The Good Neighbor Report

Our Progress in Being a Good Corporate Citizen

Cartamundi

Introduction

From extreme weather events and skyrocketing inflation to natural disasters and the start of the conflict in the Ukraine: 2022 was defined by challenges and crises.

It was also the year Cartamundi established a **strategic sustainability plan**. While our corporate performance was pleasing, we became increasingly aware of the need for more sustainable procedures and behaviors to maintain that level of success in the future. For this reason, we implemented a new sustainability strategy that would correspond to our new organization and business model. We made concrete commitments to put sustainable actions, products and processes at the core of our entire business.

This report predominantly focuses on our **four strategic building blocks** for sustainability:

- Live with Joy
- Live with Nature
- Live with Respect
- Live with Integrity

They each enable us to embrace different elements of sustainability in everything from packaging to our relations with our employees and the communities with which we work.

We have focused considerably on reducing our **carbon emissions**. We have also taken steps to improve our **inclusivity and diversity**. We hope to better reflect the communities in which we operate and the different groups that use our products.

We also look at how the **Cartamundi Global Fund**, our philanthropic arm, has allowed us to assist underprivileged people in the different communities in which we operate.

We have written both the full Good Neighbor Report and this executive summary with pride at what we have achieved and the realization there is still much to be accomplished. We are clearly aware of the goals in front of us, but move forward assured of our ability to fulfil them and bring inspiration, hope and joy to the future.
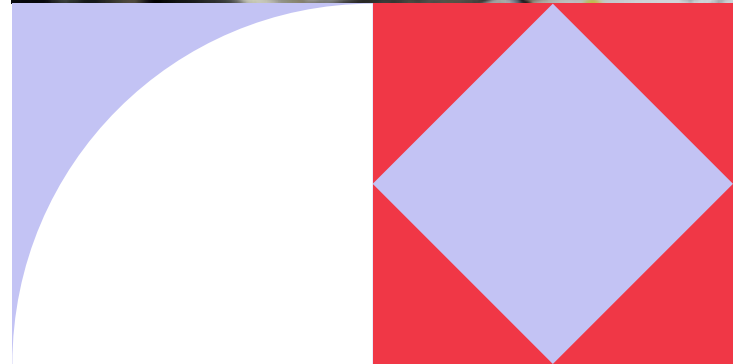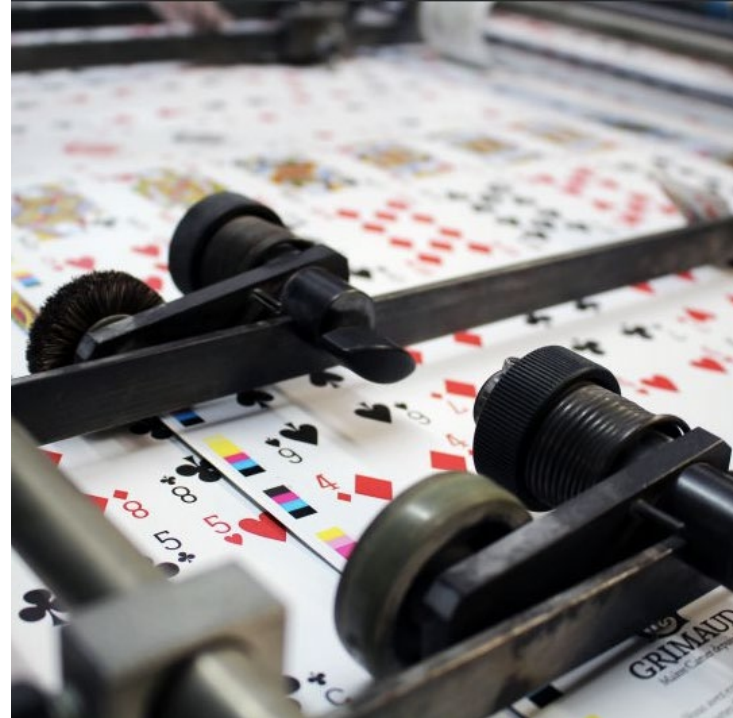
Jean-Louis de Cartier de Marchienne
Chairman – Board Member

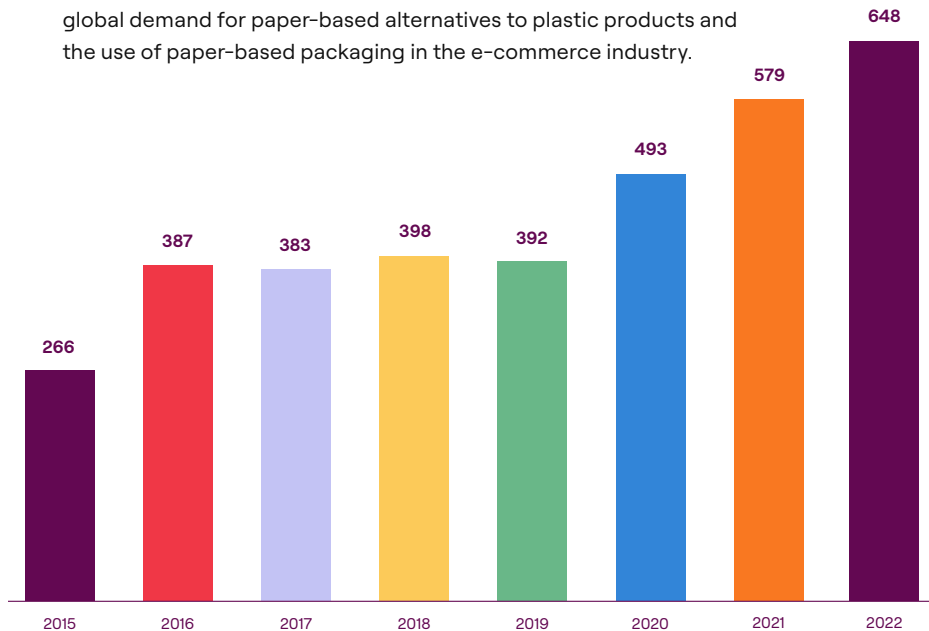**Stefaan Merckx**
CEO Cartamundi Group

Frederic de Somer
Managing Director – Board Member
Permanent representative of Frebrec BVBA

Revenue

(in million euro)

The rise in revenue that Cartamundi has experienced in recent years continued in 2022. However, costs also rose, while the availability of raw materials dropped. This was predominantly linked to increased global demand for paper-based alternatives to plastic products and the use of paper-based packaging in the e-commerce industry.

Revenue bar chart (in million euro):

Year	Revenue
2015	266
2016	387
2017	383
2018	398
2019	392
2020	493
2021	579
2022	648

72 million 'rigid box' games
manufactured

2,972
employees on 4 continents

620 million card decks
sold in 2022

Organization & Business Model 3.0

In 2022, Cartamundi implemented a new organizational business model. Organization & Business Model 3.0 is built around three business units.

- **Entertainment** is focused on products that Cartamundi brings to the market themselves. The most prominent of these are the many, many different types of playing cards.

- **Solutions** covers the cards and board games segment, as well as the collectables and trading cards segments.

- **Digital Ventures** addresses synergies between the physical and digital worlds of our entertainment products, opening the door to mergers and acquisitions with external partners.

In turn, these business units are supported by overarching **enabling services**: Legal, HR and Finance. As well as these, our Sustainability Service provides guidance in all decisions we make and actions we take.

Sustainability Strategy, Organization and Priorities

Our Goal

By 2022, as a company, as an industry representative and as a member of the global community, we had reached the point where we needed a more absolute and goal-oriented approach to future business. This led to the drafting of a complete sustainability strategy and vision for the Cartamundi Group that would correspond with the new Organization & Business Model 3.0 structure described above, to deliver added value across the three business units and the enabling services. Why? Our goal was to concretely **establish sustainability as a defining and directing principle** for the Cartamundi Group.

This called for a full transition. And so we have begun one.

We collaborated with the Brazilian sustainability consultant Rever Consulting to **define the material topics** where Cartamundi has the biggest impact. From these results, we concretely specified, in goals and key performance indicators (KPIs), where we want to be and what we want to achieve by 2030. This is also highly relevant for our various stakeholders, as it establishes whether a material topic has added value for us, or whether it represents a risk.

Below, we look in greater detail at the various steps taken in defining our material topics.

Materiality Matrix

Preparation

We worked with Rever Consulting to ascertain the materials topics that would pose most benefit and least risk to us and our stakeholders. This involved analyzing a large number of documents, ranging from internal documents and policies, to previous sustainability reports, descriptions of how our business functions, etc., as well as **interviews with various internal and external stakeholders**, that enabled us to ascertain their experiences, expectations and views.

From here, we used standards set by the Sustainability Accounting Standards Board (or SASB) to **identify where financial-world interests lie** in relation to our company.

We then analyzed the sustainability strategies of our competitors. Why? By looking at a number of select competitors, we are able to establish a **benchmark for our own activities** and establish how best we might help the environment.

Thirteen Material Topics

The information gathered in these steps was then used to establish insight into our material topics. These are the topics where Cartamundi has the greatest potential for impacting the economy, environment and people. We **identified thirteen material topics** at Cartamundi, analyzed them based on the expectations of stakeholders and society as a whole, then measured or scored their ability to positively or negatively affect our business value.

Materiality Matrix
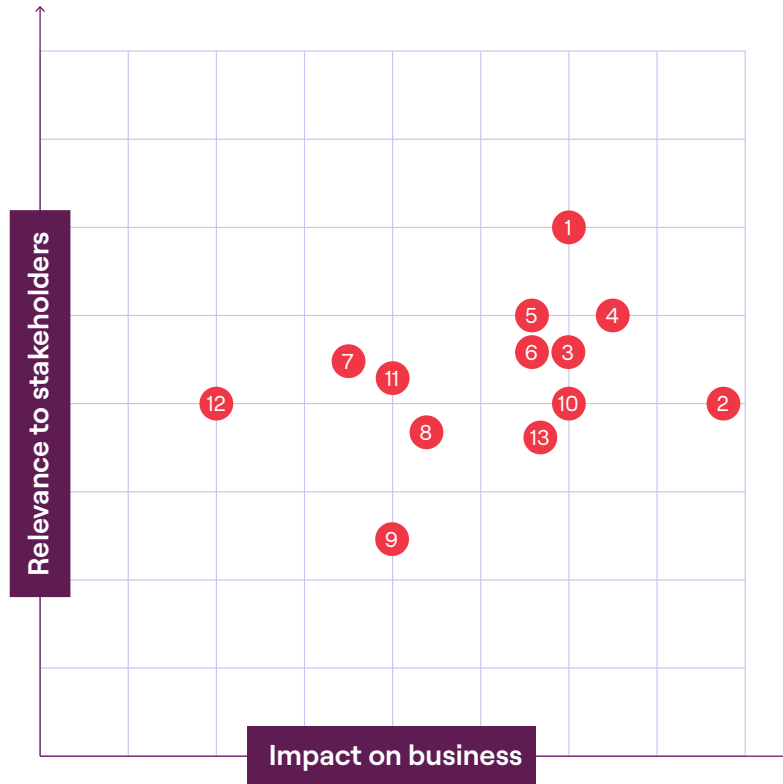
1. Climate Change & Biodiversity
2. Ethics & Transparency
3. Responsible Sourcing
4. Energy & Resources Efficiency
5. Responsible Products
6. Waste & Circularity
7. Diversity, Equity & Inclusion
8. Privacy & Data Security
9. Education & Influence
10. Product Safety & Quality
11. Workforce & Labor Practices
12. Community Support & Philanthropy
13. Health, Safety & Well-Being

Our Sustainability Framework

We interpolated the material topics in a clear sustainability framework to give context to our sustainability strategy.

We believe it is important for use in communication, reporting and in illustrating the direction in which we aim to move. It will **show stakeholders what to do to help us progress together**.

From this, we have established four building blocks for sustainability:

Goals and KPIs

The four blocks form the foundation of our sustainability strategy. Within the four blocks, we define twelve different pillars. For each of these pillars, we set a **short-term goal**, to be achieved by 2024/2025, as well as **mid-term goals** to be achieved no later than 2030. For each of the goals, we set clear KPIs that will be presented on a **strategic, non-financial dashboard** to measure and demonstrate progress. Due to be developed in 2023, the dashboard will be set up in a similar way to our financial and reporting dashboards to also assist us in meeting requirements for the EU Corporate Sustainability Reporting Directive.

Live with Joy

We bring people together through play.

- "Positive Impact Product" Framework
- Product Labeling
- Positive Entertainment

Live with Nature

We play it green.

- Climate Action
- Resource Efficiency & Circularity
- Biodiversity Conservation & Protection

Live with Respect

We play together.

- Working Environment
- Diversity, Inclusion & Equity
- Ethical Sourcing
- Community Support and Development

Live with Integrity

We play it fair.

- Trustful Relationships
- Respectful Entertainment and Digital Environment