



Sustainability in the MERKUR GROUP

Gauselmann entrepreneurial family

Why Sustainability is a
generational topic

ESG

Dimensions of Sustainability
in the MERKUR GROUP context

What is important

The Central Sustainability
Department positions itself
regarding the next steps

**"We must tackle the big and
global challenges resolutely
today and cannot just leave
them for our children and
grandchildren to resolve."**

Paul Gauselmann



Sustainability in the MERKUR GROUP

As a family-run company, we believe we have a special responsibility towards society, our employees, and the environment. This is why *Sustainability* (ESG – Environmental, Social, Governance) has been an integral part of our everyday operations for many years – even without legal regulations and requirements. ESG issues are firmly anchored within our entrepreneurial family as well as the Management Board, where they are supported and promoted.

“Sustainability means thinking in generations and sharing the company’s success. We must tackle the big and global challenges resolutely today and cannot just leave them for our children and grandchildren to resolve.”

Company founder and Chairman of the Management Board PAUL GAUSELMANN is especially proud that this premise is shared and supported by the subsequent generations of his family. ■



ENVIRONMENT
Environmental pollution, greenhouse gas emissions, etc.

SOCIAL
Job security, social commitment, etc.

GOVERNANCE
Company values, control processes, etc.

About us

To meet the increasing social, environmental, and economic requirements – as well as the entrepreneurial family's own high standards – even better, the Central Sustainability Department (CSD) was set up. One of its tasks is to develop and establish comprehensive strategies for sustainable and responsible economic activity.

The department functions as a staff unit and reports to the Finances as well as Marketing, Communication and Political Affairs Management Board divisions. The team is headed up by SEBASTIAN KITZELMANN and NILS RULLKÖTTER. Project managers JOSEPHINE ROSEMEIER and LOUISA PFEIL are the contacts for group-wide ESG issues and are supported by MANUELA BLOEDORN as team assistant. ■



From left to right: Nils Rullkötter, Louisa Pfeil, Josephine Rosemeier, Sebastian Kitzelmann

Sustainability as a Board-level topic

In addition to the entrepreneurial family, the **responsible project sponsors** on the Management Board are LARS FELDERHOFF, in charge of Finances, and MANFRED STOFFERS, who oversees the areas of Marketing, Communications and Political Affairs. Together with their staff, they play a key role in supporting the development and establishment of the new Central Sustainability Department throughout the entire MERKUR GROUP.



Lars Felderhoff,
Management Board member, Finances



Manfred Stoffers,
Management Board member, Marketing,
Communications, Political Affairs

"We are currently seeing that the financial sector is the driving force behind the socially important topic of Sustainability. This becomes directly apparent in our discussions with our banks. There is a very clear expectation that Sustainability management is organised professionally."

"In the political discussion, no one can avoid the topic of Sustainability. This is another reason why I am pleased that the Gauselmann entrepreneurial family and the entire group of companies prioritise this topic so highly."

Anchoring within the company

Successful Sustainability management can only be achieved with the help of vertical, horizontal, and cross-functional integration into the organisational structure, which was successfully implemented across the group last year. In order to keep the interests of the entrepreneurial family in mind at all times, JANIKA GAUSELMANN, granddaughter of the company founder, has assumed sponsorship of the project. She actively consults with the Central Sustainability Department and accompanies the different process phases. Furthermore, a Sustainability Steering Committee was set up last year, which is made up of the members of the MERKUR GROUP Management Board. The Committee functions as a central decision-making body and steers our Sustainability activities.

A uniform, group-wide understanding of Sustainability can only succeed with the support of the various corporate divisions and central departments. We have taken this as an inducement to build a strategy team that works together with the Central Sustainability Department on the essential tasks of Sustainability management and is also available as an advisory body.

The strategy team includes employees from the management levels (managing directors, central department managers, and other representatives of the management levels) as well as experts from the respective departments. As with everything, our success is driven by the efforts of all our employees. The progress of the project is also regularly presented to the Advisory Board of the Gauselmann Family Foundation.

FOUNDATION ADVISORY BOARD

Sustainability Steering Committee

- Making general decisions
 - Review and approval of results
 - Advisory function
- Members:** members of the MERKUR GROUP Management Board

Central Sustainability Department

- Strategy preparation and implementation
 - Overall project coordination and organisation
 - Internal and external communication
- Members:** Sebastian Kitzelmann, Nils Rullkötter, Louisa Pfeil, Josephine Rosemeier

Sustainability Strategy Team

- Strategy and implementation oversight (sponsorship principle)
 - Multiplier function
 - Development of goals and measures
- Members:** managing directors, central department managers, and other representatives

Specialist departments

Human Resources

Purchasing

Energy Management

Occupational Health & Safety and Environmental Protection

Management *Internal Audit*

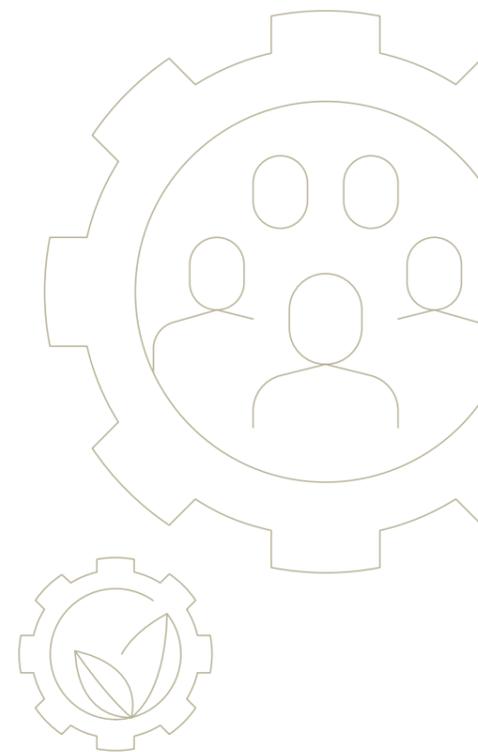
Quality Management

Prevention *Legal*

Compliance

Janika Gauselmann

- Project sponsorship
- Representing the interests of the entrepreneurial family





Environmental protection

Jürgen Wesemann, Environmental and Occupational Health and Safety Management Officer at adp MERKUR GmbH, explains in an interview the MERKUR GROUP's long-standing commitment to the environment in the area of production.

In your opinion, how important is environmental protection within the MERKUR GROUP?

As a commercial enterprise, the MERKUR GROUP is aware of its responsibility towards people and the environment. That's why protecting nature and the environment has become an integral part of our everyday operating activities. I've been part of the group for 45 years and can say from my own experience that environmental management has evolved continuously, and Sustainability projects have become more numerous and diverse.

Where do you see the strengths of ISO 14001 certification in production?

With the voluntary ISO 14001 certification across all MERKUR GROUP production units, we succeeded in 2013 in implementing an international Sustainability standard. This enabled us to establish an environmental policy and corresponding objectives, taking into account legal obligations and information relating to significant environmental aspects at the production site. For us, this not only means support when it comes to minimising environmental risks, but also an impetus to develop our own ideas, such as using environmentally friendly LED technology for operating gaming machines and recycling rental and leased machines.

ENVIRONMENT

Under the heading Environment, we consider those environmental aspects that we as a corporate group can influence.

The main focus will be on strategic climate change action, but environmental protection within our production as well as mindful resource management and the use of renewables are also important pillars for us in shaping the Environment criterion.

What perspectives do you see for the MERKUR GROUP in environmental protection?

The topic of Sustainability is currently being promoted in all areas of society and is now addressed in all companies, thus opening up entirely new perspectives for environmental protection. I'm glad to see that environmental protection is becoming a group-wide issue and is gaining even more traction within our company. The implementation of ESG data management and the introduction of a Sustainability strategy will enable us in future to target environmental protection group-wide in areas where it will have the greatest impact. ■



Photovoltaic systems and wind turbines



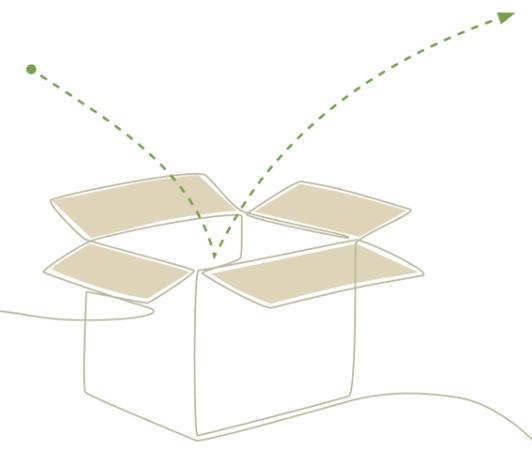
The MERKUR GROUP has been focusing on sustainable power generation for over 20 years. The first renewable energy system went into operation at the Lübbecke development and production location in 1999. With an output of 750 kW, the wind turbine makes an important contribution to the power supply of our plant and we will continue to invest in this technology in the future. In addition, our company operates its own combined heat and power stations. Three of these innovative systems with a total electrical output of 181 kW are installed in Lübbecke and on our Schloss Benkhausen estate in Espelkamp.

However, solar energy is also used to generate electricity: the MERKUR GROUP has 18 photovoltaic systems with an output of around 1,250 kW on the roofs of its own

properties throughout Germany. Lübbecke alone can boast around 500 kW of the overall system output on a roof area of approximately 3,500 m². Taken together, the renewable and highly efficient plants generate over 2.3 million kilowatt-hours of electricity annually.

In addition, charging infrastructure is becoming increasingly important. Currently, the MERKUR GROUP operates three charging stations, at which a total of over 600 vehicles were charged in 2021. Further charging points are already being planned or implemented.

Machine recycling



The world economy depends on businesses to press ahead with new forms of innovation and value creation in response to global pressure. One important element of progress here is the concept of the circular economy. In contrast to the “throwaway economy”, the goal of the circular economy is to extend a product’s life cycle by sharing, leasing, reusing, repairing, reconditioning, and recycling existing materials and products for as long as possible.

Drawing on various business models, for example implementing Product-as-a-Service (PaaS), we have succeeded in establishing the first steps towards a circular economy. In addition, we see the use of technology as a driving force for a successful circular economy. With the help of our product design and the use of a gentle dry ice cleaning process, we can already recondition, recycle, and reuse 50 per cent of the components of national rental and leased machines. ■

50%
recondition,
recycle,
reuse.



Training opportunities

Konrad Ostermeier, MERKUR GROUP's Head of Apprenticeship, explains in an interview the importance of equal opportunities and high-quality education for the MERKUR GROUP.

What contribution does the topic of education make towards Sustainability?

The diverse challenges and opportunities for society as a whole that the topic of Sustainability entails affect young people in particular. It is they who have the greatest influence over future developments and in turn will be affected by them the longest. I see education as a key element because, irrespective of the concrete subject, it has the effect of raising awareness and understanding of the importance of correlations between our own actions, society, and the environment. The dual education approach in Germany imparts the teaching of skill sets that enable young people to find future-oriented solutions to these challenges.

What areas do the educational and training opportunities offered by the MERKUR GROUP cover?

In the MERKUR GROUP, our educational and training opportunities are not only aimed at our trainees, but also at school students. This ranges from projects with partner schools through to career guidance services. While building a drone, for example, students not only gain an understanding of IT and technology in a playful way, but also practise teamwork and project-related work. This has nothing to do with wanting to recruit every student for the MERKUR GROUP, but rather with making a contribution to career guidance in the overall context of the Eastern Westphalia-Lippe (OWL) region. Furthermore, each year we offer 100 students one-day internships within the scope of the KAOA programme ("Kein Abschluss ohne Anschluss" (no graduation without prospects)), an initiative of the state of North Rhine-Westphalia. This also has the purpose of slowly and in a structured way preparing young people to choose the occupation and educational path that best suits their personality and goals.

SOCIAL

The idea that we as a company should give something back to the larger community is constantly lived and promoted by the Gauselmann family. Under the Social focus, we therefore commit to creating fair and safe working conditions, providing access to education and training, and promoting the health of our employees. As a company operating in the gaming industry, we also attach great value to providing gaming fun for our guests and, by the same token, to aligning our gaming offering with the best player and consumer protection under strict quality criteria.

How are apprentices and trainees promoted in the MERKUR GROUP?

The teaching of concrete learning content and the project-based approach are both covered by the training opportunities offered by the MERKUR GROUP, for example through business language courses or working on cross-vocational projects such as the trainee home page. Flexibility is one of the core competences that young people need to develop for their future professional lives. We ensure this by preparing our trainees for constant change by sending them to trade fairs or switching workplaces within Germany or internationally. These special projects and location switches ideally take place in the 2nd year of training. In the final year of training, the focus shifts to the prospect of being offered a job and training for this position accordingly. ■



Player protection

An essential component of social Sustainability involves ensuring a healthy life and promoting well-being, because only by not losing sight of the continuity, the form and improving our social cohesion as a society can we act in a truly sustainable manner. For this reason, we have committed to consumer protection and to raising awareness for the potential risks of land-based and online gaming offerings.

To enable us to meet both the legal requirements and our own corporate quality standards in the areas of player and youth protection, we set up the Central Prevention Department back in 2010. This also requires scientific support, which we receive from an internationally recognised team of experts made up of members of the management and of the Central Prevention Department, as well as independent external experts. ■



Caroline Bückendorf and Tassia Giannopoulos are delighted to receive the "Healthy Employer" award.



Occupational health management

Sustainable economic activity is only possible under healthy working conditions, which is why the mental and physical well-being of our employees is a top priority for us. One important element of this is our occupational health management, which addresses specific target groups. While managers are offered regular, specially tailored check-ups, we familiarise trainees differently, for example by homing in on the topic of nutrition, which plays an important role in their lives characterised by social media. It goes without saying that we also want to take our young employees' perspective into consideration and have therefore set up a dedicated "Occupational Health Management trainee team".

Our measures range from skin screenings and acute physiotherapy consultations to fitness courses such as yoga, Pilates, and back workouts, as well as neuroathletics training and workplace massages.

In order to support our employees' mental health, we also offer them the possibility to consult a social worker in the event of problems and concerns that affect their everyday lives. ■



Channelling mandate

Bastian Scholz, Senior Manager Public Affairs at the MERKUR GROUP, explains in an interview what role the MERKUR GROUP plays in implementing the statutory channelling mandate.

What does channelling have to do with Sustainability?

Actually, channelling is at the heart of our Sustainability activities. That's because the legislator has set itself and licensed gaming providers a legal channelling mandate, which states that through our legal and secure offering we (and no one else) should supervise and steer the population's natural gambling instincts into orderly and supervised channels in order to combat black market activities. This is a strong mandate and it won't succeed without us!

By effectively protecting players and minors, preventing addiction and fraud in the legal gaming market, we strike at the heart of the mega issue of Sustainability. We assume responsibility for the positive development of our society precisely in those areas where our core competences lie and we can do a lot for the common good.

How important is this channelling mandate for the MERKUR GROUP?

The driving force of successful channelling is gaming fun – our brand essence. Only if the legal offering is able to win over players by providing fun and quality can it fulfil its protection mandates. However, the obligations arising from our legal channelling mandate do not end with the gaming offering. In constant dialogue with politicians, authorities, and the research community, we identify channelling barriers in the gaming law regulations and propose targeted improvements. Restrictive regulation renders our offering unattractive compared to the black market. Players are reacting: according to economist Justus Haucap, slot games have a black market share of 30–46 per cent – and this trend is on the rise. If the government takes its channelling duty seriously, it must align the framework conditions for legal providers accordingly.

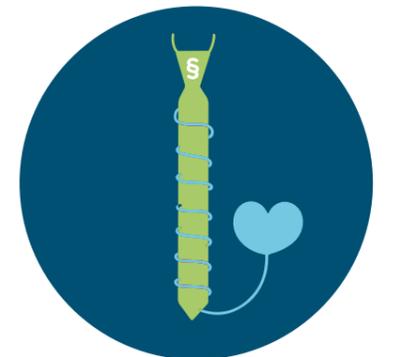
GOVERNANCE

In the context of Sustainability, the term Governance is understood to mean compliance with legal requirements. This implementation of responsible corporate governance is a matter of course for us, especially in the areas of compliance, anti-corruption, and data protection. We also ensure respect for and protection of human rights by rigorously embedding this in our supplier management. Moreover, we understand our contribution towards responsible corporate governance under the channelling mandate stipulated in the German gaming laws to include the best possible enforcement of youth and player protection.

Doesn't channelling the natural urge to gamble into the legal market through the most attractive games possible contradict player protection?

Not at all, the exact opposite is in fact the case. Channelling isn't everything – but without channelling everything is nothing! The German State Treaty on Gambling defines right at the beginning five equally important objectives of gaming regulation in Germany – one of which is channelling.

In fact, however, it is logically upstream of the other objectives. Addiction prevention, youth and player protection, combating fraud and crime can logically only succeed in the legal market – i.e. under the premise of successful channelling. For us, channelling and player protection are therefore always two sides of the same coin. Only if we successfully channel the natural urge to gamble into the legal market through high-quality offerings can we ensure effective player protection there – and only there! ■



Compliance Officer network

The term compliance covers many topics, ranging from data protection and the protection of trade secrets to the monitoring of developments concerning licensing and legislation. As a globally active group, we operate under diverse international legal regimes and therefore expect our Compliance Officers to be abreast of any new developments and continuously monitor changes to enable us to navigate these challenges

reliably and in full compliance with the law. Since 2014, we have held regular Compliance Officer workshops in which we discuss key points of the constantly growing number of laws and regulations worldwide, legal sources for avoiding risks, and new options for action. The network spans 12 nations with 37 Compliance Officers. ■



37 MERKUR GROUP Compliance Officers came together at Schloss Benkhausen for a two-day workshop.



Supplier management

For us, corporate responsibility begins at the source, which is why sustainable procurement principles are an integral part of our supplier management. Through various working groups, we have set ourselves the task to implement social and environmental standards along our supply chains.

We conduct regular risk analyses, supplier surveys, and supplier audits to help us to ensure compliance with our Sustainability criteria in the supply chain. This forms the basis for future preventive and remedial action. ■

Reporting

The Central Sustainability Department oversees non-financial reporting for the entire group with the aim to integrate our current Sustainability projects across the MERKUR GROUP centrally into the strategic alignment and coordination of Sustainability activities. We have already laid the

foundations for successful Sustainability management with the materiality analysis and the stakeholder dialogue, allowing us to look confidently to forthcoming projects.

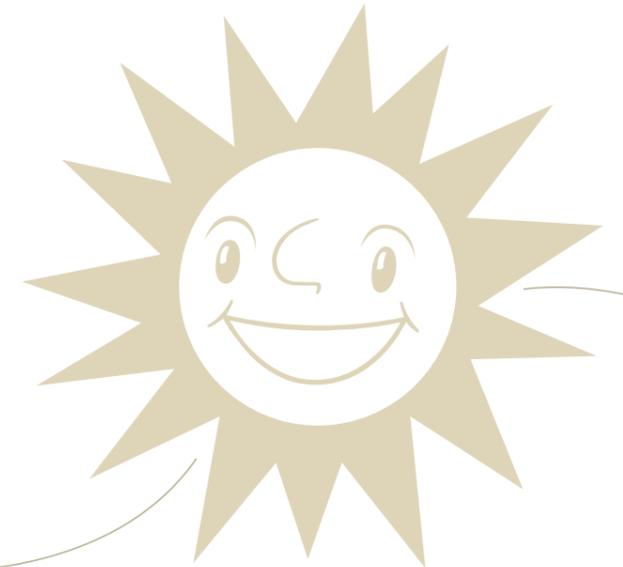


JUNE 2022
Adoption of the CSRD*

FROM DECEMBER 2022
Implementation by EU member states



*CSRD: Corporate Sustainability Reporting Directive.



JANUARY 2025
Start to collect data for report

JANUARY 2026
Start of mandatory reporting for the MERKUR GROUP for 2025

In order to meet the EU's own target of becoming climate neutral by 2050 and thus fulfilling the EU Green Deal, mandatory CSRD* reporting aims to increase the accountability of European companies with respect to Sustainability aspects and to introduce binding reporting standards at EU level for the first time. The CSRD* aims to close existing gaps in reporting requirements and generally broaden the scope of Sustainability reporting. ■

Materiality analysis

79
topics

39
business activities

54
persons involved

10,783
assessments

In order to realign our long-standing commitment to Sustainability with the current challenges, we have carried out a materiality analysis to identify significant ESG topics for the MERKUR GROUP. The materiality analysis forms the cornerstone for future Sustainability reporting. It is also an essential step to be able to develop a Sustainability strategy.

Compiling and assessing relevant ESG topics followed an extensive process to ensure that for all activities in the value chain material topics could be correctly identified and prioritised. This adhered to the guidelines of both the Global Reporting Initiative (GRI) and the Corporate Sustainability Reporting Directive (CSRD).

The starting point for the materiality analysis process was the establishment of a Sustainability Steering Committee and a strategy team. Cooperation with the Board members of the Steering Committee as well as close interaction with the strategy team ensured that all business divisions were given due and comprehensive consideration in the materiality process. In total, more than 30 persons from the MERKUR GROUP were thus involved in the five-month process.

Over the course of ten workshops, interdisciplinary teams looked at different areas of the value chain and assessed both their actual and potential positive and negative impacts on the environment and society, as well as the opportunities and risks they present for the MERKUR GROUP. ■

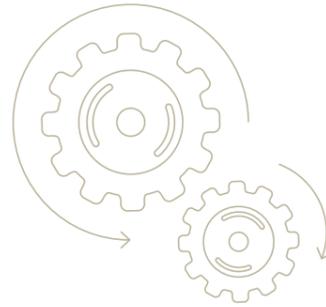
“In the workshops, we processed over 10,000 assessments altogether. The consistently high level of motivation and commitment of all colleagues involved throughout the entire process enabled us to achieve such a high-quality result.”

Josephine Rosemeier, Sustainability Project Manager



INTERNAL ASSESSMENT
EXTERNAL ASSESSMENT
EVALUATION





Stakeholder dialogue

Our products and services impact communities and our environment in different ways. By the same token, our success and reputation are strongly influenced by the perceptions, expectations, needs, and decisions of our stakeholders. In order to complete our materiality analysis and enable us to obtain a 360° view of the material topics, we for the first time conducted a stakeholder dialogue with a focus on Sustainability.

The stakeholder dialogue took place in the form of individual, structured interviews. The key objective was to identify the needs and expectations of external stakeholders and relevant stakeholder groups in the areas of environment, social affairs, and corporate governance. The diverse participants in the stakeholder dialogue included the Player Protection Commission, environmental and social initiatives, educational institutions, politicians, and banks. We plan to further expand our stakeholder engagement in the coming years. ■

“The valuable feedback from our stakeholders and relevant stakeholder groups provided us with new perspectives. This was an important learning experience for us, as it allowed us to harness potential, impressions, and ideas. In justified criticism, we see opportunities to improve and grow.”

Louisa Pfeil, Sustainability Project Manager



15
digital interviews

23
persons involved



Partners in the stakeholder dialogue

- Banks and insurance companies
- Politicians and political advisors
- Media
- Verband Deutsche Automatenwirtschaft (German Amusement and Vending Machine Association)
- Educational institutions
- Player Protection Commission
- Customers
- Municipalities
- Environmental and social initiatives

Sustainability

– what is important to us

“Sustainability reporting makes our commitment measurable and assessable. This will allow us in future to strategically align ESG projects to ensure that they achieve the best possible effect.”

Josephine Rosemeier on reporting



“A transition to sustainable entrepreneurship can only succeed with the help of the right communication. Above all, we have to involve our employees and let the public participate in our improvement process.”

Nils Rullkötter on communication

“In order to be able to define a future-proof strategy, it is essential to ascertain the status quo. A large part of our daily work consists of setting up a data management system that meets the high-quality standards of the MERKUR GROUP.”

Sebastian Kitzelmann on strategy



“Sustainability can only be wholly successful if all actors strive for improvements. As the MERKUR GROUP, we will work determinedly to make our contribution.”

Louisa Pfeil on ESG improvement



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