company's products, in some parts of

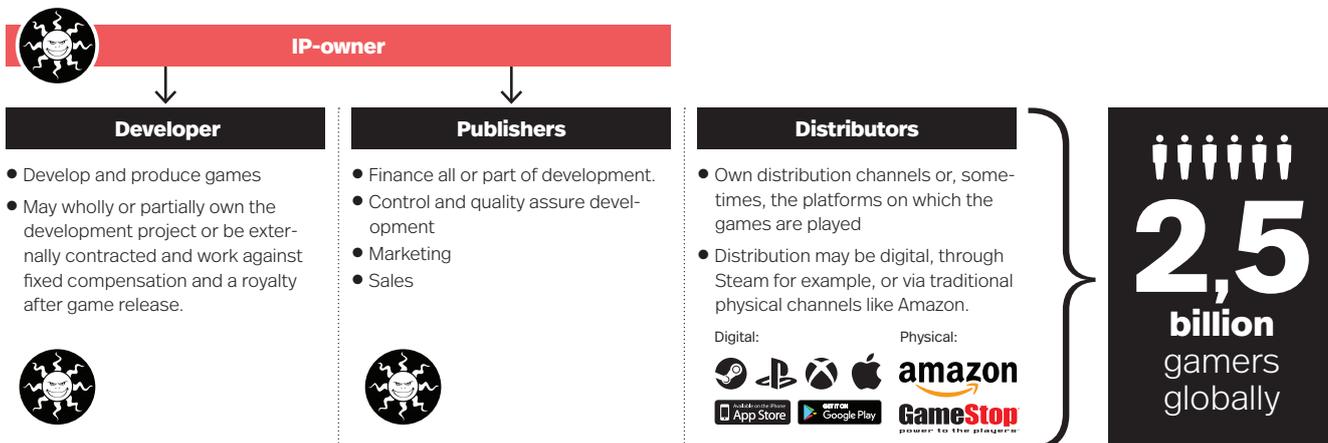
the game development process external teams are also used as work-for-hire resources (outsourcing). The games are then distributed mainly through digital platforms such as Steam, or in partnership with other companies for physical distribution. The company's end customer is the consumers who buy the game through the different distribution platforms or retailers. Starbreeze itself does not provide payment solutions or has a direct relationship to the end customer in the purchasing chain.

Starbreeze develops its own games based on IP Payday for different PC or console platforms. If the game has been

funded on its own, Starbreeze will receive all revenue after the tax and platform fee has been deducted. If the game, on the other hand, has been financed by third parties (in full or in part), they will receive a share of the revenue in the form of royalties.

For self-funded games, Starbreeze takes the cost of distribution and marketing. In cases where there is a co-financier, this cost is normally shared equally. The Company normally has the right to recoup these costs before sharing revenue with any third-party IP owners.

The games industry value chain



Responsibility

Starbreeze's vision, mission, values and code of conduct guide the employees of the social and environmental responsibility the company strives for. The Code of Conduct contains the company's binding guidelines.

All employees within Starbreeze have taken note of the Code of Conduct and the heads of each department are responsible for ensuring that it is complied with in the day-to-day operations.

Environment

The industry Starbreeze operates in itself has a relatively limited impact on nature as most of the business is done digitally and distributed through digital channels. Today, the majority of the company's products are sold via download and Starbreeze strives to sell as much as possible through digital channels instead of physically in stores. The risk to environmental impact in the future is small, as digitalization in society in general, and for the industry and Starbreeze specifically, is increasing.

The company rents its premises, which means that the landlords, accor-

Vision: To create, develop and publish exciting, gameplay focused and community centric games.

ding to agreement, are responsible for electricity supply and garbage disposal/ possible recycling. Starbreeze is responsible for sorting their waste so that they can be handled in an environmentally friendly and responsible way. Starbreeze strives, as far as possible, for end-of-life and outdated equipment to be sent for proper recycling.

Starbreeze strives to save all materials digitally as far as possible and prints documents and the like only when required by law or by the nature of the duties. Invoices are stored and certified electronically. Toner for printers and similar

waste is sorted at source and sent back to the vendor.

Starbreeze strives, both in view of the effects on the environment and from a cost perspective, to replace physical travel as far as possible with internet-based communication, such as videoconferencing. Where possible, the mode of transport with the least possible environmental impact shall be used.

Employees & Social Conditions

Starbreeze is a company that strives for diversity in all aspects. The Group values all colleagues and prospective colleagues equally, regardless of gender, functional variation, religion or sexual orientation. For the company, it is important that no one should experience discrimination in their workplace. This is monitored and acted directly by management.

The fact that Starbreeze employees should perceive their workplace as engaging and with good career opportunities is crucial. The business model requires competent specialists and decision makers at all levels of the company. The technical competence of game developers and leaders, for example, is important, but the model also requires good leadership at all levels of the organization. Work with commitment in the workplace

is continuously driven through the organization.

Starbreeze is a knowledge-based company. Having different experiences and coming from different backgrounds is considered enriching when working with game development. A key issue for the Group is to be able to attract and retain talent. Starbreeze's goal is to be the preferred employer where both diversity, career development and commitment to the workplace are included.

The main risks are discrimination in the workplace and the psychosocial work environment. The goal in terms of discrimination is for 0% to experience it in the workplace. Starbreeze works systematically with the working environment through, among other things, training of leaders to ensure competence and tools

for a better working environment and continuously inform about guidelines and risks for spreading knowledge among our employees. Starbreeze conducts regular evacuation exercises.

Starbreeze aims to ensure that discrimination does not occur with any of the Group's suppliers and partners, but is aware of the risk difficult to control.

Human Rights

Starbreeze has a duty to respect human rights. The risk of human rights violations is assessed as very low due to the avoidance of risk geographies and a high degree of control over the value chain. Starbreeze has high standards of human rights and sees human rights as a core element.

Anti-Corruption

Starbreeze's operations shall be characterized by a responsible approach in all aspects of the company's business.

Starbreeze believes that the risk of corruption is low but follows the code of conduct that has been developed. It regulates that no form of illegal, inappropriate or unethical behaviour is accepted and specifically addresses, among other things, corruption, bribery, fraud, extortion, money laundering and counterfeiting. It also regulates rules for gifts given or received. Employees are asked to take

Starbreeze only operates its own business in countries where employees have good protection and where forced and child labour in the industry does not in practice occur why the company has not seen this as a major risk and therefore has not focused on these particular issues. There is a risk that Starbreeze

part in it at the beginning of their employment and are informed of their responsibilities in relation to anti-corruption and guidelines for gifts and representation. Starbreeze applies a zero tolerance policy to corruption and no suspected cases of such have been detected. The CFO is responsible for the anti-corruption work.

The risk that may occur is that employees do not take part in the Code of Conduct and are therefore not aware of what is unacceptable. It may also be an inability to assess different situations and limits

counterparties may be active in places where forced and child labour occurs and to avoid cooperation with them, Starbreeze relies on contractual requirements to comply with applicable labor laws.

of what is allowed. This is addressed by asking all new employees to read the Code of Conduct, ask questions and sign that they have read and understood. At regular intervals, the entire staff is asked to read it and also sign it.

For deeper details regarding Starbreeze's market conditions, personnel work and business, see Starbreeze AB's Annual Report 2019 on the company's website.



