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1. Business model

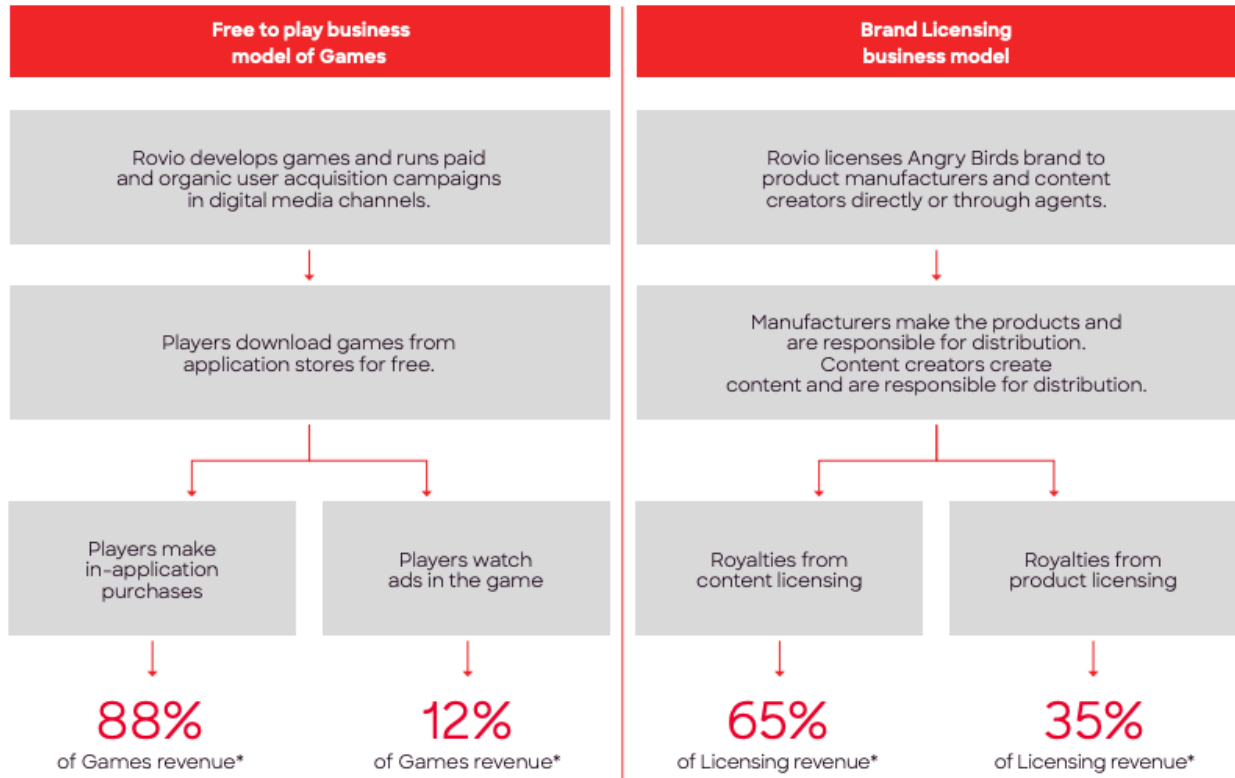
Rovio Entertainment Corporation is a global mobile-first games company that creates, develops and publishes mobile games and licenses the Angry Birds brand for consumer products, movies, animations and other entertainment.

Rovio is best known for its global Angry Birds brand, which started as a popular mobile game in 2009 and has since evolved from games to various entertainment and consumer products through brand licensing. Rovio now has a portfolio of several mobile games and animated series, and it has released two movies: The Angry Birds Movie in 2016 and The Angry Birds Movie 2 in 2019. Rovio is headquartered in Espoo, Finland, and is listed on the main list of NASDAQ Helsinki under the trading code ROVIO.

Rovio's group revenue amounted to EUR 272.3 million euros in 2020. The Games business unit creates, develops and publishes mobile games and explores the future of gaming initiatives. At the end of 2020, Rovio's games had been downloaded more than 4,5 billion times since 2009.

The prevailing revenue model in the mobile gaming market is free-to-play, which means that games can be downloaded and played for free. However, players can choose to make in-app purchases e.g., to progress more quickly, gain access to new content or unlock special features. Rovio's games may also contain ads and by watching ads players can also progress faster or gain alternative in-game benefits. All Rovio games are free-to-play games. The Games business unit accounted for 95% of Rovio's total revenue in 2020.

The Brand Licensing team licenses Rovio's Angry Birds brand and the related characters. The company's licensing business began in late 2010 and at the end of 2020 represented 5% of the Group's revenue. Rovio has about 150 licensees around the world. Licensees manufacture products and produce content according to Rovio's approval process. Each licensee commits to respecting the guidance on Rovio's trademarks and comply with the Rovio Code of Conduct for Partners. Each licensee also agrees to have relevant audits performed. Since 2010, more than 1.8 billion Angry Birds licensed consumer products have been sold, and the Angry Birds animations on channels such as YouTube and Netflix have been watched more than 10 billion times. In June 2020 Rovio signed an agreement with IMG Licensing for exclusive global representation for Angry Birds brand licensing in consumer products and location-based entertainment. This model streamlined Rovio's agency model from sixteen agencies to one.



Graph: 2020.

At the end of 2020, Rovio Group had approximately 480 employees, with the majority working in the Games business unit. Rovio's gaming studios are located in Espoo and Stockholm, and in May 2020 Rovio set up a new studio in Montreal and in June 2020 Rovio acquired a new studio in Copenhagen, now named Rovio Copenhagen. However, Rovio also has employees, partners and subsidiaries based in other key strategic locations such as China and the United States. Majority of the employees are based in Finland.

2. Corporate responsibility focus areas, key figures and management of responsibility

Gaming industry creates many significant positive social and economical impacts mainly due to its entertainment value. Our operations may also involve negative impacts and naturally games and other digital products consume electricity. With our corporate responsibility initiatives, we want to maximize positive impacts and minimize the negative impacts. In December 2020 Rovio renewed its corporate responsibility strategy and clarified the strategic focus areas for corporate responsibility for the future years. Starting from 2021 our strategic focus areas are:

- Safe & responsible gaming
- People & society
- Climate & environment

With safe & responsible gaming we aim to create a safe & enjoyable gaming environment for all our players. As games are made from people to people, we see that the importance of diverse and inclusive work culture and our support to the larger society continues to be one of the areas of focus. Climate & environment combine all our efforts to mitigate our negative environmental impacts and our possibilities to raise awareness on important matters where everybody can act on.

The foundation of updated corporate responsibility strategy is based on Rovio strategy, Rovio mission and values and corporate responsibility materiality analysis. Materiality analysis was conducted in summer 2020 to understand and analyze the stakeholder expectations and themes for Rovio’s corporate responsibility work going forward. The analysis was done through interviews and open survey to internal and external stakeholders, and by Rovio leadership workshop. Total of 182 interviews and survey responses (combined) were received. The results from the materiality analysis are described in the graph below.



Graph: the outcome of Rovio materiality analysis 2020

The Company’s CEO has the ultimate responsibility for the successful implementation of Rovio corporate responsibility. Rovio has a dedicated Corporate Responsibility Manager who is responsible for operational level initiatives and manages a working group which represents members across organization. The group helps to advance the corporate strategy work at Rovio and stays alert on the changes and regulations on corporate responsibility and acts upon changes. Matters related to corporate responsibility are monitored by the Leadership Team.

Table: Rovio's responsibility focus areas, performance indicators and results in 2020.

Safe and responsible gaming	2020
Active involvement in industry development to promote safe and responsible gaming ¹	
Responsibility of licensed products	
New manufacturer commitments ² Scope of manufacturer commitments in very high-risk countries Scope of manufacturer commitments in high-risk countries	19 100% 100%
New social responsibility audit reports from suppliers Scope of audit reports in very high-risk countries Scope of audit reports in high-risk countries	5 100% 31.3.%
Employee well-being and diversity	
Diversity and equality: nationalities share of women/men/others among employees employee age structure (under 35, 35-50, over 50)	53 nationalities women 26% / men 72% / other 2% 47% under 35 50% 35-50 3% over 50
Responsible business conduct	
Coverage of Code of Conduct, Anti-Corruption and Compliance trainings among employees, target is to reach 100% coverage	Trainings are organized regularly and the training coverage is continuously monitored
Environment	
CO ₂ emissions: business travel ³ , total + per person offices ⁴ , total + per person Remote work ⁵ , total + per person CO ₂ emission offset CO ₂ emission offset for players' mobile devices ⁶	Total 154 t, 0.36 t per person Total 190 t, 0.55 t per person Total 10 t, 0.02t per person 100% offset, In total 354 t through UN climate carbon offset platform 18,256 carbon tons offset (CO ₂ e / year) through UN Carbon offset platform

¹ More details in section 2.1 of the report, safe and responsible gaming

² By signing the manufacturer's commitment, manufacturers commit to respecting Rovio's trademarks, complying with the Rovio Code of Conduct for Partners and agree to have relevant audits performed.

³ The figure is based on data obtained from service providers and includes air travel by employees based in Espoo and Stockholm, representing 92% of the Group's personnel. The figures are not available for the other operating countries. Travel emissions were reduced significantly due to COVID-19.

⁴ The figure is based on data obtained from the service provider and only includes emissions for the head office in Espoo. The figures are not available for the Group's other offices.

⁵ Remote work CO₂ emissions are based on the typical set-up: laptop and one external screen. Time period is based on the company's remote work recommendation during COVID-19. Calculation is based on the average amount of employees (470) in 2020.

⁶ Figure is based on the carbon emissions generated by our games' daily active users each charging one top-end mobile device once per day. Calculations are based on Rovio's methodology described in chapter 2.5 Environment.

In its corporate responsibility reporting, Rovio follows the provisions of the Finnish Accounting Act concerning non-financial disclosures, although Rovio is obligated to provide disclosures of financial information only.

In this report, the non-financial disclosures stipulated by the Accounting Act are covered as follows:

Topic required by the Accounting Act	Location in this report
Description of the business model	Business model
Environmental matters	Environment
Employee-related matters	Employee well-being and diversity
Social responsibility	Safe and responsible gaming, the responsibility of licensed products, employee well-being and diversity
Human rights	Safe and responsible gaming, the responsibility of licensed products, responsible operating methods, employee well-being and diversity
Anti-corruption	Responsible operating methods, responsibility of licensed products

2.1 Safe and responsible gaming

Safe and responsible gaming is one of the most important priorities in Rovio's corporate responsibility. It includes both human rights impacts and other social impacts.

Rovio seeks for our players to enjoy a full and fun game experience in a safe environment. While Rovio's Angry Birds games are designed and marketed for adult players, they are always suitable for all audiences. The brand guidelines intended for Rovio's game developers cover topics including the type of language used in games, creating family-friendly characters and emphasizing inclusivity. Rovio puts the player at the center of its activities and constant player feedback is used to refine the games and ensure a safe environment for all.

During 2020, Rovio has bolstered our practices and tooling for the oversight of user-generated content in our games. User-generated content is defined as any kind of content that can be created or customized by players, for example, usernames, chat messages or guild names or descriptions. Rovio uses machine learning-based automated profanity filtering and our player experience team actively engages with our player community to prevent and act on poor behavior. We aim all Rovio games to be free of hate, free of adult-only content, free of harassment and free of activities damaging to our players. Furthermore, Rovio's Player Code of Conduct stipulates what we expect from our players <https://info.rovio.com/hc/en-us/articles/360035036993-Player-Code-of-Conduct> Rovio has designated a Player Safety and Compliance Manager for our games.

Being actively involved in industry development to promote safe and responsible gaming is the key performance indicator for these focus areas. Rovio is a member of an international Fair Play Alliance (FPA, <http://fairplayalliance.org/>) established by gaming companies. The goal of the alliance is to promote fair online gaming by sharing best practices and research between its members. More than 120 gaming companies have joined the alliance.

Rovio has been a member of the FIBS corporate responsibility network since 2014. Moreover, Rovio is a member of Neogames, which is the Finnish umbrella organization for the gaming industry, as well as a signatory to the European Commission's initiative "Alliance to better protect minors online" <https://ec.europa.eu/digital-single-market/en/alliance-better-protect-minors-online>.

Over the years, Rovio has invested heavily in its technology and data related capabilities. Responsible data processing is a core part of Rovio's technology strategy and an area where Rovio strives for continuous improvement. As part of its privacy governance, Rovio has designated a Data Protection Officer to oversee data protection related matters. Amidst a rapidly evolving regulatory landscape, Rovio actively engages with other companies in the gaming industry in an effort to translate new legislative requirements into concrete actions for the industry and Rovio.

Rovio monitors regulatory developments, such as EU-level regulations related to safe internet use and the protection of minors. Rovio is also a member of the German Entertainment Software Self-Regulation Body USK.

During 2020 Rovio continued the work in the UN initiative Playing for the Planet (<http://playing4theplanet.org/>). The alliance was formed in 2019 by Rovio and some of the biggest names in the gaming industry. At the end of 2020 the alliance had 29 members. In 2020 the Playing for the Planet alliance arranged a Green Game Jam event. The purpose of the event was to create awareness on a selected topic through mobile games. 11 companies took part, including Rovio. A reforestation themed in-game event was held in Rovio's biggest game Angry Birds 2 to create awareness on environmental issues. A total of 4.1 million players participated in the in-game event. As part of the joint commitment to take action on climate change, Rovio has offset the carbon impact from its players each charging one device, once per day for two years now (2019 and 2020). Read more on Playing for the Planet Annual Impact Report 2020: https://playing4theplanet.org/2020annual_impact_report/

With respect to refunds for in-game purchases that are accidental or otherwise subsequently regretted by the customer, Rovio complies with the policies and practices of the app stores. Rovio also has its own refund policy for unauthorized purchases - generally classified as friendly fraud - on Google Play. According to this policy, Rovio issues refunds in the first instance to players who report unauthorized purchase(s) and contacts Rovio about this within three months. Along with the refund, players receive instructions for avoiding unwanted in-game purchases. Rovio recommends that in-game purchases should be secured by the player by using any available password protection and that instead of allowing children to use credit cards, purchases should always be authorized by an adult. Guidance on these matters can be found via Rovio's website: <https://info.rovio.com/hc/en-us/categories/360000081067-Rovio-for-Parents> A similar policy does not exist for purchases on the App Store as that ecosystem is maintained solely by Apple.

The risks Rovio has identified related to safe and responsible gaming are mainly related to information security, privacy protection as well as inappropriate in-game behavior and discrimination. Risks related to information security and privacy protection are managed by carefully designed automated in-game processes that minimize the chances of information security breaches. Guidelines for game developers, the monitoring of games and user surveys aim to ensure that games are safe for all players regardless of their age and background. Rovio aims to remain at the forefront of any development in the industry, for instance its involvement with the Fair Play Alliance and other initiatives, constantly monitoring latest developments in order to manage risks.

2.2 The responsibility of licensed products

Ever since Rovio began licensing the Angry Birds brand in 2010, it has emphasized the role that the value chain of licensed products plays in its corporate responsibility, including aspects related to respecting human rights and product safety.

2020 was a very exceptional year for the licensing business. Global COVID-19 pandemic and our operational model shift to one global agent representative (IMG Licensing) materialized in low activity in consumer product & location-based business and relatively low factory audit possibilities. In 2020, Rovio had about 150 licensing partners around the world. All Rovio partners must commit to the Partner Code of Conduct. Rovio's Partner Code of Conduct requires, amongst other things, partners to observe responsible business practices in all their operations and comply with national and international laws, as well as regulations and product safety requirements set by the applicable laws and Rovio.

Rovio has implemented a clearly defined process for conducting risk assessments related to the social responsibility of suppliers and verifying their responsibility. Depending on the supplier's country, the assessment involves various types of assurance procedures as described in the chart below.



The countries where the majority of the products are manufactured were classified in risk categories based on the fulfillment of social responsibility requirements in 2020 as follows:

Very high-risk countries	Bangladesh, Pakistan
High risk countries	China, India, Russia, Mexico
Moderate risk countries	Malaysia, Italy
Low risk countries	Poland, USA

The risk categories are based on information adapted from the Amfori Country Risk Classification. The risk assessments are updated annually.

The key performance indicators for the responsibility of the licensing business are the number of manufacturer commitments and their scope of the total supplier base, as well as the number of audit reports and their scope of the manufacturers operating in very high- and high-risk countries. In 2020, Rovio received 19 new manufacturer commitments and the scope of the commitments was 100% of the suppliers in very high risk and high-risk countries. Rovio received 5 new social responsibility audit reports during the year. The scope of the audit reports was 100% of the suppliers in very high-risk countries and 31.3% of the suppliers in high-risk countries. No significant nonconformities were observed in the audit reports received from licensees in 2020. Rovio accepts third-party audit reports that are based on reliable international standards (such as SMETA & BSCI). In 2020 Rovio did not conduct any direct factory audits.

The safety of licensed products is verified by conducting a product category-based risk assessment on each new licensing partnership in every geographical region. The identified responsibility risks in the licensing business are primarily related to manufacturers' and partners' working conditions, illegal or inappropriate business conduct as well as health and safety risks related to products and events. Risks are managed by imposing contractual requirements on manufacturers and partners, such as the Partner Code of Conduct, by carefully observing the previously mentioned risk assessment practices concerning partners and products, as well as by regularly auditing licensing partners' suppliers and by supporting activity park and event partners on matters related to social responsibility and human rights.

2.3 Employee well-being and diversity

Rovio promotes employee well-being, equal treatment and diversity and inclusion proactively. These are also critical to Rovio's reputation as an employer and company's ability to retain highly competent professionals and recruit the scarce talent in the industry.

Due to the COVID-19 pandemic almost the entire Rovio staff moved to remote working mode in March 2020 as per the local government guidance. Rovio has been operating in remote working mode since then, but the office has been open for employees that have a need to work in the office for a reason. The appropriate measures for safety have been in use when working in the office, such as wearing facemasks, social distancing and use of hand sanitizers. Rovio employees have been creative and implemented new ways of working, introduced supporting tools for remote working as well as for keeping up the company spirit. In order to secure work ergonomics, the company has also provided office equipment at home for staff.

During the COVID-19 Rovio has worked closely with occupational health representatives to address possible employee well-being issues proactively. Employee well-being has also been monitored quarterly on company internal surveys and in regular conversations between supervisors and employees.

During 2020 Rovio took part in the Girls Takeover 2020 day arranged by Plan International. Theme for the Girls Takeover 2020 was 'Girls and Technology' to help promote girls' role in the technology industry and build awareness around this. During the day the participating girl from The Plan program shadowed the CEO Kati Levoranta for a day. She also met with Rovio Head of HR, Head of Business Intelligence, a female game lead and gave a speech to the Rovio Leadership team addressing the girl's role in technology, and what companies could do to improve this.

One of Rovio's competitive advantages as an employer is its Nordic workplace culture. Employees are encouraged to build a healthy work-life balance, which also helps maintain their work ability and boost creativity and innovation. The balance of work and family life is supported by providing remote work opportunities and flexible hours, also beyond unusual circumstances brought by COVID pandemic.

Rovio places a high priority on making work rewarding and ensuring inclusivity in the workplace. Rovio complies with international ILO agreements and the labor laws valid in the countries it operates in. Equality and non-discrimination planning are used to encourage diversity while also preventing discrimination on the basis of gender, age, religious beliefs, nationality, sexual orientation, parenthood or any other reason.

Rovio focuses on employee engagement in all matters concerning personnel and maintains an ongoing dialog to ensure a high level of job satisfaction. Development and career discussions are held regularly between line managers and employees, and all employees have the opportunity to complete a quarterly survey to help Rovio measure job satisfaction and determine which areas need further improvement. In 2020 we launched a leadership development program available for all Rovians helping them to develop leadership skills based on the Rovio values.

In 2020 Rovio continued the partnership with UNICEF Finland and with the Staff for UNICEF donation model. Model allows Rovio employees to give a voluntary set monthly amount towards UNICEF's education program across the world. Rovio then doubles the amount. So far, the donations have made possible for example 18 000 days of schooling for children in low-income countries in Africa and Asia. UNICEF chooses the target for the donation.

In addition, Rovio is supporting UNICEF's Salmaïtou Senegal Project, which aims to give a second chance to the most vulnerable adolescent girls in and out of school. Project has been on hold in 2020 due to COVID-19 pandemic. UNICEF is planning to re-launch the project in March 2021. Rovio also supports UNICEF's Project Giga by donating developers work hours. Project Giga aims to connect all the schools in the world to the Internet.

Diversity is important for Rovio. We are committed to establishing an inclusive workplace. Our perspective towards gender is broader than male or female distribution. Out of Rovio's 480 employees 72% of employees categorize themselves as males, 26% as females and 2% prefer not to describe or have not described the gender. Rovio's average age of employees in 2020 was 36 years. Rovio's employees represented 53 different nationalities.

In the Nordic Business Diversity Index study 2020 Rovio was ranked as number one in Finland among Nordic public companies in the category of mid-size companies, for the second year in a row. The Nordic Business Diversity Index study 2020 included all publicly listed companies with an executive team and board consisting of at least four people from Nasdaq Helsinki main list, and the Large Cap companies from Nasdaq Stockholm and Copenhagen. Altogether 244 companies. The survey studied the company's leadership and Board of Directors using four variables. Variables are based on Securities Markets Associations Corporate Governance Codes: gender, nationality, age and educational background. Link to study [here](#). The gender split in the Rovio

Leadership Team in 2020 was 33% women and 67% men, with the corresponding figures for the Board of Directors being 33% women, 67% men.

Employee-related responsibility risks in the industry are related to issues such as work ability, discrimination, harassment and non-compliance with the terms of employment. These risks are managed by maintaining an ongoing dialog between employee representatives and the management, employee surveys, development discussions, occupational health services and a whistleblower tool. The tool is described in more detail in section 2.4. Responsible business conduct.

2.4. Responsible business conduct

Rovio is committed to respecting human rights and promoting their fulfillment and protection in its operations. Rovio's Code of Conduct outlines the general principles of ethical and responsible behavior standards for Rovio and all Rovio employees and partners. The Code of Conduct and sub-policies are applicable to all Rovio employees, including the employees of its subsidiaries and the members of the Board of Directors. Every person to whom the Code of Conduct applies has the obligation to ensure that they understand the guidelines and comply with the Code of Conduct.

Rovio has a separate anti-bribery policy, which covers matters such as gifts, hospitality and conflicts of interest. Rovio has a zero-tolerance approach to bribery and other corruptive practices. When it comes to gifts and hospitality, Rovio employees shall not give or receive gifts or hospitality to/from current or potential suppliers, customers, or other Rovio stakeholders unless a gift or hospitality is given or received during the ordinary course of business and, in all circumstances, is of moderate value. Cash gifts are never acceptable.

Rovio also has a separate Code to Address Workplace Harassment to ensure that all individuals working at Rovio Group are aware and committed to fighting against all kinds of harassment and bullying and know whom to contact and how to proceed if they have experienced harassment or are accused of harassment. All employees are expected to behave respectfully and courteously towards other employees, clients, customers and partners at all times.

Rovio organizes regular Code of Conduct, Anti-Corruption and Compliance training among employees. The training coverage is monitored, and the target is to reach 100% coverage. Rovio provides a whistleblower tool for employees to report observations and suspected misconduct related to securities market, corruption, harassment and other forms of unethical and unacceptable behavior. In order to ensure proper documentation and confirm the date and time of the incident, the reports are submitted using an electronic tool either anonymously via Rovio's whistleblower tool or non-anonymously by sending an email to whistleblowing@rovio.com (which is automatically forwarded to the General Counsel). Two reports were filed via the whistleblower tool in 2020.

Rovio's risk management policy is described in full on the company's website at <https://investors.rovio.com/en/governance/risk-management>

2.5 Environment

Due to the nature of Rovio's business, most of its operations' environmental impact is indirect. The most significant environmental impact is related to powering players' devices and outsourced server capacity. Rovio actively monitors the environmental impact of suppliers, as well as the measures they take to mitigate this impact. The company also promotes the use of renewable energy sources in electricity production.

Compared to other forms of digital gaming, gaming on mobile devices consumes approximately one tenth (a typical smartphone) or half (a tablet device) of the electricity consumed by a laptop computer during gaming. Console gaming consumes as much as a hundred times more electricity than mobile gaming.

When joining Playing for the Planet as one of its founding members in 2019, Rovio set an ambitious target – to calculate and compensate the CO₂ emissions generated by the mobile devices on which our games are played. We gathered data on our daily active users and split per device (iOS / Android) and made the assumption that players charge their phone once a day due to playing our games (from 0% battery to 100% battery). To finalize the calculations, we worked on the basis that every one of our players owns a top-end Android or iOS device with a high capacity battery. The final carbon emissions amount was calculated using the average US grid electricity emission factor. In 2020 CO₂ emission amount for players' mobile devices was 18,256 carbon tons CO₂e / year. The whole 18,256 carbon tons was compensated through the UN Carbon offset platform.

In addition to players' devices, Rovio pays continuous attention to the environmental impact of its own operations, such as air travel, the energy efficiency of office premises and recycling. While travel is part of business for an organization that operates in an international industry, Rovio aims to use alternative solutions, such as online meetings, as much as possible to reduce air travel and save time. During 2020 business travel was reduced significantly due to COVID-19 restrictions.

The key performance indicators for environmental responsibility are CO₂ emissions generated in our operations and players' charging their devices. Rovio has committed to offset the CO₂ emissions arising from company air travel and the use of office premises. As most of the work in 2020 was done remotely, we've also included CO₂ emissions of remote work to our calculations. The CO₂ emissions caused by air travel amounted to 0.36 tons per person¹ and the CO₂ emissions of offices were 0.55 tons per person². Total estimated remote work CO₂ emissions were 0.02 tons per person³. We strive to offset our measurable CO₂-emissions through certified carbon offset programs. The combined CO₂-emission from air travel, office space and remote work of 354 tons together with 18 256 tons for players' charging their device⁴ was fully compensated through the United Nations climate carbon offset platform.

Rovio's environmental risks are minor, as is typical of office work.

¹ Includes air travel by employees based in Espoo and Stockholm, representing 92% of the Group's personnel. The figures are not available for the other operating countries.

² Only includes emissions for the headquarters in Espoo. The figures are not available for the Group's other offices.

³ Remote work CO₂ emissions are based on the typical set-up: laptop and one external screen. Time period is based on the company's remote work recommendation during COVID-19. Calculation is based on the average amount of employees (470) in 2020.

⁴ Description of the initial calculation method can be found at <https://investors.rovio.com/en/csr-mobile-phone-offset-write-csr-report-and-other-uses-january-2020>