

Svenska Spel – Communication On Progress 2017

Statement from the CEO

I am pleased to confirm Svenska Spel's continued support for the ten principles of the United Nations Global Compact in Human Rights, Labor, Environment and Anti-Corruption. Svenska Spel is committed to making the Global Compact and its principles part of the company's strategy, culture and daily operations. We also undertake to share this information with our stakeholders through the company's primary communication channels. This report describes the progress made by Svenska Spel in these areas during the period June 2016 - May 2017.



Lennart Käll

CEO

Svenska Spel AB

Principle 1-2 Human rights

Principle 1. Support and respect international human rights within the sphere of business could affect

Principle 2. Make sure that your own company is not involved in violations

Control

- Svenska Spel's Code of Conduct for Suppliers
- Svenska Spel's Internal Code of Conduct
- Svenska Spel's Sponsorship Guideline
- Svenska Spel's Self-evaluation Model for suppliers

Target

Svenska Spel has the following targets for 2016-2018:

- All employees comply with Svenska Spel's internal code of conduct.
- 100% of employees are certified by training in the code of conduct.
- Svenska Spel has a systematic process for assessing whether there is a risk of human rights violations at the company's contractual partner.
- Svenska Spel has zero tolerance for the Group to have an agreement with someone who violates human rights.

Results

Based on the risk analysis carried out on the company's suppliers, the 100 largest suppliers have been identified. A screening is being done to map how they work with human rights.

The company's Code of Conduct for Suppliers is attached to each individual procurement and will be followed up in the future based on a risk-based approach.

An internal mandatory education in the company's Code of Conduct was launched within the company on December 15, 2016. By the end of 2016/2017, 76% of the company's employees had undergone education.

Activities during 2016

Promotes human rights work

Svenska Spel takes a strong distance from human rights violations. By 2016, the work to develop the company's approach and partnerships in sport related to human rights issues continued. Taking responsibility for Swedish sport means for Svenska Spel to see the role of sport in a wider societal perspective. Human rights and diversity are two areas that have received more attention in recent years.

During the year Svenska Spel has taken several major steps forward regarding human rights. As the main sponsor of Swedish sports, it is important that we do our best to help progress in respect of human rights, especially at the sporting events organized in countries that are in many ways lacking in this area.

Guideline for sponsorship

In 2016, Svenska Spel's Sponsorship Guideline was implemented in all sponsorship agreements. The guidelines include the requirement that sponsorship recipients comply with international law and respect for human rights. By 2017, the work to follow up the guidelines has started and will last during the year.

Human rights education for sports federations

On 31 May 2017, Svenska Spel organized an additional compulsory education for sports federations sponsored by Svenska Spel in human rights. What laws and conventions apply, what problems do we see and what can we do are examples of what to discuss during the day. The education is conducted together with CSR Sweden and Parul Sharma, Chairman of the Government Delegation for the implementation of Agenda 2030 - Global Objectives for Sustainable Development.

Principle 3-6 Labour

Principle 3. Maintain freedom of association and recognize the right to collective bargaining.

Principle 4. Eliminate all forms of forced labor

Principle 5. Abolish child labor

Principle 6. Abolish discrimination in terms of recruitment and duties.

Control

- Svenska Spel's Code of Conduct for Suppliers
- Svenska Spel's sponsorship guideline
- Personnel
- Diversity Policy

Targets

- Svenska Spel has the following targets for 2016-2018:

- Employees with a foreign background within the group should be at least 25%, which is in line with the composition of the population in Sweden as a whole.
- Gender distribution among managers should be in the range of 45-55%.

Results

In 2016:

- The proportion of employees with foreign backgrounds increased to 27,5% (25,7%)
- The proportion of female managers increased to 40% (40%).
- The risk analysis did not show any specific risks in the supply chain.

Activities during 2016

Diversity in the workplace and in society

Svenska Spel believes that companies where staff composition reflects society in general can better understand and care for their customers. Diversity also contributes to a creative environment and a better business.

In 2016, a Sponsorship Guideline was implemented, which, together with Svenska Spel's Code of Conduct for Suppliers, has been implemented in all sponsorship agreements. The guideline ensures, among other things, that recipients of the company's sponsorship should comply with international guidelines and actively work for increased diversity and gender equality.

An initiative based on the diversity plan is a collaboration with the company Mitt Liv, which works for an inclusive society and a value-added labor market. Through mentoring, education and expanded contact networks, My Life wants to open doors to the Swedish labor market for people with a foreign background. All employees have reported their interest in becoming a mentor for a person with a foreign background and academic education and the interest was great. The cooperation aims to increase diversity and competitiveness and also the innovative ability. An important and crucial part is recruitment work.

Annual survey of gender equality

In order to ensure a level playing field between the sexes, Svenska Spel makes a survey every year to detect and remedy unreasonable differences in pay for equal work. This year's comparison has not shown such differences.

Follow-up of suppliers

Svenska Spel has approximately 2 300 suppliers and the value of the purchases amounts to approximately SEK 1.8 billion per year. The suppliers are mainly service providers in market-related services and IT. They are mainly located in the EU and the vast majority in Sweden. During the year Svenska Spel's Code of Conduct for Suppliers has been attached to the agreements and a risk analysis has been made for the company's procurement. The analysis did not show any specific risks in the supply chain.

The focus is now on increasing the follow-up of Svenska Spel's code of conduct for suppliers among the company's contracting partner. A screening of suppliers identified continuously in the company's risk analysis regarding human rights has begun in 2017.

Princip 7-9 Environment

Principle 7. Support preventive measures to combat environmental problems.

Principle 8. Take initiative to strengthen greater environmental awareness.

Principle 9. Encourage the development of environmentally friendly technologies

Control

- Svenska Spel's Code of Conduct for Suppliers
- Svenska Spel's Environmental Policy

Targets

Svenska Spel has the following targets for 2016-2018:

- Svenska Spel's Co2 emissions will decrease by 50% between 2010-2020.

Results

During 2016, Svenska Spel reduced its Co2 emissions by 4% compared with the previous year. The company's total Co2 emissions totaled 2016 to 2946 tonnes of Co2. The two biggest items of Svenska Spel's climate impact are derived from missions and material consumption.

Climate Report 2016 also includes a historical description 2010-2014, which includes emissions per employee and emissions per traded krone. Read more in Svenska Spel's climate report 2016:

<https://om.svenskaspel.se/wp-content/uploads/2017/05/Klimatredovisning-Svenska-Spel-2016-1.1.pdf>

Activities during 2016

Svenska Spel has calculated emissions of greenhouse gases since 2010, resulting in annual climate reports. In addition, Svenska Spel's environmental council has revised focus areas, goals and activities in the environmental field during the year.

By continually improving environmental measures within the company, we have come a long way. Composting, recycling, switching to LED lighting, optimization of ventilation systems, waste heat recovery, switching to digital displays, reducing material usage, etc. are examples of activities carried out within the company.

During 2016/2017 a comprehensive energy survey was conducted to identify new areas of improvement in the area.

Svenska Spel sets environmental requirements in all procurement based on a risk-based approach.

Principle 10. Anti-Corruption

Principle 10. Companies shall work against all forms of corruption including extortion and bribery.

Control

- Svenska Spel's Code of Conduct for Suppliers
- Svenska Spel's internal code of conduct
- Group Privacy

- Risk Policy

Targets

Svenska Spel has the following targets for 2016-2018:

- Svenska Spel has zero tolerance for the Group's products and services being used for criminal purposes, for example money laundering and match fixing.
- Svenska Spel has a well-functioning whistleblowing system for employees.
- No reported complaints from customers and other stakeholders regarding improper handling of customer data.
- Employees comply with the code of conduct and 100% of employees are certified in the code of conduct through education.

Results

By 2016, 0 notifications has been received via the whistleblowing function, which has been handled according to the company's routines.

The Act on Money Laundering and Funding for Terrorism includes the Swedish Games Casinos. The casinos have clear routines and the staff are trained continuously in the area. All suspected cases of money laundering within Casino Cosmopol are reported to the Financial Police in accordance with the Money Laundering Act. In 2016, 327 cases of deviating money transactions were reported.

By 2016, we have reported a (1) case of suspected match fixation to the police.

Activities in 2016

Systematic work against unethical behavior

Svenska Spel works to visualize and prevent all forms of unethical activity linked to the business, both internally and externally. Customers will feel confident that Svenska Spel counteracts game-related corruption so that gaming is safe and fair.

Svenska Spel's internal code of conduct summarizes the company's work for responsible action. The purpose is to clearly describe how Svenska Spel performs within the company, towards customers, suppliers, agents, business partners and the outside world.

Svenska Spel is clear that the activities cannot be used for money laundering or other crimes. Integrating game responsibility and game security in the products and distribution is an important part of the work. Different game patterns are reported to police if there is suspicion of a criminal act.

Svenska Spel has a whistleblowing system where employees can report irregularities within the company.

Increased fight against match fixation

Match fixation, ie fixed matches and manipulated results, is a common problem in Europe and it also occurs to some extent in Sweden. Svenska Spel adds considerable resources to combat development in this area. Match fixation is a growing problem and a big threat to primarily the race athletes but also to the gaming company and its customers. Svenska Spel is strongly involved in the issue and has always worked to counter match fixation by analyzing and investigating suspicious transactions and deviant game patterns. Svenska Spel has worked out routines in the field and refrains from offering games where results can be easier to manipulate. With mandatory registration of games, Svenska Spel has a better starting position for tracking

and investigating events.

Athletes, coaches and leaders belong to a risk group when it comes to developing gambling problems. Therefore, together with the Swedish Elite Football, we developed the interactive training "The backside of gambling", which is aimed specifically at athletes. During the year, all elite players in the top two divisions has been educated in responsible gambling and match fixing.

In 2016 we, together with the Swedish Sports Association and Swedish Football Association, submitted a proposal for a change of law in the lottery law to punish match fixing. Together with the Swedish Sports Association we have also introduced a feature where whistleblowers can report suspicions about manipulated sports events. With mandatory registration, we have better opportunities to track and investigate events. We do not offer games where results can be easier to manipulate, such as games in lower divisions or on individual match events.

Svenska Spel cooperates with the Swedish Sports Association, and is involved in financing a service at the Association which is responsible for information in the field and for coordinating work towards the specialized sports associations.

Handling of illegal games

Svenska Spel regularly checks whether there are illegal slot machines with business partners and agents. If the vending machines are not removed after request, Svenska Spel terminates the partnership. In 2016 0 agreements (1) were terminated due to illegal gaming machines.

New EU-directive

A new EU directive sharpened the EU's money laundering rules in 2016. From 1 July 2017, a new money laundering lawsuit will begin in Sweden, which also means that gaming companies operating under the terms of the lottery act are covered. For Svenska Spel, this means big changes when the entire group will have to follow a new law. Work on adapting the business to the new legislation has been going on for a long time and is extensive and very costly. In addition, in 2017, compulsory education will be carried out with all employees.

Security at the casinos

Svenska Spel works with the Finance and other authorities to counter crime at the casinos. Casino Cosmopol refines methods, trains staff, and further develops systems and routines under the supervision of the Lottery Inspectorate. All guests are identified, registered and camera monitored.

Other

At the moment, a comprehensive investigation of the Swedish gambling market is underway, with the aim of a new gambling regulation to come into force by January 1, 2019. The purpose of the Swedish gambling regulation is to regulate is that gambling about money should be conducted in a way that is healthy and safe under State control.

This means that gambling, as far as possible, are to be channeled to a gambling company with gambling license in Sweden. The gambling in Sweden should be kept at a reasonable level. In addition, the gambling act shall be applied so that:

1. Gambling is given high consumer protection,

2. There is high security in gambling,
3. The negative consequences of gambling are limited, and
4. Money games are not used as support in criminal activities.

