

SUSTAINABILITY AT PANTAFLIX

It is not only what we do but also what we do not do for which we are accountable.

Molière (1622–1673)

FOREWORD BY THE MANAGEMENT BOARD

Last year at this point in our Annual Report, you were able to experience a world premiere. We presented our first sustainability report. This year we would like to welcome you to the second part in our series: “PANTAFLIX goes greener”.

Some of you are sure to be asking why ESG is of such fundamental importance to us that we are even enshrining it in our corporate strategy. One explanation can be found in our attitude to how the world works. Molière put it well when he said that we are accountable not only for what we do but also for what we do not do.

All of us contribute to climate change in different ways. Studies show that the industrialized world, in particular, with its major corporations is driving this change. As the PANTAFLIX Group, we are not among the major climate offenders of our time but we are also convinced of our responsibility for the environment and society and we therefore accept our share of the responsibility for a future worth living.

In our view, it is too short-sighted to conceive of sustainability one-dimensionally and limit ourselves to environmental issues. As an entertainment company, we have a special role to play in our society. What used to be theater is now film and TV or in the meantime streaming. It was Schiller who said that we see that what is great of every age passes before us on the stage that mean the world. The stage that mean the world now appears on our technical devices. That is the modern stage, but it’s a nice image which illustrates how important the place of media is in our everyday lives. Consequently, we are bringing what is “great” of our present day to living-rooms as well as the displays, screens and movie theater screens in creative fashion, inspiring our consumers along the way.

“We put talent at the heart of everything we do”, that’s our motto and we work with the best creative minds both at home and abroad. We live not only for top-class entertainment but also for sustainable productions, for values such as inclusion, diversity, tolerance and respect.

For us, it’s not just important to produce entertainment but also to tackle social problems. We do not shy away from working with our partners to draw attention to uncomfortable issues. One example is the latest collaboration of our film production subsidiary PANTALEON Films with Sky Studios and Indiana Production for the thriller series UNWANTED. Here, we draw our audience’s attention to the worldwide refugee crisis, human trafficking and the lack of willingness to accept refugees.

Our self-image of collective responsibility and the special role we play as media creators in society leads us directly to our corporate philosophy. In it we combine both the environmental aspect and the social concerns of our employees besides financial profitability. We want to embrace sustainability and put economic, social and ecological tenets into practice. In our view, ESG is not just a marketing tool but a conviction. As a Management Board, we want to share it with all our employees and turn it into a reality at PANTAFLIX.

We are delighted to be able to present to you now in the following section the progress we made in this area in 2021 and our plans for the future.

SUSTAINABILITY STRATEGY

As a globally positioned entertainment company, we, the PANTAFLIX Group, stand for creative entertainment of the highest class. In the PANTAFamily – management and employees – we offer everything that inspires fans of moving pictures and audio. As the PANTAFamily, we pool creativity, talent and technology within the subsidiaries of the PANTAFLIX Group. The subsidiaries reinforce each other through synergy effects, thus boosting the value of the entire PANTAFLIX Group. Within the Group, we not only create entertainment that inspires but also play an active role in championing the future. Sustainability is a challenge and an opportunity at one and the same time, and for us it’s a top priority! That is why sustainability forms part of our corporate strategy. In this way, we can minimize risks, maximize opportunities and create a working environment in which everyone feels at ease. We take responsibility. To ensure the best possible ecological footprint, we treat resources sensibly and promote initiatives and partnerships for a better, more sustainable future.

Sustainability for us is a matter for the Management Board. Responsibility for sustainability issues in the whole Group lies with Stephanie Schettler-Köhler (COO of PANTAFLIX AG). In 2021, we defined an ESG team from employees of different business units to ensure that our sustainability strategy reaches all the Company’s processes.

Our sustainability strategy stands for Environment, Social and Governance and it is enshrined in our business model. It creates value added for our stakeholders and is based on four principles:



STAKEHOLDER ANALYSIS

As a global enterprise in the media and entertainment sector, consistent, continuous dialog with our stakeholders is paramount for us. We have analyzed and identified our most important stakeholders. To do so, we established the expectations of these stakeholders and their effect on us as the PANTAFLIX Group. At the same time, it was important for us to find out how we assess our stakeholders. In the process, we distinguished between external and internal stakeholders.

INTERNAL STAKEHOLDERS:

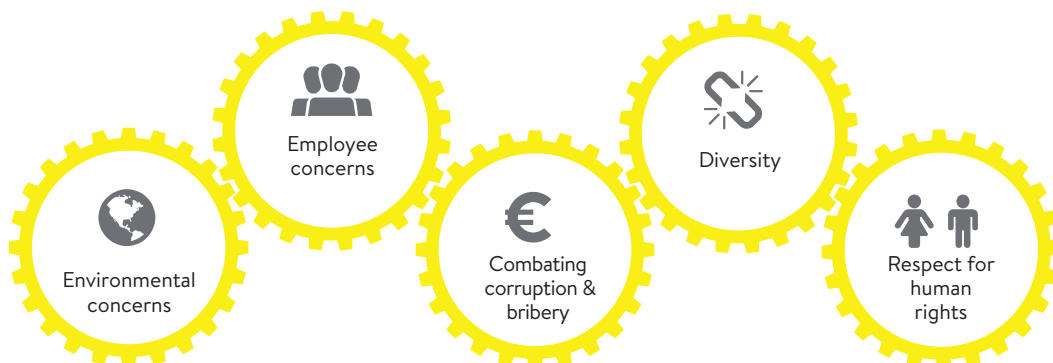
Employees/interns/ volunteers	Founder
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EXTERNAL STAKEHOLDERS:

Investors	Collaboration partners (for the production business)	Lenders/ funding agencies
Society	B2B clients (streaming platforms)	Legislators
Indirect consumers	Auditors	Vendors
Media		

MATERIALITY ANALYSIS

On the basis of the main stakeholders' expectations of the PANTAFLIX Group and our business activities, the main ESG subject areas for the media and entertainment sector were determined in accordance with the UN Sustainable Development Goals (SDG) and SASB requirements – Sustainability Accounting Standards Board. The following entrepreneurial sustainability aspects were also taken into account:



OUR MAIN ESG SPHERES OF ACTION:



OUR GUIDELINES:

THE UN SUSTAINABLE DEVELOPMENT GOALS S

The UN Sustainable Development Goals (SDG) serve as a guideline for all our approaches and activities within the context of sustainability. The SDGs constitute 17 political goals with sub-goals which are basically intended to facilitate global, sustainable growth until 2030. They comprise economic, social and ecological levels. Among the 17 SDGs, we selected nine goals and ten sub-goals which serve for us as guiding principles for our sustainability strategy and as a starting point for defining our sustainability goals:





3. GOOD HEALTH AND WELL-BEING

3.4 Reducing by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.



5. GENDER EQUALITY

5.1 End all forms of discrimination against all women and girls.



7. AFFORDABLE AND CLEAN ENERGY

7.3 Double the rate of improvement in energy efficiency.



8. DECENT WORK AND ECONOMIC GROWTH

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.



10. REDUCED INEQUALITIES

10.2 Empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.



12. RESPONSIBLE CONSUMPTION AND PRODUCTION

12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse.



13. CLIMATE CHANGE

13.2 Integrate climate change measures into strategies and planning.



15. LIFE ON LAND

15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.



16. PEACE, JUSTICE AND STRONG INSTITUTIONS

16.b Promote and enforce non-discriminatory laws and policies for sustainable development.

In order to ensure the greater transparency and measurability of our ESG measures, we selected the following KPIs:

KEY ESG INDICATORS

Environment

	2020	2021	Δ
Electricity consumption*	10,757 kWh	9,295 kWh	-13.6%
Compensation for CO ₂ emissions	165 tons	454 tons	+175%
Proportion of green electricity*	100%	100%	0%

Social

	2020	2021	Δ
Permanent contracts	74%	78%	+5.8%
Fixed-term contracts	26%	22%	-15.4%
Proportion of women (excl. managerial positions)	47.4%	44%	-7.2%
Proportion of women in managerial positions	12.5%	14%	+12%
Proportion of women on Management Board	0%	50%	+50%

Governance

	2020	2021
Codes of conduct	0	2**

* Electricity consumption for the offices in Munich and Berlin combined

** The codes of conduct were planned for 2021 but only implemented in 2022 (March)

ENVIRONMENTAL PROTECTION

What do we have to do with sustainability as an entertainment company? For us, it's part of our identity. We have defined and implemented Environment, Social and Governance as pillars of our sustainability perception in our corporate strategy. The aim is to allow these aspects to permeate all our plot lines by means of tailored measures and to communicate both our sustainability strategy and our results transparently.

As a company, we use resources on a daily basis. We want to protect them, therefore, and commit specifically to protecting the environment. At the same time, environmental protection measures contribute towards reducing costs, among other things by lowering waste or wastewater volumes and cutting energy con-

sumption. That is why we are optimizing our processes for our productions, in everyday office life and in the organization of travel in order to thereby minimize carbon emissions, waste and environmental pollution.

Transport and travel

- Preference for rail travel over flights, above all for short distances within Germany
- Avoidance of unnecessary travel
- Accommodation in hotels using green electricity

Waste management

- “Paperless Office Approach” – no print magazine subscriptions, digital scripts and digital annual reports
- Only reusable glass bottles from Viva con Agua within our offices
- Waste separation in the office

Efficient, responsible treatment of natural resources

- Power-saving devices in the office and production
- Procurement of green electricity from Polarstern
- Sustainable cleaning agents in the office
- Predominantly vegetarian meals in catering

In spite of our efforts to minimize our environmental impact, our productions create unavoidable emissions. In the 2021 reporting year, we produced 454,123.15 kg of carbon emissions. This figure results from an approximate calculation from our productions and our two main offices in Munich and Berlin. We arranged for these emissions to be compensated in 2022 by three climate protection organizations – atmosfair, PRIMAKLIMA and Klima-Kollekte. We offset 454 tons of CO₂ for the emissions that we produced in 2021. This equates to a rise in compensated emissions of more than 175% over the previous year.

atmosfair is a climate protection organization which has dedicated itself to compensating travel kilometers made by plane and ship. It pursues its projects in accordance with the rules of the Clean Development Mechanism (CDM) enshrined in the Kyoto Protocol. The projects correspond to the established gold standard of international environmental protection organizations. For example, climate protection projects in developing and emerging countries are funded, and at the same time, carbon emissions offset. In this way, the funding is aimed at countries already most affected by climate change, improving not only the ecological situation but also economic and social conditions. PRIMAKLIMA is a charitable organization that has been fighting to preserve and reforest woodland areas since 1991 and actively supporting climate protection. PRIMAKLIMA has already successfully realized numerous forestry projects. The charity operates on four continents, relying on the concept of integrated sustainability. Klima-Kollekte is a carbon offset fund through which you can compensate for unavoidable emissions from electric power and heat energy, travel as well as print and paper products. The offset payments are targeted at projects in countries of the Global South, reducing local poverty by empowering wo-

men, protecting health and improving prospects. They also reduce carbon emissions, thereby protecting the climate. Carbon emissions are offset in the process through the climate protection projects of church organizations or their partners.

Besides compensating for our carbon emissions, our direct surroundings are dear to our heart. It is particularly important to preserve Munich’s Isarauen (meadows and woodlands bordering on the river Isar) as a local recreation area both for our employees and for the city and as a habitat for flora and fauna. In the reporting year, we therefore participated in the “Isar Clean-Up” initiative. On September 30, 2021, we collected garbage between the Reichenbach and Wittelsbach bridges. Nine of our colleagues from the Munich office took part in this initiative.

With regard to our long-term, sustainable corporate growth in harmony with the environment, we are considering our future environmental targets. With regard to business travel, we will therefore give increasing preference to train rides in future over flights. In addition, we want to convert to gas (LPG/CNG) and electric cars in our productions and commit to the minimum ecological standards of “Green Motion” for our productions and main offices. The minimum ecological standards were developed by the “Green Shooting” working group together with film and TV sustainability expert Philip Gassmann, the filmmakers’ initiative “Changemakers.film”, the climate researcher Prof. Dirk Notz and the environmental scientist Nils König. These standards serve to achieve production methods in German cinema, TV and online/VoD productions that are more protective of the climate and resources. For a production to be awarded the “Green Motion” label, at least 18 of the 21 obligatory specifications must be met by parts of the production realized within Germany. Parts of the production made abroad must also meet 18 of these “must-have specifications” if more than 25% of the total production costs are incurred abroad. The minimum standards comprise measures from various production areas where the consumption of resources is high and high greenhouse gas emissions are generated. At PANTAFLIX, the observance of these minimum standards represents an important step towards environmentally friendly production methods.

SOCIAL ASPECTS

In the PANTAFamily, the focus is on people. To be able to create entertainment, keep consumers spellbound and inspire them, everybody must feel at ease in the working environment, regardless of their gender, nationality, culture, age or disabilities. To us, it is important that we contribute our share not only towards protecting the environment but also towards an open, fair society. It is therefore for us a statement of the obvious but at the same time a duty to prevent any kind of discrimination. The Management Board considers it a top priority to oppose discrimination and bullying and see to it that our corporate values are upheld and the company is open and just. Together with the managers and gender equality officers, we pursue a policy of zero tolerance.

INCLUSION & DIVERSITY

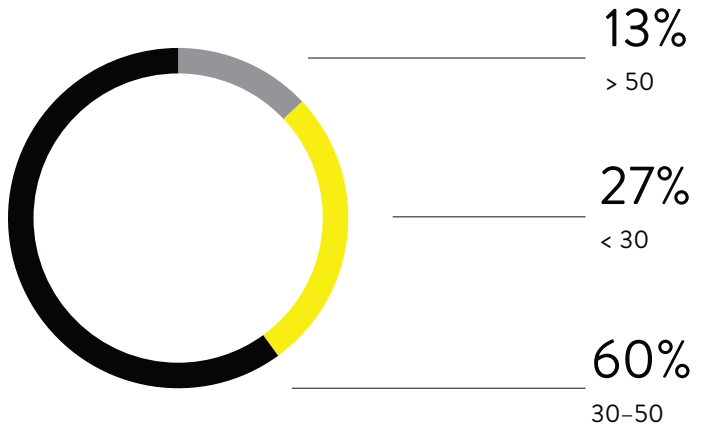
Our zero tolerance policy towards bullying and discrimination goes hand in hand with our commitment to greater inclusion and diversity. We are convinced that diversity of culture, knowledge and personalities harbors great potential to create top-class entertainment. We are sure that the PANTAFamily can only grow sustainably through diversity. We are certain that equal opportunity and fairness must enjoy high status. These two principles serve as a guideline and are put into practice on all levels of the Company. We want to incorporate the subject of diversity into all aspects of our business activities. We want to reinvent the contents of our productions. Our film and series productions grapple with current social issues because we want our range of entertainment to make an active contribution towards reducing all kinds of discrimination. We want to promote diversity not only at PANTAFLIX for our employees but also in our audience and society. We want our content and our story-telling style to play a major role in boosting and championing diversity.

RECRUITING, PROMOTING AND MOTIVATING YOUNG TALENT

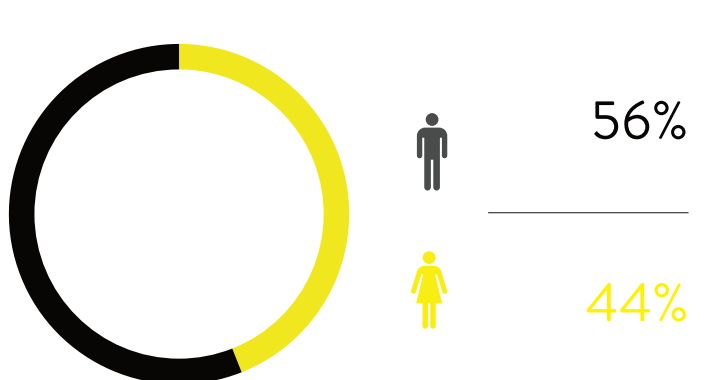
We offer working students, interns and even volunteers the opportunity to gain their first professional experience at the PANTAFLIX Group.

As of December 31, 2021, the PANTAFLIX Group had 48 employees (permanent staff excl. project employees).

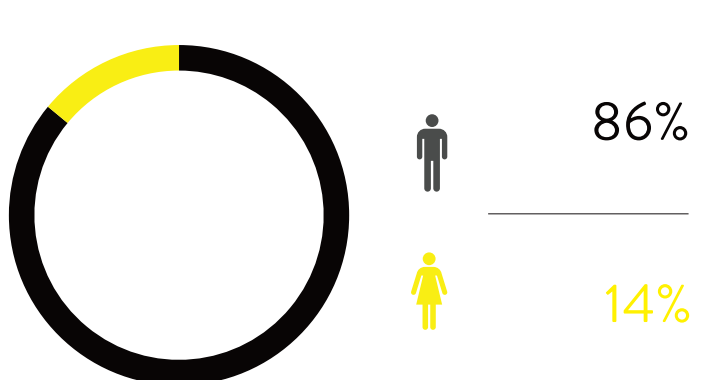
EMPLOYEES BY AGE IN %



EMPLOYEES BY GENDER IN %



MANAGERS BY GENDER IN %



FIXED-TERM AND PERMANENT CONTRACTS FOR PERMANENT EMPLOYEES AS OF DECEMBER 31, 2021



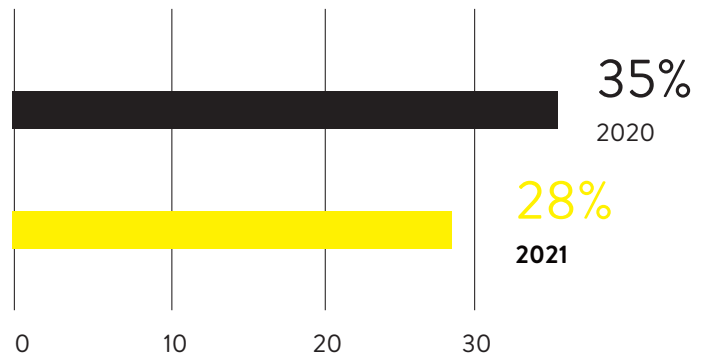
GOOD HEALTH, WELL-BEING & SAFETY

The subject of health and safety for employees at the workplace became the focus for all companies, especially during the coronavirus pandemic. In this situation, in particular, our employees were able to count on management to implement health and safety measures. Besides health and safety at the workplace, the well-being of our employees was a particular concern of ours – also before the pandemic. To give our employees greater flexibility, we had already broken up the rigid “9 to 5” concept before 2020. Since last year, our employees have been able to work in their home office two days a week. In this way, young families, above all, can more easily reconcile work and family life. We also offer our employees the chance to take part in online fitness programs and use job bikes. A balanced, healthy diet also forms part of a person’s good health and well-being. That’s why we put the focus on fruit instead of sweets in the offices and ensure largely vegetarian catering at the productions.

FURTHER EDUCATION & GROWTH

Growth on a personal and professional level contributes to the sustainable success of the PANTAFamily. In this spirit, we would like to support each of our employees with training and further education offerings. We also offer recurring interviews with managers to openly communicate needs and desires. The aim is to provide constructive feedback to ensure that employees can grow individually.

STAFF TURNOVER (ACCORDING TO SCHLÜTER) YEAR ON YEAR



SOCIAL LICENSE TO OPERATE

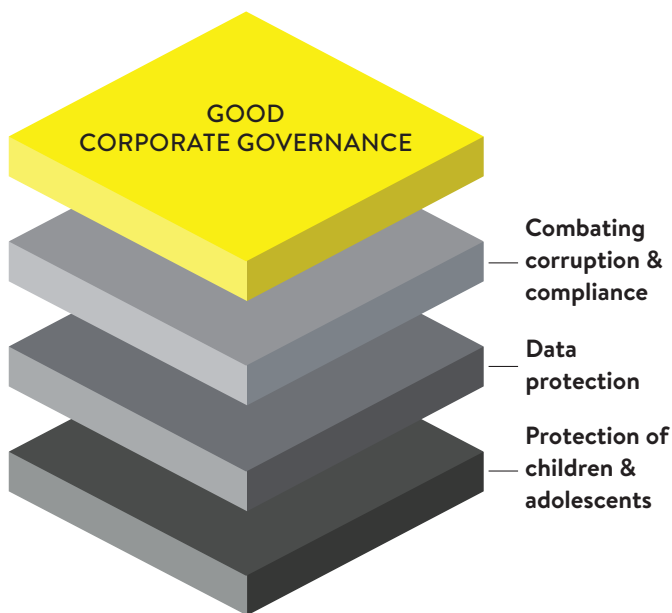
We know how important it is to enjoy good neighborly relations with the local community. In this respect, we are aware that our actions have an impact on our immediate society and that we need a so-called “social license to operate” to enable us to operate successfully, now and in the future. But that is not the only reason why we commit to various projects but also because it is important to us to give something back to the local community. Even before the pandemic, we were supporting the association Sucht- und Jugendhilfe e.V. with donations. This association works to prevent drugs in schools. Drug-related criminality in schools has risen dramatically in the last few years. This problem, however is being ignored in some schools. The association takes this as its starting point, educating pupils, teachers, social workers and parents. Our donations are used for the association’s activities at the Isar Secondary School which is just a few meters from our head office in Munich.

With the Isar Clean-Up, we are not just actively combating environmental pollution and protecting the environment but also at the same time fighting to preserve local recreation areas for everybody in the Munich area.

As PANTAFLIX, we are not only taking a stand against climate change with our ESG strategy but also proactively helping to overcome the climate consequences already making themselves felt. We therefore donated EUR 10,000 to the victims of the catastrophic flooding in the Ahrtal valley in 2021 and EUR 2,000 to the “RTL Spendenmarathon 2021” telethon.

GOVERNANCE

We see good corporate governance as the key to securing our lasting success. The image of the Company, our reputation and good relationships with authorities are essential for prevailing in the market over the long term. Acting sustainably means, above all, complying with national and international laws and regulations. Our corporate culture is based on legality, integrity, trust and transparency. Our management style rests on three pillars to ensure that we satisfy stakeholders and their expectations.



COMBATING CORRUPTION

At PANTAFLIX, we combat and reject any form of corruption. Corruption destroys trust and the reputation of the Company, exposing all of us to a considerable risk of liability. Besides laws that we have to obey, we also committed to internal guidelines and rules to govern our actions in everyday business through the preparation of our first code of conduct in 2022. Compliance with our basic principles is not only important for our employees and Management Board members. We also expect our international business partners to observe the laws and our rules of conduct. We set great store by inclusion, diversity, tolerance and respect.

Furthermore, we have committed to implementing a whistleblower system with an external ombudsman office from 2023 to combat breaches of laws and internal compliance rules.

DATA PROTECTION

For us as a media company, data protection is of extreme importance. However, many of our productions and business partners are based in other European countries. Strict compliance with the EU Data Protection Regulation is therefore extremely important to us in this context. That is why we have a data protection officer both for employees and for clients who acts as a point of contact for all questions relating to this subject.

PROTECTION OF CHILDREN & ADOLESCENTS

Children and adolescents have not yet completed their development. Depending on their age, they may not be able to distinguish fictitious representations in films, series or podcasts from reality, or such representations may even trigger traumatic experiences. For this reason, it is not merely our obligation to follow all directives and laws on the protection of children and adolescents but also a very personal matter.