

***intralot***

# Corporate Responsibility

## Report 2016



integrity



# 2016 REPORT

## CORPORATE RESPONSIBILITY

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**Sokratis P. Kokkalis**

Chairman, INTRALOT Group

## Message from the **Chairman**

INTRALOT's success as worldwide leader in gaming technologies and services in regulated markets was based on its unwavering commitment to progress and excellence. For 25 years, we have consistently served our clients to deliver revenues for good causes, exercised the highest ethical and labor standards and built a culture of partnerships and shared vision with local partners, which offered portfolio synergies and local market knowledge.

Although with a long history and tradition, the industry we are serving has come to realize that transition to the digital era has to be fast, but also consistent with its solid principles of responsibility and social contribution.

INTRALOT adheres to Responsible Gaming international standards and principles and offers secure, reliable and transparent products and services to gaming markets around the world according to the Responsible Gaming Framework Certification for Associate members by the World Lottery Association (WLA) for its global lottery operations, as a result of INTRALOT's products and services and sound Responsible Gaming practices adopted and implemented.

Applying modern standards in pursuing sustainable growth strategies has been part of our key strategic development and growth practices. Every year, INTRALOT seeks to improve its reporting and adapt to evolving international best practices. It is my strong belief that our 6th Corporate Responsibility Report makes important steps towards this direction and helps all Stakeholders rally behind this goal.



**Antonios I. Kerastaris**

CEO, INTRALOT Group

## Message from the **CEO**

During 2016, INTRALOT had the opportunity to demonstrate concrete results stemming from new strategic direction and far reaching reforms implemented the previous years. The main driver has been the need to offer products and services that guarantee a secure transition to the digital era to our clients and the communities we serve.

Under the strategic direction of Digital Transformation, we have designed platforms for personalized offerings that serve the 'All about the Player' Product and Services strategy, while increasing transparency and security with products and focusing on getting to know our clients better. System security and reliability are cornerstone attributes for every product and service portfolio in the digital era. Player data protection is also paramount for sustainable growth and flexibility is also important as clients develop a trend to integrate best-of-breed solutions.

During 2016, we applied extensive merger and acquisition transactions that created new strong partnerships in our business development, as well as portfolio enrichment and diversification. Partnerships require strong commitment to shared values, which need to be clearly articulated and promoted. Hence, extending our measurable outcomes of our policies and corporate responsibility has helped us apply our core strategies throughout the year.

Our commitment to responsible practices and sustainable growth through consistent efforts in the past six years has strengthened our overall profile as corporate citizen and member of the UN Global Compact and all the leading associations in our sector around the globe, constantly evolving and adapting to new responsibility standards.

I am very encouraged by the enthusiastic acceptance and adoption of modern responsibility practices from all members of the INTRALOT workforce and the continuous progress recorded year after year in accurate and reliable reporting.

**A global  
corporate citizen**  
committed to **excellence**  
and **sustainable growth**

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INTRALOT Group



# 1. Strategy and Worldwide Presence

INTRALOT is a public listed company established in 1992, with €1.3 billion turnover and a global workforce of over 5,300 employees in 2016. The Company is a leading gaming solutions supplier and operator active in 52 regulated jurisdictions around the globe and offers flexible, stable and secure gaming products and services to lottery and gaming organizations across geographies.

On average, INTRALOT handles €23.4 billion of wagers per year and has installed and operates more than 300,000 of its proprietary terminals around the world.

INTRALOT has recently invested in a next-generation portfolio of products and services to support Lotteries' modernization with digital solutions that focus on the players' modern needs and offers entertainment experiences through all distribution channels, across all verticals (Lottery, Betting, Interactive, VLT). The new "All about the Player" product design strategy addresses modern consumer trends and harnesses IT potential for big data analytics and a personalized playing experience. INTRALOT has adopted a global growth strategy designed around synergies with local partners, which aims to expand its market penetration capacity and diversify its product portfolio in local markets.

As member of the UN Global Compact, INTRALOT is a global corporate citizen committed to sustainable development and is an active proponent of the principles of Responsible Gaming, being awarded with the WLA Responsible Gaming Framework Certificate. The Company maintains the highest security certifications, as INTRALOT is the first certified international vendor in the gaming sector according to the WLA Security Control Standard in 2016. Moreover, the Company has been certified with the ISO 27001 for its Information Security Management System (ISMS) and maintains the ISO 20000-1 certification on Information Technology Service Management.

## The gaming industry

The gaming industry consists of lotteries, casinos, sports betting and horse racing, bingo, gaming machines and online gaming. The total Gross Gaming Revenues (Gross Turnover minus the amount paid to players' winnings) including the interactive operations for 2016 was estimated to be €355 billion, according to H2GC, the leading source of data regarding the global gambling industry. The industry is expected to increase at €402.6 billion by 2020, with a 3.2% Compound Annual Growth Rate (CAGR).

### Global Gross Gaming Revenues

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR 2016-2020
Africa	2.5	2.6	2.9	2.9	3.2	3.3	3.4	3.6	3.7	3.9	4.1%
Asia	98.7	106.8	117.7	122.5	109.1	109.8	113.7	118.1	122.9	128.3	4%
Europe	90	90.9	90.6	92.3	94.1	97.4	100.2	103.3	105.6	109.2	2.9%
Latin America	7.5	8.1	8.3	9.1	9.5	9.9	10.3	10.7	11.1	11.4	3.4%
North America	109.7	112.2	110.9	113.9	116.2	116.9	121.6	124.7	127.5	130.5	2.8%
Oceania	15.4	15.9	16.2	16.6	16.9	17.4	17.9	18.4	18.8	19.3	2.6%
<b>GLOBAL TOTAL</b>	<b>323.8</b>	<b>336.5</b>	<b>346.6</b>	<b>357.3</b>	<b>349</b>	<b>354.7</b>	<b>367.1</b>	<b>378.8</b>	<b>389.6</b>	<b>402.6</b>	<b>3.2%</b>

Source: H2GC, Global Summary May 2016. Figures for 2016-2020 are estimates. Amounts in billion euros.

With a combined gaming market share of 65% in 2016, North America and Asia represent the largest regions, with casinos generating the majority of GGR in both regions (32% of the Asian GGR and the 54% of the North American GGR). The gaming market addressed by INTRALOT features 66% of the total GGR and includes lottery games, sports betting, horse racing, gaming machines, interactive gaming and other activities, such as bingo, without including casinos and Native American (i.e. Indian) gaming.

### Gross Gaming Revenues per product

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR 2016-2020
Betting	39.8	41.2	43.2	47.2	48.7	50.9	52.8	55.4	57.2	60.2	4.3%
Casinos	119.5	126.2	131.7	133.6	122.2	122	127.7	132.3	136.4	140.6	3.6%
Gaming machines	59.2	61.2	61	62.1	63.1	64.4	66.1	67.7	69.5	71.4	2.6%
Bingo / Other	11.9	12.2	12.5	12.5	12.7	13.1	13.4	13.7	13.8	14.1	1.9%
Lotteries	93.4	95.7	98.2	101.9	102	104.3	107.1	109.7	112.7	116.1	2.7%
<b>GLOBAL TOTAL</b>	<b>323.8</b>	<b>336.5</b>	<b>346.6</b>	<b>357.3</b>	<b>349</b>	<b>354.7</b>	<b>367.1</b>	<b>378.8</b>	<b>389.6</b>	<b>402.5</b>	<b>3.2%</b>

Source: H2GC, Global Summary May 2016. Figures for 2016-2020 are estimates. Amounts in billion euros.

However, not all jurisdictions are on the same stage of their development cycle and they have their own distinct dynamic. The main drivers of their development cycle include:

- ▶ The introduction of stable and clear regulatory regimes, which aim to improve the gaming perception as an entertainment activity and provide additional security and responsible gaming frameworks to players.
- ▶ The product innovation, which focuses to integrate mobile into the retail playing experience, innovate and optimize retail operations, create seamless player journey towards the omni-channel model, as well as innovate game content and business processes.
- ▶ The market's liberalization, which forces companies to comply with different requirements in each country, such as tax rates, license fees and technical solutions against unlicensed operators. This is more evident for online

gaming, where a wide range of restrictions and requirements accompany each new online market.

- ▶ The privatization of activities, which follows the increasing trend from governments to outsource their lotteries' operation or management. Currently, state-run lotteries account for approximately 78% of global lottery sales (including instant tickets and excluding KENO) and privately-managed or licensed operators account for the remaining 22%.

Within the last few years, the industry has witnessed a significant increase in interactive gaming, which includes desktop, mobile and iTV (mainly due to the continuously increasing penetration of smartphones worldwide) and the total interactive gaming GGR is expected to reach €53.2 billion in 2020 (approximately 13.2% of the total global GGR). In terms of products, betting accounts for 48.2% of total interactive gaming, followed by casinos (22.2%), lotteries (10.3%), poker (8.2%), bingo (5.7%) and skill/other gaming (5.4%), with lotteries having the highest estimated CAGR 2016-2020 (15.3%). Currently, betting generates 70% of the global mobile gaming GGR with €8.6 billion, while mobile gaming will account for 32.6% of the total interactive gaming by 2020, with a 15.5% estimated CAGR 2016-2020.

### Interactive Global Gross Gaming Revenues

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR 2016-2020
Africa	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	6.2%
Asia	7.4	8.3	9	9.8	10.5	11.3	12	12.7	13.4	14.2	5.9%
Europe	10.9	12.1	13.3	15.1	16.5	18.3	19.8	21.7	23	24.9	8%
Latin America	0.3	0.3	0.4	0.5	0.6	0.6	0.7	0.8	0.8	0.9	8.4%
North America	3.9	3.8	3.9	4.3	4.6	4.8	7	8.1	8.8	9.7	19.2%
Oceania	1.4	1.6	1.6	2.1	2.3	2.5	2.6	2.8	3	3.2	6.4%
<b>GLOBAL TOTAL</b>	<b>24</b>	<b>26.2</b>	<b>28.3</b>	<b>31.5</b>	<b>34.7</b>	<b>37.7</b>	<b>42.3</b>	<b>46.3</b>	<b>49.2</b>	<b>53.1</b>	<b>9%</b>

Source: H2GC, Global Summary May 2016. Figures for 2016-2020 are estimates. Amounts in billion euros.

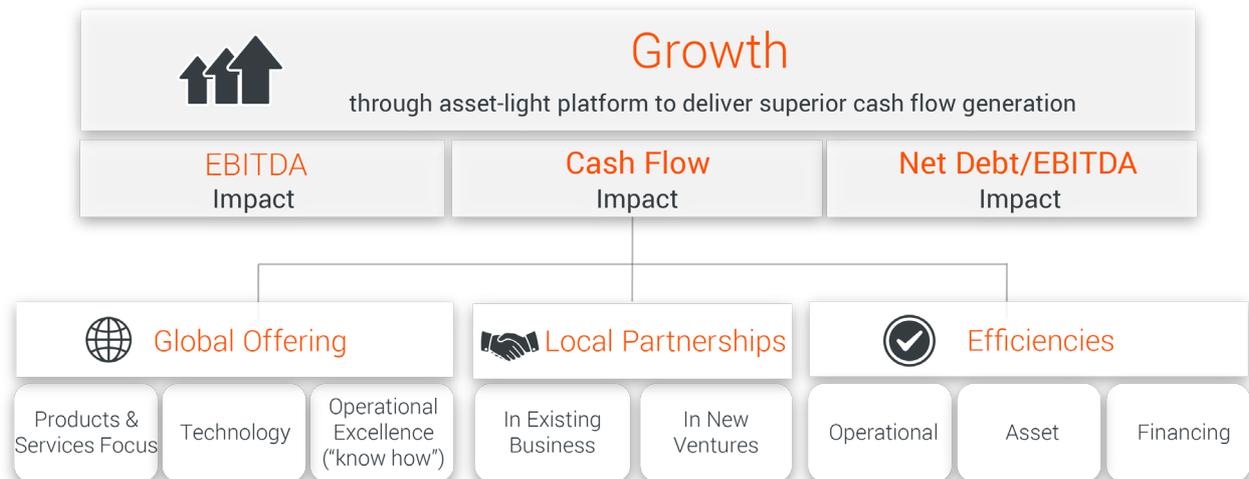


## Shaping the Future of Gaming

Staying ahead of the game by transforming field experience from gaming operations into best-of-breed solutions that meet customer needs and create value for all stakeholders in sustainable ways.

## Strategy and Strengths

The Group's strategy provides a 'roadmap' for its operations and future actions, in order to respond to long-term challenges.



### Maintain leadership in technology innovation and streamline technology development

INTRALOT continuously invests in innovative solutions and adopts proven methodologies and practices in its designs and implementations, in order to develop leading technology. As part of its "asset-light" strategy, the Company streamlines its technology development model and intends to generate higher margins and facilitate lower capital expenditure, which will result in enhanced cash flow resilience. INTRALOT aims to capitalize on its global technological and operational capabilities to minimize customization requirements and utilizes new distribution channels, including self-service terminals and mobile capabilities. The Company also offers new sports betting services, which are expected to be significantly strengthened through the strategic partnership with AMELCO, as well as VLT monitoring services.

### Focus on establishing strong partnerships

INTRALOT focuses to establish strong local partnerships in certain markets, instead of funding its expansion, distributing and providing its products and services on its own in new markets. Through partnerships, the Company aims to:

- ▶ Benefit from local partners' relationships, knowledge of regulatory constraints and the local industry.
- ▶ Utilize dividend streams and cost and operational synergies.
- ▶ Share financial and operational risk, reduce capital expenditure and improve access to local funding.

The Company selects well capitalized local partners with an established presence in their respective markets, substantial experience in the local industry and the ability to offer an extensive distribution chain, with indicative examples being Inteltek in Turkey, Eurobet in Bulgaria and Gamenet in Italy.

### Focus on increasing cash flow generation and revenue visibility

INTRALOT aims to improve its cash flow through synergies and efficiencies realized from partnerships and management of its long-term contracts. The Company seeks to selectively maintain and enter into contracts which match its cash generation targets (such as providing technology or managed services) and continuously



evaluates the profitability of existing contracts, in order to selectively disengage from less profitable contracts if necessary, such as the contracts in the Czech Republic, Australia and Suriname. At the same time, INTRALOT aims to enter into long-term contracts or renewable licenses to provide revenue stream stability. It must be noted that approximately 85% of the revenues in 2016 were generated through multi-year contracts or renewable licenses available to INTRALOT until 2021 (although actual revenues that may be generated in the future from those contracts may increase or decrease).

## Deliver and optimize capital structure

INTRALOT seeks to utilize partnerships with local partners to reduce its capital expenditures and obtain assistance to access local financing on more favorable terms while, at the same time, receive dividends from the joint venture entities. Furthermore, INTRALOT aims to maintain a conservative financial policy focused on strong liquidity, without any material medium-term acquisitions or dividends to its shareholders until the Company has achieved its target leverage.

As a result of the Company's global presence, proprietary technology and track record of innovation, INTRALOT:

- ▶ Is a global leader in the supply of integrated gaming systems and services, with a balanced presence in both developed and developing markets, as well as a leading market position in licensed gaming in the majority of the highly regulated markets in which the Company operates.
- ▶ Has developed leading technology and Research and Development (R&D) capabilities to effectively compete with other technology providers and developers and reduce capital expenditures, upfront costs and maintenance costs.
- ▶ Utilizes economies of scale and create standardized products which can later be individually adapted for distribution, in order to further reduce its costs.

# 25 YEARS OF GROWTH

## History

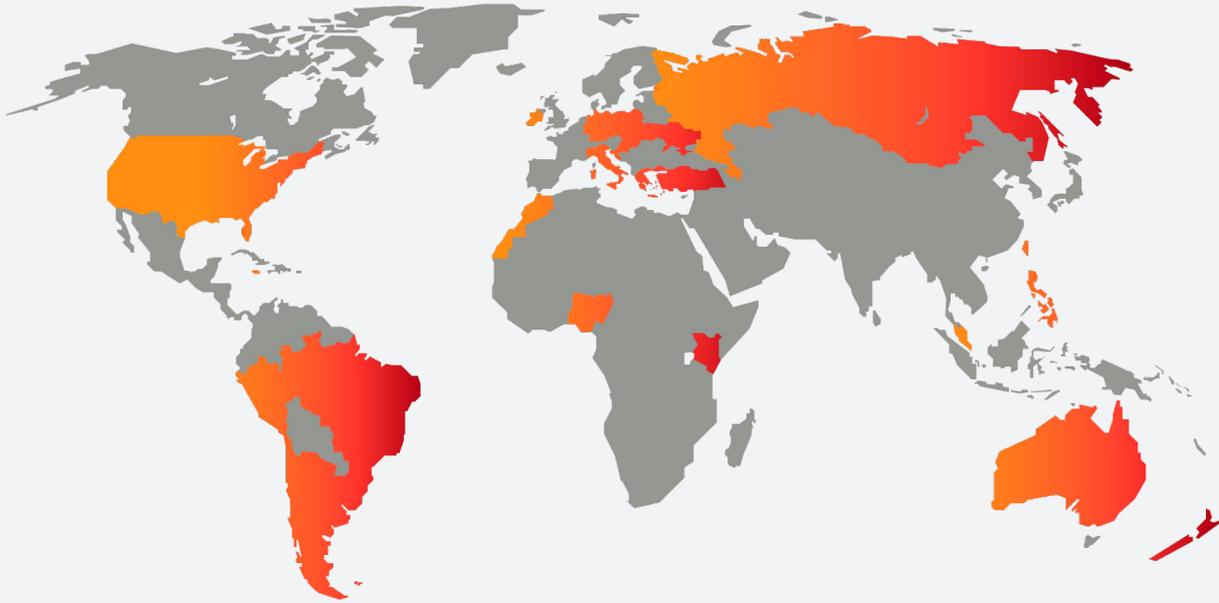
INTRALOT was established in 1992 and its headquarters are located in Athens, Greece (64 Kifissias Ave. & 3 Premetis Str., 151 25, Maroussi, Greece).

Since 1999, the Company has been publicly listed on the Athens Stock Exchange.



## Worldwide Presence

Within over 20 years of operation, INTRALOT has become a gaming sector leader, as a 'one-stop-shop' for integrated, secure and efficient solutions, with presence in 55 jurisdictions of 32 countries. In 2016, INTRALOT Group operated a portfolio of 87 contracts for a wide range of products (such as gaming systems, terminals, alternative distribution channels and VLTs) and gaming applications (such as lotteries, instant lotteries and fixed odds betting) in 2016. It must be noted that since January 2013, the Group has successfully renewed or extended over 94% of its contracts.



The Group is present in **52** jurisdictions of **32** countries worldwide.

The Group's various B2B/B2G and B2C engagements are carried out under the following three types of contractual arrangements:

- ▶ **Technology and Support Services Contracts**, which include:
  - Provision of equipment and software, as well as maintenance and support services.
  - Design, development and implementation of tailor-made software.
- ▶ **Management Contracts**, which include:
  - Provision of technology and support services.
  - Management of day-to-day operations marketing services, sales network and risk management/odds setting for sports betting.
- ▶ **Licensed Operations**, which include:
  - ▶ Management of all gaming operation's aspects, such as selection and provision of technology and ongoing support.
    - Maintain relationships with local regulators.

During 2016, INTRALOT systems handled €23.4 billion of wagers worldwide. Wagers handled increased in most regions around the world (23.6% in Africa, 8.4% in North America, 1.7% in East Europe and 0.4% in West Europe), with the exception of South America and Asia, where wagers decreased by 7.2% and 4.1% respectively.

## Contracts breakdown and key markets by contract role

Technology and Support Services Contracts	Management Contracts	Licensed Operations
<p style="text-align: center;"><b>16.1%</b> Contribution to Revenues</p>	<p style="text-align: center;"><b>8.8%</b> Contribution to Revenues</p>	<p style="text-align: center;"><b>75.1%</b> Contribution to Revenues</p>
Operations		
<p><b>55</b> individual technology and support services contracts across <b>40</b> jurisdictions through <b>20</b> subsidiaries</p>	<p><b>4</b> management contracts in <b>3</b> jurisdictions through <b>5</b> subsidiaries</p>	<p><b>28</b> individual licenses across <b>14</b> jurisdictions through a combination of wholly and partially owned subsidiaries and joint ventures</p>
Description		
<ul style="list-style-type: none"> <li>✓ Central gaming system</li> <li>✓ Lottery terminals</li> <li>✓ Telecommunications system/solutions</li> <li>✓ Related peripheral equipment and software</li> <li>✓ Implementation services</li> <li>✓ Maintenance and support services</li> <li>✓ Monitoring systems for VLT operations</li> </ul>	<ul style="list-style-type: none"> <li>✓ Provision of technology solutions described in 'Technology and Support Services Contracts'</li> <li>✓ Day-to-day operations</li> <li>✓ Marketing services</li> <li>✓ Sales network development and management</li> <li>✓ Risk management/odds setting for sports betting games</li> </ul>	<ul style="list-style-type: none"> <li>✓ Management of services described in 'Management Contracts'</li> <li>✓ Provision of technology solutions described in 'Technology and Support Services Contracts'</li> </ul>
Markets		
<ul style="list-style-type: none"> <li>✓ United States</li> <li>✓ Greece</li> <li>✓ Australia</li> <li>✓ New Zealand</li> <li>✓ Argentina</li> <li>✓ Croatia</li> <li>✓ Chile</li> <li>✓ Netherlands</li> <li>✓ Ireland</li> </ul>	<ul style="list-style-type: none"> <li>✓ Germany</li> <li>✓ Kenya</li> <li>✓ Nigeria</li> <li>✓ Malaysia</li> <li>✓ Taiwan</li> <li>✓ Philippines</li> <li>✓ Suriname</li> <li>✓ Turkey</li> <li>✓ Morocco</li> <li>✓ Russia</li> </ul>	<ul style="list-style-type: none"> <li>✓ Jamaica</li> <li>✓ Argentina</li> <li>✓ Bulgaria</li> <li>✓ Azerbaijan</li> <li>✓ Malta</li> <li>✓ Poland</li> <li>✓ Slovakia</li> <li>✓ Peru</li> <li>✓ Italy</li> <li>✓ Moldova</li> <li>✓ Cyprus</li> <li>✓ Greece</li> <li>✓ Brazil</li> <li>✓ South Korea</li> </ul>

# 2. Products and Services Portfolio

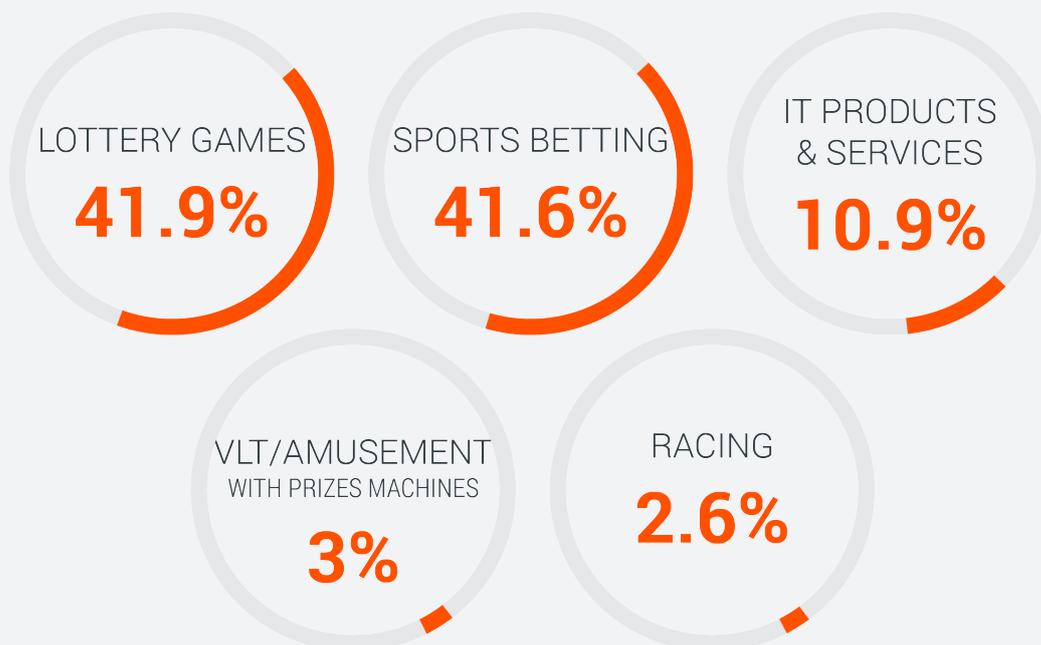
## Products and Services

INTRALOT Group designs, develops, operates and supports various innovative and customized hardware and software solutions, as well as services for the gaming industry. The Group's product strategy aims to further enrich the products and services portfolio, offer a unique customer experience and drive further player engagement.

### Products & Services



### Revenue Structure



## Products

The Group offers a broad range of products to support lottery, sports betting, VLT/AWPs and racing, as well as interactive games for its customers and operations.

### Next Generation Central System

INTRALOT's next generation Central System, which is designed to increase product quality, performance and flexibility while, at the same time, decrease development, maintenance and deployment costs. The system is an extensive open ecosystem of functions, applications and games designed and developed in a true microservices architecture, which allows to package the Company's standard and advanced services as independent product components, in order to benefit even legacy central system operators. Moreover, the Central System's new solution architecture enables new product components, as well as third party integrations via a common integration layer. The next generation system allows the Company to leverage the strengths of retail and online environment, in order to further boost retail and digital convergence, as well as address the market demand for light and scalable infrastructures, productized fast-to-market, player behaviour analytics and player mobility.

### CRM Platform

Pulse is a family of product solutions which aim to maximize gaming operator revenues and minimize operational costs. Player Pulse is a gaming Customer Relationship Management (CRM) solution for both online and retail player activities, which includes Player Account Management features and a complete Marketing Suite across all channels and games. The solution supports Responsible Gaming best practices, from operators setting limits to player self-exclusion. On the other hand, Retailer Pulse is an end-to-end solution that manages retailers and other entities of the brick-and-mortar ecosystem and is designed to ensure their increased motivation and optimize their performance, in order to optimize land-based operations.

### Approach on customer experience



## Content Delivery & Management System

INTRALOT Canvas is a pioneering content delivery and management platform for centralized content management, control and distribution for multiple verticals (Lottery, Betting, Instant Win and Casino games) across multiple sales channels (desktop, mobile and retail self-service terminals). Being a complete all-in-one solution, Canvas offers advanced front-end capabilities to increase marketing strategies' effectiveness and allows operators to adapt content depending on the visitors' profiles and behaviours, through tools such as segmentation and personalization. At the same time, the platform includes Responsible Gaming features such as play limits, self-exclusion and deposit limits.

## Mobile

INTRALOT has established an advanced product portfolio with Mobile Lottery, Mobile Betting and Mobile Games native applications, which aim to offer a seamless gaming experience in a new online and mobile gaming ecosystem. INTRALOT's mobile applications feature modern user interfaces for iOS and Android and create engaging user experience through their extensive set of functionalities, such as real-money gaming operation, multi-level customization, versatile player and wallet account management, Responsible Gaming controls and advanced security.

## Interactive Games

INTRALOT develops Interactive Games from idea conception and game design to a seamless gaming experience, which guarantee omni-channel deployment across platforms and touchpoints without any access and location constraints. The Company's Remote Gaming Server features increased performance, modularity and scalability, as it allows real-money, fun-play and loyalty-play modes for HTML5 games across different channels, formats and devices, while operators can benefit from integration simplicity and low expenses for premium content and services.

## Content Network Solutions

Horizon is INTRALOT's integrated retail solution for content management, delivery and play-out in retail networks. Since advertising and targeted messaging within the retail network are two of the most effective means of communication with the end-customers, INTRALOT offers a solution to attract and contact them through high-quality multimedia and updated information on dedicated TV/monitors, as well as on self-service terminals and retailer terminal screens.

## Commercial Retail Solutions

INTRALOT designs and supplies a full range of retail gaming solutions all over the world either as stand-alone hardware or bundled with the gaming terminal software for Lottery and Betting for all necessary functions for Points of Sale. The wide range of retail solutions include:

▶ **Retail solutions:**

- **Photon:** the first full-size retailer terminal to successfully utilize the innovative ICON Digital Imaging technology by INTRALOT to read play slips and barcodes.

- **Proton:** an all-in-one lottery terminal for extremely limited space applications, with an integrated ICON Digital Imaging technology and thermal printer.
- **microLOT:** a compact lottery terminal with a high-speed embedded printer, barcode reader and multi-core processing unit to cope with medium to high-volume traffic.
- **Genion:** a multi-purpose ultra-small-sized terminal, which can be used as a ticket checker, a player's transaction (including paperless functionality) point, an advertising display, or even as an autonomous retailer terminal.
- ▶ **Self-Service solutions:**
  - **Gablet:** a self-service terminal with a 21.5" Full HD touch screen, card reader and/or barcode reader, which allow both registered and anonymous player participation.
  - **Kiosk:** a self-service terminal with two 22" Full HD monitors, which supports all types of games in the main (lower) screen and, at the same time, displays advertising messages and Responsible Gaming notifications on the upper screen. The solution is also available as a single screen version with a card reader and/or barcode reader, printer, bill validator and coin acceptor.
  - **FSST:** the Full Self-Service Terminal is the only device in the market with a 23" screen along with a card reader and/or barcode reader, printer, bill validator, coin acceptor and play slip scanner, where the the upper screen is available for Responsible Gaming campaigns.
  - **Coronis MPNG:** an online multi-purpose self-service terminal for Points of Sale, with dual 19" screen for all types of gameplay, advertisements and promotional material, where the upper screen is available for Responsible Gaming campaigns.
- ▶ **Vending solutions:**
  - **DREAMTOUCH:** a family of Full HD touch-screen vending machines, which incorporate the latest player participation methods, i.e. card reader and/or barcode reader, printer, bill validator, coin acceptor, debit/credit card payment, NFC and play slip scanner. DREAMTOUCH has an embedded 32" or 42" touch-screen and is equipped with patented bursters to dispense scratch cards, lottery slips and quick betslips, in order to offer a truly interactive gaming experience, while hosting Responsible Gaming campaigns.
  - **WINSTATION:** a vending machine that combines sales for instant tickets and online lottery games.

## Lotteries

INTRALOT's Lottery portfolio consists of best-of-breed games based on innovative concepts that focus on player motivation, engagement and retention. The Company offers over 600 unique games, including Jackpot, Fast-Draw, Passive and Instants, as well as over 300 tailor-made games for specific markets that address each player's segment needs. The Lottery product portfolio expands to state-of-the-art solutions for brick-and-mortar retail environments, which enable customers to quickly and efficiently expand their retail network through new value-adding channels. INTRALOT's Lottery solutions feature meticulous product planning and strategy formulation to achieve digitalization which enhances playing experience, in order to ensure that players can access unique offerings through new channels and increase their participation through effective loyalty schemes and promotion programs.

## Retail Solutions

**295,000**  
Retail Solutions  
WORLDWIDE



## Integrated Betting Management Services

Since 1999, INTRALOT offers betting services in 24 diverse regulated markets worldwide and the Company is involved in 17 international betting projects, either as technology partner or commercial operator, which include some of the largest land-based operations, such as Sport Toto (in Turkey) and Oddset (in Germany). INTRALOT's Betting Management Services are fully certified according to ISO 9001:2015, ISO14001:2015 and ISO27001:2013 and the Company covers all aspects of managing a sports betting operation, including strategic business planning, betting product production, broadcasting services, risk management and trading (both for Pre-Game and In-Play events). The product portfolio consists of the Sports Betting Platform, International Live Horse and Greyhound Racing events, Virtual and Pre-recorded Games, which are all available through retail and digital sales channels. The Sports Betting Platform can support 14 Sports with proprietary Algorithmic Pricing models, Provider Feed Integration, unique Risk Management features and a sophisticated Template logic for content management, in order to ensure successful sales growth and safeguard the payout targets. The managed trading service is considered the core business function in a fixed-odds betting operation, as it aims to manage profit and operational risk in order to maximize Gross Gaming Revenues. Within this context, INTRALOT offers services to:

- ▶ Localize the sportsbook's content and adjust generic odds to local market conditions.
- ▶ Trade on Pre-Match and In-Play markets through in-house developed algorithmic pricing for 14 sports.
- ▶ Provide risk management services enabled by unique trading features, such as a real-time exposure liability screen and high-risk combinations suspensions.

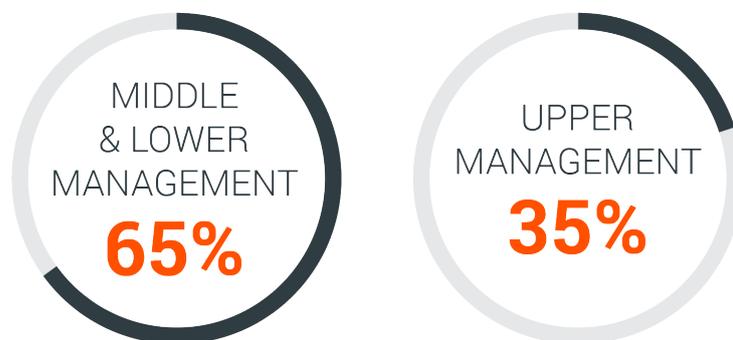
Number of participants in customer training programs increased by **55.8%**

## Services

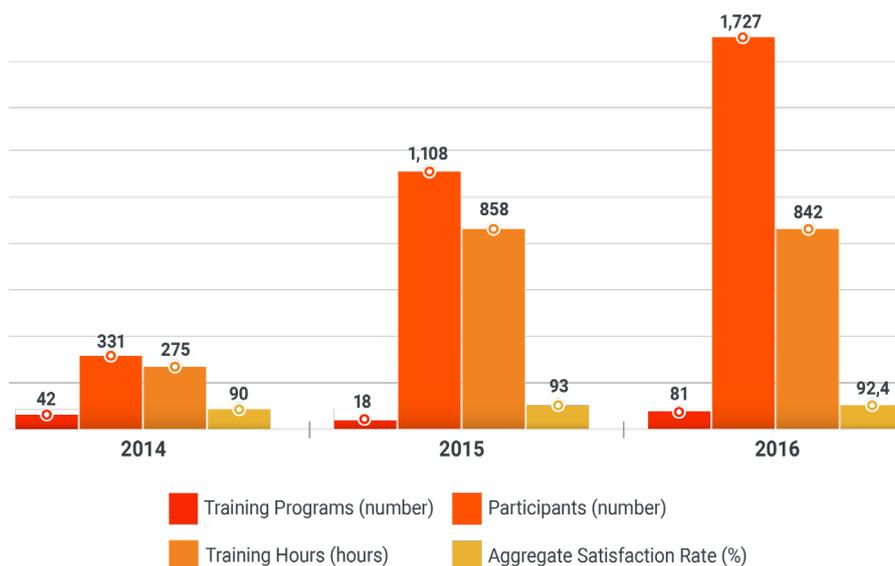
INTRALOT Group’s services cover the full range of day-to-day operational activities of Lottery organizations (from attracting the player’s attention to winning numbers announcement). As of 2016, the service portfolio consists of the following services:

- ▶ After-sale operational and technical support and maintenance for products and services, in order to ensure their uninterrupted and efficient operation, which include help desk support for retailers and lottery employees, preventive and corrective maintenance of central systems, as well as maintenance of installed equipment.
- ▶ Training services, which include detailed operational and technical support, marketing seminars and training modules.
- ▶ System operation services, which include operation and administration of gaming systems, networks and technology infrastructures, in order to ensure continuous system availability, quality of delivered services and flexibility in resource utilization.
- ▶ Interactive managed services to lotteries, state and state licensed organizations, which focus on customer acquisition and retention, through cross channel marketing, search engine marketing, social media, mobile marketing and affiliated management.
- ▶ Media broadcasting services and know how, which include animated information, targeted messaging, a 24-hour lottery dedicated media channel and virtual studio draws.

### Customer Training by Management Level



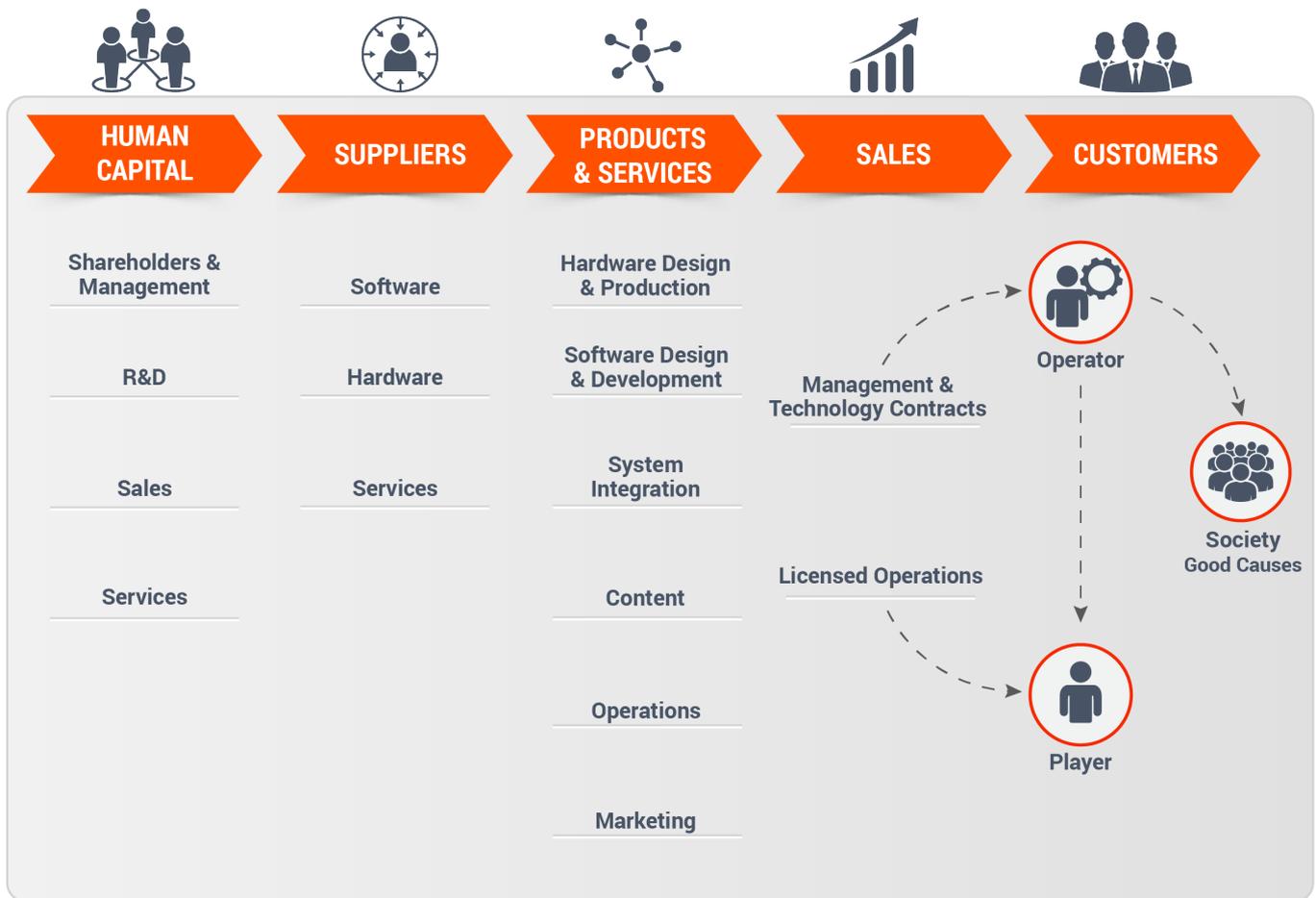
### Customer Training



# Value Chain

INTRALOT Group is a leading partner of licensed gaming operators worldwide, as a supplier of integrated gaming and transaction processing systems, pioneering hardware and software, innovative game content, sports betting management and interactive gaming services. At the same time, the Group is a licensed gaming operator in its own right, operating in several countries around the world.

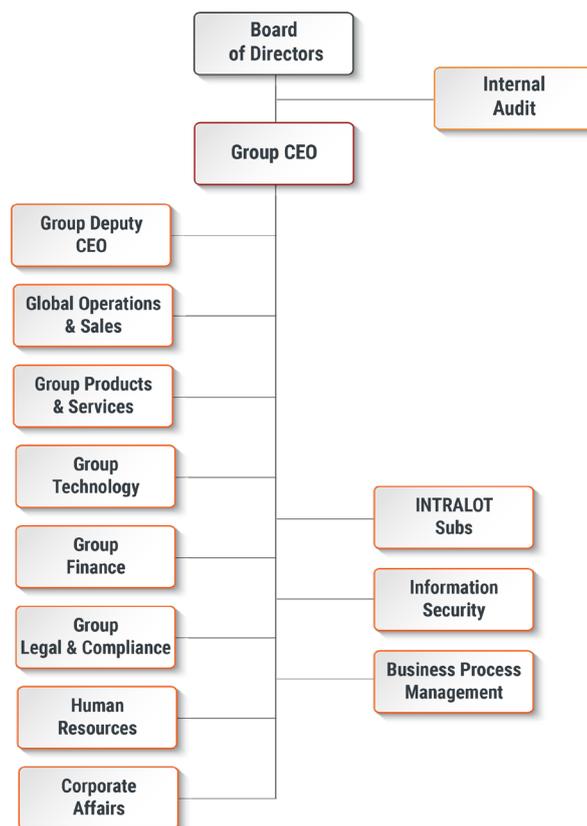
For its operations, the Group utilizes inputs from its Suppliers (materials, equipment, services and know-how), either to its production units around the world or directly to the Company itself, as well as input from States and Regulatory Authorities (decisions and provisions for regulation of local gaming market). The Group provides its products in the B2C market through its own sales networks, which include internet-based channels and Points of Sale, following agreements with Retailers. As a technology provider in the B2B market, INTRALOT Group cooperates with Business Partners to provide its products and services to licensed gaming operators (Customers), in order for them to provide its games to Players. Throughout its value chain, the Group remains committed to safeguard the interests of Shareholders, contribute to the Local Communities and reduce its impact on the Environment.



# 3. Organizational and Shareholder Structure

## Organizational structure

The Company's organizational structure with the main functions and divisions is depicted below. In 2016, INTRALOT established the Group Treasury & Investor Relations division within the Group Finance function.



## Shareholder Structure

INTRALOT's share capital amounts to €47,688,516.30, divided into 158,961,721 nominal shares at €0.30 each. All Company shares are common registered shares with a voting right and are introduced to the Athens Stock Exchange, in the Mid Capitalization category, under 'Gaming Sector'.

The shareholding structure of INTRALOT is presented below:

- ▶ Free Float: 49.6%
- ▶ Sokratis Kokkalis: 20.0%
- ▶ Mittleman Brothers LLC: 10.2%
- ▶ Konstantinos Dimitriadis: 8.0%
- ▶ Makuria Credit Master Fund Ltd: 7.1%
- ▶ Novomatic AG: 5.07%

Unicredit Bank Austria AG possesses the 5.07% of shares on behalf of Novomatic AG. Data refer to 31/12/2016.

# 4. Risks and Opportunities

## Risks

Due to the nature of the industry and the corresponding economic and social challenges, gaming companies are exposed to the following risks:

### Risks in the gaming industry

Source	Level of Risk
Political and regulatory environment in each jurisdiction, which can affect financial performance, public procurement and licensing rules or processes	High
Potentially increased regulation to the negative publicity associated with excessive gaming	High
Legal framework and legislation regarding issues such as minors' protection, violation of jurisdictional prohibitions, money laundering, fraud and corruption	High
Impact from illegal gaming activities to the regulated industry's revenues	High
Conditions of the macroeconomic environment	High
Volatility of players' gaming spending	High
Constantly changing taxation schemes in various jurisdictions	Moderate
Diversity of social, cultural and religious profiles in foreign countries	Moderate
Possibility that participation in games may result into a pathological addictive behaviour	Moderate
Security issues which may arise from threats to online and interactive gaming	Moderate
Conditions within the supply chain, regarding aspects such as product quality, labour and human rights	Moderate
Environmental impact of operations (e.g. materials consumption for hardware production, energy consumption for production and business operations)	Moderate

INTRALOT operates within an industry which has to address serious issues such as money laundering, corruption and bribery, as well as gaming addiction and its social repercussions. As a result, the Company implements a wide range of monitoring and security systems, which go beyond the minimum legal requirements, in order to proactively deal with these issues.

## Opportunities

Despite the risks and challenges for the gaming industry, gaming companies have to be able to benefit from the various favorable circumstances within the industry, which include:

- ▶ The trend towards wider participation of private companies in Lottery operations through various models (privatization initiatives, private management schemes and concession agreements).
- ▶ The trend to liberalize and regulate the online gaming markets at a country level.
- ▶ The expansion of gaming (sports betting, iLottery, machine gaming) in previously restricted jurisdictions.
- ▶ The convergence of gaming channels and products, as well as the emergence of new gaming channels.
- ▶ The role of technology and technological innovations towards the omni-channel and personalized provision of gaming products and services.
- ▶ The proliferation of interactive technologies and interactive gaming applications across distribution channels.
- ▶ The rise of mobile technology and the increasing smartphones penetration.
- ▶ The introduction of new payment methods and the emergence of cashless gaming transactions.
- ▶ The increasing relevance of Responsible Gaming across jurisdictions.
- ▶ The introduction of strict Anti-Money Laundering, Data Protection and Fraud Prevention rules across jurisdictions.

Through its engagement in Lottery and State-sponsored gaming operations in diverse roles, INTRALOT Group has built up the operational capability, its games and marketing know-how, as well as developed the necessary technology solutions to capitalize on these opportunities within the gaming industry. It must be noted that the Group develops gaming platforms and solutions both for retail and interactive domains and focuses its R&D efforts on concepts which promote channel convergence and cross-pollination.

# 5. Memberships and Distinctions

## Memberships

INTRALOT is a member in the following national and international associations and organizations, in order to promote issues related to the gaming industry, as well as issues related to Corporate Responsibility:

### LOTTERY AND GAMING



### CORPORATE RESPONSIBILITY



### TRADE ASSOCIATIONS

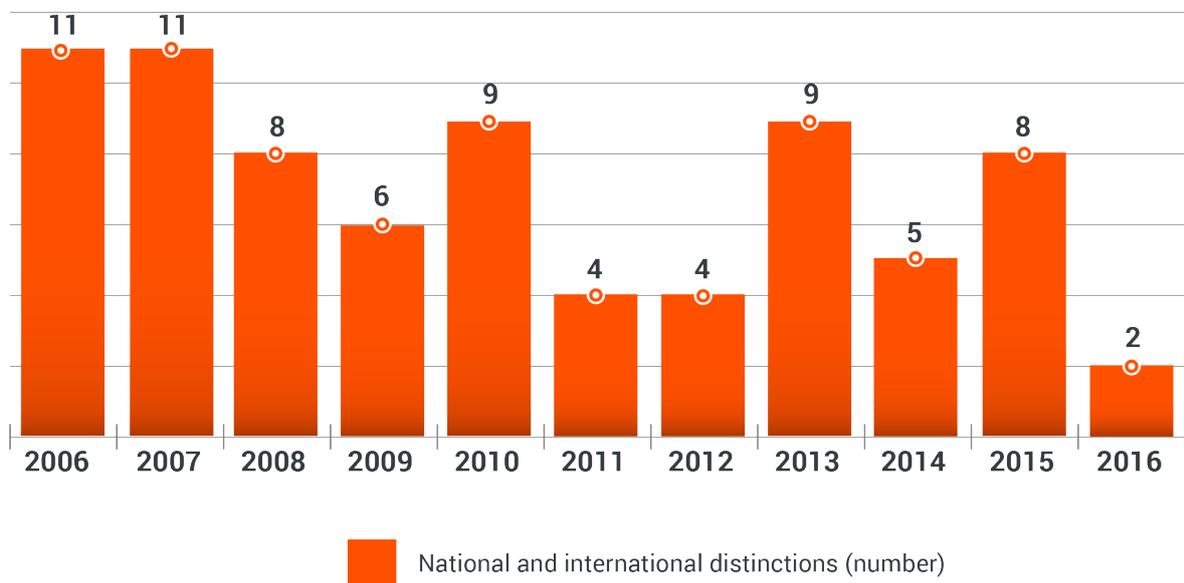


## Distinctions

Recognition of the Company's efforts to become more responsible is a moral reward and satisfaction to continue and implement the various long-term programs and initiatives. In 2016, INTRALOT Group received the Platinum Award for innovation and excellence in ethics for its Responsible Gaming Designer Tool (iRGD) by the European Business Ethics Network (EBEN), which rewards innovative practices towards social responsibility. The tool is the result of the research carried out by the Athens Information Technology Center (AIT) research teams and evaluates characteristics per game, in order to provide independent and fact-based reports and recommendations for improvement.

At the same time, during the award ceremony, EBEN launched the Ambassadors EBEN Club and granted honorable distinctions to its founding members, including INTRALOT's Head of Public Relations & CSR. EBEN Ambassadors will be responsible to promote business ethics principles and initiatives, in order to enhance responsible and sustainable growth in Greece and Europe.

### National and international distinctions



Distinctions refer to INTRALOT S.A.

## INTERNATIONAL GOOD PRACTICE

### Gaming Award for Corporate Responsibility

During the first edition of the Malta Gaming Awards, Maltco Lotteries was awarded with the Malta Gaming Award for Corporate Responsibility 2016. Being certified by the World Lottery Association's Responsible Gaming Framework and by the European Lotteries Responsible Gaming Standards, Maltco Lotteries was selected as the company with the strongest commitment to Corporate Responsibility, which is a key part of the company's operating principle.



**Integrating  
corporate responsibility  
within the organizational  
structure**



# 3



## Corporate Responsibility



# 1. Managing Corporate Responsibility

## Integrating Corporate Responsibility within the organizational structure

INTRALOT strives to create value for its Stakeholders and adhere to the highest levels of integrity, responsibility, innovation and sustainable growth. From an organizational perspective, the Group Corporate Affairs Division is assigned to manage the issue of Corporate Responsibility, in order to streamline activities and facilitate the Company's responsible operation, at a strategic, organizational and operational level.

INTRALOT's management structure related to Corporate Responsibility is depicted below:

### Corporate Responsibility Management



- ▶ At Board level, the overall responsible is the Group Chief Executive Officer, who is the Chairman of the Executive Committee, with the leadership on Corporate Responsibility plan.
- ▶ At director level, the Group Director Corporate Affairs is responsible to organize the relevant activities, as well as to review the Group's Responsible Gaming program. The Group Corporate Affairs Division is assigned to streamline activities and facilitate the Company's responsible operation, at a strategic, organizational and operational level.
- ▶ At operational level, the Head of Public Relations & Corporate Social Responsibility is responsible to guide, plan, implement and evaluate the Corporate Responsibility program, as well as cooperate with other departments.
- ▶ The Corporate Affairs Division interacts with General Directors of Operations and other Divisions within the Company, at a local and global level, to facilitate respective practices implemented.

## 2. Material Issues

### Recognizing Material Issues

In order to holistically examine issues that can or could affect its responsible operation and ensure that the content of this Report focuses on the Material Issues, INTRALOT conducted a Materiality Analysis, structured around four stages:

1. Identification of potential aspects, through which over 90 issues were considered by reviewing:
  - a. Current industry practices.
  - b. Future trends.
  - c. Relevant industry related analyses by international organizations, such as the RobecoSAM's Sustainability Yearbook for the 'Casinos & Gaming' sector.
  - d. Regulatory environment.
2. Analysis of these issues in terms of associated Risk, according to the significance of the economic, social and environmental impacts that the Company's activities, products and operations either have or could have.
3. Identification of Stakeholders' expectations, through the analysis of their views as a result of relevant surveys that have been conducted (e.g. Customer Survey) and the indirect input from the departments which interact with each Stakeholder group.
4. Combination of the Risk analysis and Stakeholders' expectations, which resulted in defining the Material Issues that INTRALOT should focus on.

The Materiality Analysis, as well as the current Report, which were approved by the Group Corporate Affairs Director, depicts the Material Issues for 2016 in the grey shaded area of the diagram in the next page:

# Materiality Analysis



<ul style="list-style-type: none"> <li>Aspects of high importance</li> <li>Aspects of medium importance</li> <li>Other Aspects</li> </ul>	<ul style="list-style-type: none"> <li>Governance &amp; Compliance</li> <li>Responsible Gaming</li> <li>Employee Wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>Economic Sustainability</li> <li>Societal Support</li> </ul>
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# 3. Stakeholder Engagement

## Interacting with Stakeholders

INTRALOT has a large number of internal and external Stakeholders, who can be defined as all those who are either affected by the Company's operations or affect its operations. Since Stakeholders increasingly require transparency and active involvement in issues, such as societal support and environmental protection, the Company intends to enhance its Stakeholder engagement program by expanding its participation in various business fora, such as the European Business Ethics Network and the Hellenic Business and Industry Federation's Sustainable Development Committee.

In addition, INTRALOT is actively engaged with business initiatives of industry associations, such as the World Lottery Association's Responsible Gaming Programs and the European Lotteries initiatives. The following table summarizes INTRALOT's Stakeholders (which have been identified through the respective departments), their expectations and main issues of interest and the methods of interaction with them, without distinct activities taking place as part of the Report preparation process.

**11** Stakeholder groups are addressed

## Stakeholder Engagement

Stakeholder group	Methods of interaction (continuous, unless otherwise stated)	Main issues of interest	Section in this Report
Players	<ul style="list-style-type: none"> <li>▶ Website</li> <li>▶ Articles</li> <li>▶ Interviews</li> <li>▶ Blog</li> <li>▶ Social media</li> <li>▶ Surveys (annually)</li> <li>▶ Points of Sale</li> <li>▶ Call center</li> <li>▶ Responsible Gaming questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>▶ Responsible Gaming as Gaming Operator</li> <li>▶ Responsible Communication</li> <li>▶ Player Privacy</li> <li>▶ Products and Services Compliance</li> <li>▶ Information Security</li> </ul>	Responsible Gaming: 5.1-7
Customers	<ul style="list-style-type: none"> <li>▶ Formal communication</li> <li>▶ Meetings</li> <li>▶ Trainings</li> <li>▶ Customer Complaint Service</li> <li>▶ Customer Survey (annual)</li> <li>▶ Articles</li> <li>▶ Newsletters</li> <li>▶ Interviews</li> <li>▶ Blog</li> <li>▶ Products and Services information material</li> <li>▶ Social media</li> </ul>	<ul style="list-style-type: none"> <li>▶ Responsible Gaming as Technology Provider</li> <li>▶ Responsible Communication</li> <li>▶ Player Privacy</li> <li>▶ Products and Services Compliance</li> <li>▶ Products and Services Quality</li> <li>▶ Business Continuity</li> <li>▶ Anti-Corruption</li> </ul>	Responsible Gaming: 5.1-7 Governance & Compliance: 4.3
Suppliers	<ul style="list-style-type: none"> <li>▶ Meetings</li> <li>▶ Formal communication</li> <li>▶ Social media</li> <li>▶ Call center</li> </ul>	<ul style="list-style-type: none"> <li>▶ Responsible Buying</li> <li>▶ Local Buying</li> <li>▶ Supplier Assessment for Labour Practices</li> </ul>	Economic Sustainability: 7.4
Business Partners	<ul style="list-style-type: none"> <li>▶ Meetings</li> <li>▶ Formal communication</li> <li>▶ Articles</li> <li>▶ Interviews</li> <li>▶ Social media</li> <li>▶ Products and Services information material</li> </ul>	<ul style="list-style-type: none"> <li>▶ Responsible Gaming as Technology Provider</li> <li>▶ Products and Services Compliance</li> <li>▶ Products and Services Quality</li> <li>▶ Anti-Corruption</li> </ul>	Responsible Gaming: 5.1-7 Governance & Compliance: 4.3

Stakeholder group	Methods of interaction (continuous, unless otherwise stated)	Main issues of interest	Section in this Report
Retailers	<ul style="list-style-type: none"> <li>▶ Website</li> <li>▶ Articles</li> <li>▶ Interviews</li> <li>▶ Blog</li> <li>▶ Social media</li> <li>▶ Trainings</li> <li>▶ Call center</li> <li>▶ Products and Services information material</li> </ul>	<ul style="list-style-type: none"> <li>▶ Responsible Gaming as Gaming Operator</li> <li>▶ Responsible Communication</li> <li>▶ Products and Services Compliance</li> <li>▶ Products and Services Quality</li> </ul>	Responsible Gaming: 5.1-7
States (e.g. Regulatory Bodies, Industry Associations)	<ul style="list-style-type: none"> <li>▶ Formal communication</li> <li>▶ Meetings</li> <li>▶ Dialogue with representatives of authorities</li> <li>▶ Presentations</li> <li>▶ Reports</li> <li>▶ Attendance in associations</li> </ul>	<ul style="list-style-type: none"> <li>▶ Responsible Gaming as Gaming Operator</li> <li>▶ Responsible Gaming as Technology Provider</li> <li>▶ Risk Management</li> <li>▶ Public Policy</li> <li>▶ Legal Compliance</li> <li>▶ Business Continuity</li> <li>▶ Anti-Corruption</li> <li>▶ Environmental Compliance</li> </ul>	Responsible Gaming: 5.1-7 Governance & Compliance: 4.3 Societal Support: 8.1
Employees	<ul style="list-style-type: none"> <li>▶ Corporate intranet portal (iSpace)</li> <li>▶ Corporate and social events</li> <li>▶ Meetings</li> <li>▶ Trainings</li> <li>▶ Focus groups</li> <li>▶ Grievance mechanisms</li> <li>▶ Employee satisfaction surveys (not conducted in 2016)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Labour Practices Grievances</li> <li>▶ Job Security</li> </ul>	Employee Wellbeing: 6.1-6
Local Communities	<ul style="list-style-type: none"> <li>▶ Meetings</li> <li>▶ Local events</li> <li>▶ Partnerships</li> </ul>	<ul style="list-style-type: none"> <li>▶ Community Impact</li> <li>▶ Environmental Compliance</li> <li>▶ Hazardous Waste</li> </ul>	Societal Support: 8.1-3

Stakeholder group	Methods of interaction (continuous, unless otherwise stated)	Main issues of interest	Section in this Report
Non Governmental Organizations	<ul style="list-style-type: none"> <li>▶ Meetings</li> <li>▶ Partnerships</li> </ul>	<ul style="list-style-type: none"> <li>▶ Responsible Gaming as Gaming Operator</li> <li>▶ Responsible Gaming as Technology Provider</li> <li>▶ Responsible Communication</li> <li>▶ Information Security</li> <li>▶ Community Impact</li> <li>▶ Hazardous Waste</li> <li>▶ Anti-Corruption</li> </ul>	Responsible Gaming: 5.1-7 Societal Support: 8.2, 8.3 Governance & Compliance: 4.3
Media	<ul style="list-style-type: none"> <li>▶ Press Office</li> <li>▶ Website</li> <li>▶ Articles</li> <li>▶ Interviews</li> <li>▶ Press conferences</li> <li>▶ Press releases</li> <li>▶ Material/information upon requests</li> </ul>	<ul style="list-style-type: none"> <li>▶ All above issues</li> </ul>	Governance & Compliance Responsible Gaming Employee Wellbeing Economic Sustainability Societal Support
Shareholders	<ul style="list-style-type: none"> <li>▶ Annual Reports (annually)</li> <li>▶ Quarter Reports (quarterly)</li> <li>▶ Website</li> <li>▶ Road shows</li> <li>▶ Press releases</li> <li>▶ General Meeting of Shareholders (annually)</li> <li>▶ Board of Directors meetings</li> </ul>	<ul style="list-style-type: none"> <li>▶ All above issues</li> </ul>	Governance & Compliance Responsible Gaming Employee Wellbeing Economic Sustainability Societal Support

**Integrating  
responsibility**  
in our **everyday**  
operations



# 4



## Governance & Compliance





# 1. Overview

**Internal Regulation Charter:** The Internal Regulation Charter regulates the structure of INTRALOT's Divisions, their responsibilities and the relationship with each other and with INTRALOT's management, as well as defines each statutory body's responsibilities, duties and obligations, under the provision of the Company's Articles of Association and the applicable legislation. Anyone who provides services to the Company, regardless of its nature and legal relationship, is obliged to comply with the Internal Regulation Charter, such as:

- ▶ The Board of Directors.
- ▶ The Group Chief Executive Officer, the Deputy Group Chief Executive Officer and all Division Directors, Department Managers and Supervisors.
- ▶ All employees with any type of employment relationship.
- ▶ All partners who provide their services through an independent services contract.

**Code of Corporate Governance:** INTRALOT's Code of Corporate Governance documents the Company's corporate governance practices and is aligned with the Principles of OECD Corporate Governance published in 2004, the Hellenic Federation of Enterprises' (SEV) Code of Corporate Governance for Listed Companies and the generally accepted corporate governance principles applied by European Union countries. The Code is posted on the corporate website ([www.intralot.com](http://www.intralot.com)) and its main goals are:

- ▶ To define corporate governance practices.
- ▶ To assure transparency in its operations and management procedures.
- ▶ To improve information sharing with shareholders.
- ▶ To comply with the requirements of the relevant legislation and regulatory framework.

The Code of Conduct has been communicated to **100%** of employees.

There were no violation cases concerning the Code of Conduct.

**Code of Conduct:** The Company's Code of Conduct defines the way its managers and employees behave, maintain respect of laws and regulations and foster relationships of trust with Stakeholders, business partners and other third parties and constitutes a statement of its principles on the following issues:

- ▶ Purpose
- ▶ International Business Conduct
- ▶ Information Security Policy Compliance
- ▶ Social Media
- ▶ Confidential Information
- ▶ Protection and Use of Company Assets and Resources
- ▶ Competition and Fair Dealing
- ▶ Conflict of Interest
- ▶ Corporate Opportunities – Inventions
- ▶ Giving or Accepting Business Courtesies
- ▶ Integrity/Probity
- ▶ Corporate Travel Policy
- ▶ Information and Technology Resources
- ▶ Relationships with Suppliers
- ▶ Relationships with Clients
- ▶ Relationships with Competitors
- ▶ Environment
- ▶ Health and Safety
- ▶ Equal Employment Opportunity and Harassment Policies
- ▶ Alcohol and Drugs
- ▶ Violence Prevention
- ▶ Reporting a Breach of the Code of Conduct.

## GOOD PRACTICE

### **Giving or Accepting Business Courtesies**

Any gifts and donations towards employees are subject to the Code of Conduct's provisions, which strictly prohibit all corporate gifts or entertainment to be used or appear as improper forms of compensation and accept or solicit any personal benefit from a supplier or potential supplier that might compromise his/her objective assessment of the supplier's products and prices. Employees are allowed to give or receive gifts and entertainment to or from customers and suppliers only if the gift or entertainment cannot be viewed as an inducement to or reward for any particular business decision. Under all circumstances, employees are obliged to properly state all gifts and entertainment expenses on the related expense reports. It must be noted that in 2016, there were no violations of the Code of Conduct's provisions regarding giving or accepting gifts.

It must be noted that the Code of Conduct:

- ▶ Is available to all employees through the corporate intranet portal and has been uploaded on INTRALOT's e-learning platform, where all employees have access.
- ▶ Has been communicated to all employees, including all new employees who receive the Code via email.
- ▶ Has been incorporated in all employee contracts and their signature is considered as acknowledgement and acceptance of the Code's principles and provisions.
- ▶ Is mandatory at all times for all managers and employees of INTRALOT Group, its subsidiaries and controlled affiliates, regardless of contract type (permanent and temporary) and hierarchical level and everyone is expected to behave and conduct his/her business in line with the Code's provisions without any exception.

Furthermore:

- ▶ In case there are any questions related to the Code of Conduct, employees can direct them to the Human Resources Department.
- ▶ In case anyone suspects that there is an actual or potential conflict of interest or could be reasonably perceived by others as a conflict of interest, employees must report it to their Supervisor or their Director, who will discuss with them to determine whether he/she actually has a conflict of interest and, if so, how to best address it. No such cases have been reported within 2016.
- ▶ All employees are obliged to report any breach of the Code of Conduct to the Human Resources Department, by name or anonymously, either by telephone or e-mail.

## 2. Board of Directors

### Upholding Corporate Governance principles

The Board of Directors (BoD) aims to continuously enhance the Company's long-term economic value and safeguard corporate interests. The Board is responsible to approve the overall long-term strategy and operational goals, decide on all aspects related to management, assets and business objectives and generally pursue the Company's purposes without limitations (excluding aspects decided by the General Meeting of Shareholders). The Company's current Board of Directors was elected by the Extraordinary General Meeting of Shareholders on 10 April 2014 and consists of nine members for a five-year term, with the following composition after the resignation of Mr. Nikolaos-Leon Papapolitis (BoD member) and the BoD's reconstruction:

#### Board of Directors

Name	Position	Executive	Independent
Sokratis P. Kokkalis	Chairman	✓	
Constantinos G. Antonopoulos	Vice Chairman	×	
Antonios I. Kerastaris	Member (CEO)	✓	
Konstantinos S. Kokkalis	Member	×	
Dimitrios Ch. Klonis	Member	×	
Petros K. Souretis	Member	×	
Sotirios N. Filos	Member	×	✓
Anastasios M. Tsoufis	Member	×	✓
Ioannis P. Tsoukaridis	Member	×	✓

Data refer to 31/12/2016.

- ▶ The Board of Directors elects the Chairman, the Vice-Chairman and one or two Chief Executive Officers among its members.
- ▶ At the moment, there are no processes for consultation between Stakeholders and the BoD on economic, environmental and social issues. However, it must be noted that there were no critical concerns communicated to the BoD within 2016.
- ▶ The Chairman is responsible to lead the Board, determine the agenda and effectively conduct Board meetings and meetings with the majority shareholders to discuss matters pertaining to corporate governance. Additionally, the Chairman is responsible to ensure that BoD members are timely informed and fairly address shareholders' interests, as well as effectively communicate with all shareholders (especially those holding significant stakes and have long-term perspective, whose views are communicated to the BoD).
- ▶ The Group CEO is responsible for the Company's strategy, its vision and values, as well as its operations at local and international level.
- ▶ BoD members are prohibited to hold board or executive positions in competing companies or assume any other role or activity that may lead to an actual or potential conflict of interests, without the permission of the General Meeting of Shareholders. Additionally, the independent non-executive members are elected from the General Meeting of Shareholders and are prohibited to form close ties with Management, majority shareholders or the Company and are not permitted to hold over 0.5% of the Company's share capital or to maintain a dependant relationship with the Company or with persons affiliated with the Company.
- ▶ Election or re-election of BoD members requires sufficient biographical details, the Board's view on the independence of the proposed Board members, as well as any other relevant information to facilitate the shareholders' decision.
- ▶ The Chairman of the Board leads the BoD members' and committees' performance evaluation at least every two years, through meetings with the non-executive members, without the presence of executive members, in order to discuss the performance of the latter, as well as other related matters.
- ▶ The Compensation and Benefits Policy regulates fixed salaries levels, benefits and performance-related remuneration for executive members, based on their job description, accountability and responsibility of their position, along with their academic background, competencies, professional experience and performance evaluation. Their remuneration is associated with the corporate strategy and achievement of corporate objectives and other incentives such as medical and life insurance, corporate car along with extra benefits are granted to the executive members, in addition to fixed and variable remuneration (including the corporate stock option scheme).
- ▶ Remuneration for non-executive members depends on the time allocated and their responsibilities, while it is not directly related to corporate performance, in order to encourage top management to take business risks.
- ▶ The remuneration for non-executive members and executive members is pre-approved by the General Meeting of Shareholders and the BoD respectively, following the Remuneration Committee's recommendations. The General Meeting of Shareholders grants the final approval for the executive and non-executive members' remuneration.
- ▶ INTRALOT cooperates with international consultancy agencies in the field of Compensation and Benefits research and monitors relevant reward trends.
- ▶ The Board of Directors announces all amounts and all other benefits paid to each BoD member or to Company's Directors within the previous two years at the General Meeting of Shareholders, following the request of shareholders representing 1/20 of the paid up share capital, unless the BoD refuses to disclose information with due cause, which is recorded.

## GOOD PRACTICE

### Disclosure of Economic Activities

All BoD members and executives are required to address a statement to the Board of Directors and notify them about:

- ▶ Their holdings over 10% in other companies (semi-annually).
- ▶ Their other professional and business activities at the time and manner decided by the Board of Directors (annually).
- ▶ Their intention to conclude contracts with Company's customers or suppliers of over €3,000 lump sum or annual amount (at any time but at least 20 days prior to the contract's conclusion).

## POLICY

### Relation of Dependence

In order to determine the independence of both candidates and current members, the Board of Directors should consider that a relation of dependence exists when the member:

- ▶ Is or has been an employee, senior executive or Chairman of the Company's BoD or its subsidiaries within the last three years.
- ▶ Receives or has received any compensation from the Company other than board membership fees approved by the General Meeting of Shareholders within the last 12 month prior to his/her appointment.
- ▶ Has or had a material business relationship with the Company or its subsidiaries within the past year, particularly as a significant client, supplier or consultant of the Company or as a partner, shareholder or Board member or senior executive of an entity that has such a relationship with the Company or its subsidiaries.
- ▶ Has been the Company's or its subsidiaries' external auditor or has been a partner or employee of a firm that provides external auditing services to the Company or its subsidiaries within the last three years.
- ▶ Has a second degree kinship with or is the spouse of a non-independent Board member, senior executive, adviser or significant shareholder of the Company or its subsidiaries.
- ▶ Controls directly or indirectly through related parties over 10% of the Company's voting rights or is a significant shareholder of the Company or its subsidiaries.

# Operating Board Committees

The Board of Directors is supported by a number of committees, in order to ensure that specific issues are managed in a responsible and systematic way:

## Board Committees



### Audit and Compliance Committee

The Committee consists of three independent non-executive members and supervises financial reporting and information, compliance with the legislative and regulatory operational framework and internal control processes and systems, as well as the Internal Audit Unit. The Committee meets at least four times a year and also meets with the Company’s auditor at least twice a year, without the presence of Company’s Management.

The Audit and Compliance Committee also includes the Financial Committee as a sub-committee, which consists of the Chief Financial Officer, the Director of Finance, the Accounting Director, the Subsidiaries and Business Development Director and other executives within the Finance Department, as deemed necessary. The Committee provides recommendations to the Audit and Compliance Committee and/or directly to the Board of Directors concerning:

- ▶ The management of the Group’s exposure to risk associated with interest rate and currency exchange rate fluctuations.
- ▶ The management of risks that may arise from socio-political changes.



## Remuneration and Nomination Committee

The Committee consists of one non-executive member as Chairman and two independent non-executive members and is responsible to:

- ▶ Determine the employee remuneration policy.
- ▶ Recommend remuneration levels for executives, managers and senior executives to the Board of Directors.
- ▶ Regulate matters associated with the overall remuneration policy, such as:
  - Propose the Company's remuneration policy.
  - Suggest an annual salary, performance-related remuneration, pension plan and severance package for executives and managers.
  - Suggest the remuneration's level and structure for senior executives.
- ▶ Propose the criteria and the general frame to select BoD members.
- ▶ Suggest the procedures to determine internal relations of BoD members.
- ▶ Determine the criteria to select new directors, as well as for removals.



## Executive Committee

The Committee consists of the Group Chief Executive Officer and the Company's General Directors and examines all significant corporate matters (e.g. corporate strategy, critical operational issues, major projects and objectives), formulates proposals and decides how to address them.



## Responsible Gaming Committee

The Committee consists of INTRALOT's executives and is mainly responsible to design, plan, implement and review the Group's Responsible Gaming strategy, as well as submit proposals to the Board of Directors regarding the Responsible Gaming program's long-term strategy and objectives.



## Strategy Committee

The Committee consists of three to five BoD members and monitors the Company's performance, as well as decides, reviews, revises and proposes the long-term strategy and goals to the BoD.



## Bid Committee

The Committee consists of four BoD members and specifies the numerical thresholds for the Company's participation in Requests for Proposals (RFPs), as well as evaluates and decides which RFPs above a specific value/risk are consistent with the Company's purpose and activities.



## Strategy and Risk Management Committee

The Committee consists of INTRALOT's executives and is responsible to ensure that information security, information compliance and risk management activities are properly prioritized, funded and supported by the involved organizational units, as well as correspond to realistic business needs.

# 3. Risk Management

## Conducting Internal Audits

INTRALOT has established a systematic approach to evaluate and improve the effectiveness of risk management, internal control and corporate governance processes through the Internal Audit Unit, which is not connected to other organizational unit hierarchy and functionally reports to the Audit Committee of the Board of Directors and administratively (e.g. day-to-day operations) to the Group CEO. The Board of Directors regularly review the main risks faced by the company and the effectiveness of the internal audit system regarding risk management. The Internal Audit Unit examines and evaluates the adequacy and effectiveness of the Group’s internal control, enterprise risk management and corporate governance processes, in accordance with its policies and procedures, as well as the applicable legislation, operating standards and corporate governance principles, in order to ensure that the Group:

- ▶ Identifies and manages arising risks.
- ▶ Protects and efficiently uses its resources.
- ▶ Provides accurate, credible and up-to-date financial and management reports.
- ▶ Maintains employee compliance with the Company’s policies, procedures and standards
- ▶ Complies with the regulatory framework governing its operation.

### Audit Methodology



The Audit and Compliance Committee:

- ▶ Quarterly monitors and reviews the Internal Audit Unit's effectiveness regarding management of main risks.
- ▶ Ensures the integrity of corporate accounts, financial reporting systems and public disclosures, as well as the internal controls' and risk management systems' effectiveness.
- ▶ Establishes direct and regular contact with external and internal auditors, in order to remain updated on the control system's proper operation.

## GOOD PRACTICE

### Disclosure of Transactions

INTRALOT requires from BoD members, Executive Managers, the Director of Group Internal Audit, the General Counsel, certified auditors and all employees with access to confidential information (as defined by Law. 3340/2005), as well as from any other person closely related to them, to notify directly the Hellenic Capital Market Commission and the Company in writing for every transaction of its stocks, securities or derivatives associated with them within three days after the transaction's completion, unless the cumulative value of transactions within one calendar year is below €5,000.

## Identifying and managing risks

INTRALOT follows a holistic approach to identify, assess and manage risks related to achieve its business objectives. In order to balance risk and value at all times, the Enterprise Risk Management (ERM) Framework considers parameters related to the Group's strategy, including INTRALOT's financial status, operations, people, technology, compliance, products and reputation. INTRALOT has designed its ERM Framework according to the specifications of COSO (Committee of Sponsorship Organizations of the Treadway Commission) and ISACA (COBIT for RISK) and incorporates the following components:

1. Objective setting: Objectives are clearly defined in order to be used as a reference point for the identification of risks.
2. Risk assessment: Risks are analyzed in relation to the objectives and the likelihood of an impact from an adverse event actually happening.
3. Risk response: Management selects risk responses (avoid, accept, reduce or share risk) and develops a set of actions to align risks with the entity's risk tolerances.
4. Event identification: Internal and external events affecting the achievement of objectives are identified.
5. Internal environment: The internal environment sets the basis for how risk is viewed and addressed, including risk management philosophy, integrity and ethical values, as well as the environment of operations.
6. Control activities: Policies, procedures, strategies and action plans in general are established and implemented, in order to ensure that risk responses are effectively carried out.
7. Information and communication: Relevant information is identified, captured and communicated properly and within a specific time frame.
8. Monitoring: Risk is monitored either through ongoing management activities or separate evaluations or both and modifications made as necessary.

## Significant Risks and Uncertainties

Source	Impact	Policies and Practices
<b>Financial Risks</b>		
Credit risk	Not significant	<ul style="list-style-type: none"> <li>▶ Pursue wide dispersion of customers</li> <li>▶ Set credit limits through signed contracts</li> <li>▶ Set limits on credit exposure to any financial institution.</li> <li>▶ Adopt an internal rating system on credit rating evaluation, using relevant financial indices.</li> </ul>
Liquidity risk	Not significant	<ul style="list-style-type: none"> <li>▶ Develop certain policies to monitor liquidity, in order to hold liquid assets that can cover Group's liabilities.</li> </ul>
Foreign Exchange risk	Significant	<ul style="list-style-type: none"> <li>▶ Achieve diversification in the currency portfolio.</li> <li>▶ Enter into derivative financial instruments with various financial institutions.</li> </ul>
Interest rate risk	Not significant	<ul style="list-style-type: none"> <li>▶ Use financial hedging instruments to reduce exposure.</li> <li>▶ Have a balanced portfolio of loans with fixed and floating rate borrowings.</li> </ul>
<b>Operating Risks</b>		
Winners' payouts in sports betting	Moderate	<ul style="list-style-type: none"> <li>▶ Depends on the outcome of the events.</li> <li>▶ Establish a betting center in Greece to control global fixed odds betting activity and payout policy in real-time.</li> <li>▶ Enter into risk exchange agreements with major international betting operators to further reduce exposure to any potential outcome.</li> </ul>
Gaming sector and economic activity	Moderate	<ul style="list-style-type: none"> <li>▶ Aim at international expansion.</li> <li>▶ Diversify portfolio.</li> <li>▶ Reduce dependency on the performance of individual markets and economies.</li> </ul>
Gaming Taxation	Moderate	<ul style="list-style-type: none"> <li>▶ Assess local environments before entering new markets.</li> <li>▶ Monitor and evaluate changes in taxation.</li> <li>▶ Focus on international operations, in order to diversify the risk posed by taxation regimes.</li> </ul>

## GOOD PRACTICE

### **Business Continuity and Crisis Situation**

INTRALOT has established the Business Continuity Planning and Testing Guide and implements a business continuity plan, in order to address potential interruptions to business processes, minimize the impact caused by disasters and recover from loss of information assets to an acceptable level. The Company follows the below principles of recognized international security standards:

- ▶ The 'Code of practice for information security management' of ISO/IEC 27002 regarding business continuity management.
- ▶ The World Lottery Association Security Control Standard.
- ▶ The principles of BS 25999-1 'Business continuity management – code of practice'.
- ▶ The guidelines of NIST Special Publication 800-34 'Contingency Planning Guide for Information Technology Systems'.

Within this context, INTRALOT implements a holistic approach for the following disaster categories:

- ▶ Natural: earthquake, hurricane, tornado, flood and fire.
- ▶ Human: operator error, sabotage, network attack and terrorist attack.
- ▶ Environmental: equipment failure, software error, telecommunications network outage and electric power failure.

It must be noted that 50% of INTRALOT's operations were analyzed for risks which could result to a cease of operations by the Internal Audit Unit in 2016, compared to 40% in 2015. Furthermore, according to a formal corporate procedure, INTRALOT has established the RED Team (Chief Level Emergency Response Team) and the ORANGE Team (Group Director Level Emergency Response Team) to respond in a crisis situation or any event that could be harmful to INTRALOT's reputation and operations, such as legal disputes, accidents, fires or disasters that could be attributed to the Company, according to following 5-scale impact classification:

- ▶ Critical: RED Team, ORANGE Team and Enterprise Risk Management (ERM) Team are contacted and Group Chief Executive Officer coordinates RED Team.
- ▶ Major: RED Team, ORANGE Team and ERM Team are contacted and Group Chief Executive Officer coordinates RED Team.
- ▶ Moderate: ORANGE Team and ERM Team are contacted and Group Chief Operations Officer and Group Chief Legal & Compliance Counsel are informed.
- ▶ Minor: Group Corporate Affairs Director, Global Operations Group Director and ERM Team are contacted.
- ▶ Low: situation is resolved locally and reported in monthly reports to the Headquarters.

## Upholding information security

INTRALOT has established clear processes, tools and activities to prevent, detect and react to information security incidents, in order to protect its information assets regardless of the information format or whether in transit, being processed or stored. All information and corporate documents (either in hardcopy or in electronic form) are required to display their corresponding classification level, according to the following scale:

- ▶ Confidential – high sensitive information (e.g. financial information, system and game configuration, critical business statistics or game data).
- ▶ Restricted – medium critical information (e.g. corporate internal operation documents and manuals).
- ▶ Public – no security requirements (e.g. information gathered from the internet).

The Company provides specific guidelines to all employees, in order to minimize information security business and personal risk, which include instructions on the following:

- ▶ Device security
- ▶ Protection against malicious code
- ▶ Protection against malicious and illegal software
- ▶ Unauthorized use of security mechanisms
- ▶ Passwords
- ▶ Physical security
- ▶ Email and internet security.

Indicating its commitment to information security, INTRALOT conducts periodic vulnerability assessments and continuously monitors potential new vulnerabilities to any system component, in order to ensure that they are not vulnerable. Furthermore, the Company has developed detailed rules and guidelines related to information security for specific departments or user groups (such as the Human Resources Department and the Public Relations Department, Project and Technical Managers, Code Designers and Developers, ICT Department and Service Desk), which respective employees must read and comply with their provisions.

## GOOD PRACTICE

### Report a Security Incident or Event

All employees are obliged to report any security incident (defined as any violation of the Information Security Policy which has impact on the business) and security event (defined as any violation of the Information Security Policy which has no impact on the business) through a digitally signed e-mail to the local security function members and [security@intralot.com](mailto:security@intralot.com) for INTRALOT and describe the incident or event in detail. In case employees do not have access to corporate email at that time, they can file their report through telephone and send an email as soon as possible. At all times, they are obliged to follow the appropriate security guidelines and do not disclose security information incidents to unauthorized persons at any circumstances.

Within 2016, there were no security events reported by employees, either by email or by telephone according to the respective procedure.

## Combating corruption

The Company implements an integrated framework to detect and prevent corruption, which includes the following three procedures:

- ▶ Management controls and Internal Control measures.
- ▶ Financial Control, Security, Quality, Risk Management and Compliance.
- ▶ Internal Audit.

The Company follows a standard internal auditing procedure and the relevant auditing departments plan regular audits, in order to analyze business units for risks associated with corruption. INTRALOT utilizes a wide range of anti-corruption policies and measures to monitor certain areas with high risk for financial fraud and reserves the right to proceed to relevant administrative and legal measures in case of confirmed incidents of corruption, which include dismissal or legal prosecution, depending on the incident's scale and severity.

It must be noted that within 2016, there were:

- ▶ No public policy positions and participation in public policy development and lobbying.
- ▶ 11 operations analyzed for risks related to corruption by the Internal Audit Unit (approximately 40% of total operations), as in 2015.
- ▶ No contributions made to politicians and political parties.
- ▶ No confirmed incidents of corruption.
- ▶ No legal actions related or pending legal actions related to corruption or legal fines imposed by the respective authorities.

## Following fair competition principles

Indicative of the INTRALOT's commitment to fair competition and its importance to efficient use of resources, innovation and higher quality of products and services, the Company:

- ▶ Conforms to the principles of fair competition for its operations.
- ▶ Complies with competition laws and regulations to prevent anti-competitive or market distorting practices.
- ▶ Cooperates with governments and regulatory bodies and respects the regulatory framework in each jurisdiction.
- ▶ Requires that all employees deal fairly with customers and competitors and do not manipulate, abuse privileged information, misrepresent or utilize any other unfair practice to take unfair advantage of anyone.
- ▶ Prohibits disclosure of confidential information to any person who is not an employee of INTRALOT unless employees are authorized to do so.

There were  
no incidents  
of corruption.

There were no incidents of non-compliance with laws and regulations.

## POLICY

### Free and Fair Competition

According to the provisions of the Code of Conduct, INTRALOT does not undertake activities which could reasonably be considered as being anti-competitive, monopolistic or otherwise contrary to laws governing competitive practices in the marketplace, including anti-trust laws. Therefore, employees are refrained from:

- ▶ Obtaining or giving competitive information by unethical, unlawful or illegal means.
- ▶ Using any confidential information that belongs to former employers.
- ▶ Making false or deceptive statements about a competitor.
- ▶ Commenting on another company's business reputation or financial or legal situation.

As a result, within 2016:

- ▶ There were no complaints or legal actions for anti-competitive behaviour, anti-trust and monopoly practices.
- ▶ No relative fines or non-monetary sanctions were imposed by the respective authorities.
- ▶ Regarding previous legal cases and a fine of €1,220,946 imposed by the Competition Board of Romania in relation to the contract signed in 2003 with Compania Nationala Loteria Romana regarding the Videolotto program, the competent court accepted the application for the annulment of the Competition Board's decision filed by INTRALOT and cancelled the respective fine. Until now, no appeal has been served to INTRALOT against the decision accepting its application for annulment.

### Complying with legislation

INTRALOT is committed to respect the legislation and regulatory framework in each jurisdiction of operations. Within 2016:

- ▶ INTRALOT was not accused of violating legislation and regulations in any of the countries where it operates and was not involved in any prosecutions for non-compliance with laws and regulations.
- ▶ There were no written notices regarding compliance issues by respective authorities.
- ▶ There were no lawsuits regarding quality of products or services delivered.
- ▶ There were no relevant fines or non-monetary sanctions imposed by the respective authorities.

## GOOD PRACTICE

### Legal Compliance

The Group follows a decentralized approach to legal compliance due to diversity of legal frameworks around the world. At Group level, each INTRALOT subsidiary is responsible to develop a customized legal compliance registry according to the local/regional legal requirements and handles legal compliance locally either through dedicated legal office or through outsourcing of legal services to third parties. At Company level, the Legal Office manages legal compliance under the supervision of the Group Chief Legal & Compliance Counsel, who is responsible to:

- ▶ Communicate legal requirements to each subsidiary's CEO.
- ▶ Monitor local organizational legal schemes (either in-house or outsourced).
- ▶ Maintain a legal office registry per subsidiary.
- ▶ Communicate with subsidiaries' legal offices to ensure that they address the necessary legal requirements.
- ▶ Communicate ad hoc in case of incidents that involve legal issues.

## 4. Management Systems Standards and Certifications

### Operating based on Management Systems

INTRALOT has recognized the need to use multiple Management Systems in a simpler and more effective manner and has introduced the COBIT 5 Governance Framework, which aims to:

- ▶ Holistically cover its business processes and their alignment with its business strategy.
- ▶ Reduce complexity.
- ▶ Ensure information quality toward decision making.
- ▶ Increase the value gained from technology.
- ▶ Enable innovation.

All INTRALOT certifications are being governed by the COBIT 5 Framework and the Company currently works on the COBIT 5 implementation's maturity and processes feedback from metrics and effectiveness analyses.

### Quality Management System

INTRALOT holds an ISO 9001:2015 certification for all its operations and conducts its business in line with its ISO 9001 Quality Manual, which sets the framework for the Company's Quality Management System, presents the corporate philosophy and fundamental principles and makes reference to documented procedures, which describe corporate processes and functions in detail. It must be noted that within 2016, 75% of INTRALOT's Quality Assurance Department was certified for software testing by the International Software Testing Qualifications Board (ISTQB).

## Information Security Management System

INTRALOT is the first international vendor in the gaming industry to have been certified according to the World Lottery Association (WLA) Security Control Standard in 2008 and has been additionally certified its Information Security Management System (ISMS) according to ISO 27001.

As a result, INTRALOT ensures a security improvement framework to design, develop, implement, test and support state-of-the-art gaming systems, in order to promptly identify emerging threats, assess their risk and apply appropriate security controls.

Moreover, INTRALOT:

- ▶ Implements a Code of Practice for Information Security Management, certified with ISO 27002.
- ▶ Is certified according to the Gaming Standards Association (GSA) Point to Point SOAP/HTTPS Transport and Security Specification and the GSA Game to System (G2S) Message Protocol standard, both of them for its iGEM VLT Monitoring system.

## Information Technology Service Management

INTRALOT was also the first international vendor in the gaming industry to achieve ISO 20000 certification on Information Technology Service Management in 2013, which covers the provision of Infrastructure Support Services and Managed IT Services, for Integrated Gaming and Transaction Processing Systems and Services and Interactive Gaming Services provided to Licensed Lotteries, Gaming and Casino Organizations and Entities worldwide. Based on the ISO 20000 certified Service Management System, INTRALOT has established a Global Service Desk, in order to collect, analyze and respond to all types of customer requests.

## Training Services

INTRALOT became the first vendor in the gaming industry to certify the training services provided by its Learning Center with the ISO 29990:2010 standard in 2015, which covers the entire training process, including analysis, design, delivery, monitoring and evaluation of project-based training.

## Management Systems Standards

Management Systems Standards	Country
Quality Management System (ISO 9001:2015)	<ul style="list-style-type: none"> <li>▶ INTRALOT S.A. (Greece)</li> <li>▶ INTRALOT Services S.A. (Greece)</li> <li>▶ INTRALOT Gaming Services PTY (Australia)</li> </ul>
Information Security Management System (WLA SCS:2012 and ISO 27001:2013)	 <ul style="list-style-type: none"> <li>▶ INTRALOT S.A. (Greece)</li> <li>▶ INTRALOT Nederland BV (Netherlands)</li> <li>▶ INTRALOT GERMANY GmbH (Germany)</li> <li>▶ MALTCO Lotteries Ltd. (Malta)</li> <li>▶ INTRALOT Inc. (USA – Georgia)</li> <li>▶ INTRALOT Ohio (USA)</li> <li>▶ INTRALOT South Carolina (USA)</li> <li>▶ INTRALOT Arkansas (USA)</li> <li>▶ Inteltek (Turkey)</li> <li>▶ INTRALOT Italia S.p.A. (Italy)</li> <li>▶ INTRALOT Maroc (Morocco)</li> <li>▶ INTRALOT de Peru (Peru)</li> <li>▶ Tecno Accion (Argentina)</li> <li>▶ INTRALOT Gaming Services (Australia)</li> <li>▶ INTRALOT S.A.'s operations at the OPAP's National Lottery (Greece)</li> <li>▶ INTRALOT S.A.'s scratch tickets operations of Hellenic Lotteries (Greece)</li> <li>▶ Bit8 (Malta)</li> </ul>
Information Technology Service Management (ISO 20000)	<ul style="list-style-type: none"> <li>▶ INTRALOT S.A. (Greece)</li> </ul>
Environmental Management System (ISO 14001)	<ul style="list-style-type: none"> <li>▶ INTRALOT S.A. (Greece)</li> </ul>
Occupational Health & Safety Management Systems (ELOT 1801:2008 / BS OHSAS 18001:2007)	<ul style="list-style-type: none"> <li>▶ INTRALOT Services S.A. (Greece)</li> </ul>

Management Systems Standards	Country
Responsible Gaming	<ul style="list-style-type: none"> <li>▶ INTRALOT S.A. (Greece)</li> <li>▶ Totolotek S.A. (Poland)</li> <li>▶ INTRALOT de Peru (Peru)</li> <li>▶ MALTCO Lotteries Ltd. (Malta)</li> </ul>
Code of Practice for Information Security Management (ISO 27002)	INTRALOT S.A. (Greece)
Controls over Financial Integrity (ISAE 3402)	<ul style="list-style-type: none"> <li>▶ INTRALOT S.A. (Greece)</li> <li>▶ INTRALOT S.A.'s operations at Hellenic Lotteries (Greece)</li> <li>▶ INTRALOT S.A.'s operations at OPAP (Greece)</li> <li>▶ INTRALOT Nederland BV (Netherlands)</li> </ul>
Gaming Standards Association (GSA) Point to Point SOAP/HTTPS Transport and Security Specification	INTRALOT's iGEM VLT Monitoring system
GSA Game to System (G2S) Message Protocol	INTRALOT's iGEM VLT Monitoring system
Training Services (ISO 29990:2010)	INTRALOT S.A.'s Learning Center (Greece)

# OBJECTIVES



**By 2017**

Certify INTRALOT Chile, INTRALOT Montana and INTRALOT Louisiana according to WLA SCS:2016 and ISO 27001:2013



**By 2017**

Certify INTRALOT S.A. according to ISO 37001 (anti-bribery management system)



**By 2017**

Establish cooperations against corruption and promote ethical business conduct



**By 2017**

Develop a Group-wide anti-corruption policy

**Ensuring a fair and safe**  
gaming experience for **Players**  
and **offering Customers**  
**the highest** standards  
of **responsible** gaming operation

# 5

## Responsible Gaming



integrity

Responsible Gaming  
for sustainable growth

**intralot**

# 1. Overview

Responsible Gaming is a concept according to which gaming operators, technology and software suppliers and associated service providers need to ensure that their products and services provide a fair and safe gaming experience that enables players to be protected from the adverse consequences of gaming. Whether players buy a lottery or scratch ticket, place their bets, play bingo or on a gaming machine or casino game, players have to view their activity as a form of entertainment in a balanced way. Thus, Responsible Gaming means that operators must aim to keep their games and gaming services profitable and reliable while, at the same time, ensure that all steps are taken to eliminate excessive behaviour and protect vulnerable groups, which include:

- ▶ Individuals under legal age of play.
- ▶ Individuals with low income.
- ▶ Retailers, lottery employees and contractors.
- ▶ Individuals with a gaming addiction.
- ▶ Individuals with other psychiatric disorders, such as substance abuse and alcoholism.
- ▶ Individuals with a family history of problem gaming.
- ▶ Individuals not aware of risks of problem gaming.

Besides being an ethical and a regulatory requirement, Responsible Gaming is a business imperative for gaming companies, who are required to comply with applicable Responsible Gaming frameworks and implement specific measures and procedures to protect society and Stakeholders.

## Responsible Gaming Approach



An ethical & regulatory requirement expected by our Customers & by society in general

## DID YOU KNOW?

### The Rising Need for Responsible Gaming

The rising need for Responsible Gaming has emerged due to a changing gaming environment, especially within the last few years, since:

- ▶ Online gaming has changed the traditional Points of Sale.
- ▶ Gaming is more accessible with the proliferation of new media, such as internet, smartphones, tablets and mobile applications.
- ▶ Various channels feature sports betting advertising.
- ▶ There is increased availability of different games and gaming services, as well as increased sports betting advertising.

It is important that anyone who participates in games of chance understands the possible risks of the entertainment that they are buying and how they vary from one type of games to another. Players must make their choices based on aspects of the game or the gaming service, know and accept the odds and never overestimate the chances of winning or try to recover losses by persisting to game beyond their means.

As an Associate member of WLA, INTRALOT abides by the WLA Responsible Gaming Framework, whose purpose is to integrate the Responsible Gaming Principles into the day-to-day operations of member lotteries. The Framework consists of:

- ▶ The 7 Responsible Gaming Principles, to which WLA members commit themselves to:
  - Meet their objectives while, at the same time, protect their customers' and vulnerable groups' interests and uphold their respective commitments within their own jurisdiction.
  - Ensure their practices and procedures reflect a combination of government regulations, operator self-regulation and individual responsibility.
  - Develop their practices concerning Responsible Gaming on the best possible understanding of relevant information and analysis of documented research.
  - Work with Stakeholders to share information, develop research and promote Responsible Gaming as broadly as possible and encourage a better understanding of the gaming's social impact.
  - Promote Responsible Gaming in all activities, including development, sale and marketing of their products and other activities and ensure the same on behalf of their agents.
  - Provide information to public in an accurate and balanced manner, in order to enable informed choices about gaming activities within their jurisdiction.
  - Monitor, test, and revise as appropriate the activities and practices related to Responsible Gaming and publicly report their findings.
- ▶ The 10 Responsible Gaming Framework program elements, which are described below:

## Responsible Gaming Framework Program Elements

Element	Description
Stakeholder Engagement	Identify, understand and integrate interests of decision-makers, decision influencers and other society members into key Responsible Gaming related business decisions and Responsible Gaming program development.
Reporting and Measurement	Measure and report on lottery's commitments, actions and progress on Responsible Gaming to relevant internal and external Stakeholders.
Research	Support and/or conduct, integrate and disseminate Responsible Gaming related research.
Employee Program	Ensure and support efficient and effective application of Responsible Gaming principles by all relevant employees.
Retailer Program	Ensure and support efficient and effective application of Responsible Gaming principles by retailers and their front-line employees.
Game Design	Apply evidence-based Responsible Gaming considerations to design, selection and introduction of new lottery and gaming products.
Remote Gaming Channels	Ensure that interactive remote gaming platforms have safeguards in place that protect players.
Advertising and Marketing Communications	Ensure continuous improvement of responsible marketing and communications practices and application of regulatory codes.
Player Education	Support, integrate and disseminate information related to good practices in responsible play ('informed player choice') and treatment referral.
Treatment Referral	Offer support, guidance and referral to specialized services to customers with potential or actual gaming addiction problems, if needed.

Since 2014, INTRALOT S.A. holds the Certificate of alignment with the criteria set in the Responsible Gaming Certification Standards for Associate members, following an in-depth independent assessment performed on its products and services and Responsible Gaming practices communicated to lottery customers by TÜV NORD, the WLA approved assessor.



INTRALOT Group recognizes the need to apply a Responsible Gaming approach for all business activities and operations, in order to safeguard the interests of players and the community in general. Therefore, the Group implements a series of activities and initiatives to guarantee the application of Responsible Gaming standards, both as a licensed gaming operator and a technology provider, as presented below:

**WLA Responsible Gaming Standards for WLA Associate Members**



As a licensed Lottery operator in its own right, the Group develops its Responsible Gaming Program on the basis of all 10 elements of the WLA Responsible Gaming Framework.

## WLA Responsible Gaming Standards for Lottery Members



The Group has the required technological skills and the operational know-how to develop and implement a Responsible Gaming program in any jurisdiction globally. Within the context of its adopted Responsible Gaming framework, INTRALOT Group aims to:

- ▶ Comply with the relevant laws and regulations worldwide.
- ▶ Ensure that the interests of players and vulnerable groups are protected.
- ▶ Develop or improve appropriate practices and technologies based on market research and information gathered from global operations.
- ▶ Promote internal and external implementation of Responsible Gaming practices.
- ▶ Create awareness to the public to enable players to make informed gaming choices.
- ▶ Improve and report on Responsible Gaming activities

## Global Responsible Gaming Strategy



# INTERNATIONAL GOOD PRACTICE

## Maltco Lotteries Responsible Gaming Activities

Within 2016, Maltco Lotteries maintained its international Responsible Gaming certificates for the third consecutive year, as evident from its certification by both European Lotteries and World Lotteries Association to operate within the requirements of the Responsible Gaming Certification Framework in a methodical and effective manner, following the independent audits and intensive assessment from TÜV NORD to Maltco Lotteries' operations and agents. The certification demonstrates Maltco Lotteries' commitment to operate within the Responsible Gaming framework, as the company:

- ▶ Publishes articles and other printed material on Responsible Gaming.
- ▶ Displays advertisements only during the legally stipulated time.
- ▶ Includes the "18+ play responsibly" logo in all advertisements.
- ▶ Displays a "No Credit Allowed" sign in all Points of Sale.
- ▶ Displays a sign to inform players that gaming is only allowed to individuals above 18 years old in all Points of Sale.
- ▶ Provides Self Tests for gaming addiction awareness to players.
- ▶ Has introduced a Responsible Gaming section in the Players' Booklet.
- ▶ Has developed a Responsible Gaming section on the company's corporate website.
- ▶ Regularly trains its employees, agents and agents' employees on Responsible Gaming. Within 2016, the company implemented a training program for over 650 employees, agents and agents' employees on Responsible Gaming, in order to ensure that Responsible Gaming is an integral part of their daily activities, as well as provide the safest gaming environment to players.
- ▶ Conducted a tailor made workshop to all agents within 2016, in order to specifically identify their business profile, gather critical feedback and increase opportunities for cross selling. For the first time, the workshop utilized a new approach, which allowed agents to interact and involve themselves during the sessions provided.
- ▶ Conducted a workshop on Responsible Gaming principles and practices with over 450 participants, including local and international sports experts, during the Sport Malta's National Sport Forum 2016.
- ▶ Disseminates an annual Responsible Gaming Info Pack to its Stakeholders, in order to inform them about the company's Responsible Gaming initiatives and encourages any potential suggestions and feedback. Among others, the Pack includes information material and guidelines on Responsible Gaming for Maltco Lotteries' agents and sellers, the Self Test on Responsible Gaming and information on the Responsible Gaming section on the company's corporate website.
- ▶ Sponsored a first-of-its-kind University of Malta scholarship of a Masters Degree level in Responsible Gaming Research within 2016.
- ▶ Commits to support Sport Malta, the responsible entity to develop and promote sports in Malta, to set up the National Sport Responsibility Framework.

## Maltco Lotteries Responsible Gaming Activities

**PLAY RESPONSIBLY 18+**

You must be 18 years or over to play.  
Sabiex tilghab irid ikollok 'il fuq minn 18-il sena.

In need of help?

National Helpline: 1777  
Sedqa: 23885110  
Gambling Anonymous: 25906600

**PLAY RESPONSIBLY 18+**

**PLAY RESPONSIBLY 18+**

**NO CREDIT ALLOWED**

**PLAY RESPONSIBLY 18+**

## INTERNATIONAL GOOD PRACTICE

### INTRALOT do Brasil Responsible Gaming Objectives

Within the context of its Responsible Gaming activities, INTRALOT do Brasil has designed its practices in order to fulfill the following objectives:

- ▶ Prevent children under 18 years old to place any bets, since all lottery products are offered exclusively to adults.
- ▶ Provide information to protect consumers, such as information about winning odds for its games.
- ▶ Provide players with safe and reliable games.
- ▶ Raise funds to contribute to social well-being.

## Stakeholder Engagement

The Group emphasizes to develop working relationships and collaborate with key Stakeholders, in order to:

- ▶ Exchange information on Responsible Gaming issues.
- ▶ Promote Responsible Gaming as broadly as possible.
- ▶ Develop a better understanding of gaming's social impact.
- ▶ Improve all elements of its Responsible Gaming program.

Therefore, apart from research organizations and independent institutions, the Group cooperates with Governments and Regulation Authorities and forms strategic partnerships with treatment providers and public health professionals and NGOs, through one-to-one meetings and on-going collaborations.

Within the context of its Responsible Gaming activities in 2016, the Group:

- ▶ Provided updated information on Responsible Gaming practices and activities in the corporate intranet portal and in social media.
- ▶ Participated with panel speeches in the following scientific conferences and Stakeholder engagement events:
  - The EL Industry Days 2016 in Morocco with the theme 'Renaissance of Retail in digital times', jointly organized by the European Lotteries Association and its Premium Partners, in the discussion panel 'Challenging the Retail Fundamentals'.
  - The WLA Summit 2016 in Singapore with the theme 'Winning in the New World. Meet the challenge, Make the Change', in the Platinum Contributors' session.
  - The CSR/Responsible Gaming Seminar in Paris, jointly organized by the European Lotteries Association and the World Lotteries Association.
  - The Security & Integrity Seminar in Malaga, jointly organized by the European Lotteries Association and the World Lotteries Association, with a speaking slot on Cyberthreats and Cybersecurity.
  - The Sports Betting Seminar in Lisbon, organized by CIBELAE, with a speaking slot on Private Sector's View of Sports Betting in Latin America and the Caribbean.

## Reporting, Measurement and Certification

The Group has developed specific procedures and mechanisms to support the implementation of its Responsible Gaming strategy and programs, as well as inform and report on Responsible Gaming activities. Within this context, INTRALOT Group:

- ▶ Has developed an integrated Responsible Gaming Program for all elements of its Responsible Gaming Framework, which is annually reviewed and revised (if necessary) by the Responsible Gaming Committee. The Corporate Affairs Division is responsible for the Responsible Gaming Program, which is jointly implemented with the Quality Assurance Department and the Sales and Operations Marketing, in connection with Licensed Operations abroad.
- ▶ Utilizes a software tool to determine compliance of new games with WLA's Responsible Gaming criteria during their design phase, which has been awarded with a Platinum Award by the European Business Ethics Network.
- ▶ Consistently reviews Responsible Gaming researches and related documentation.
- ▶ Reports its Responsible Gaming activities, results and future plans to its Stakeholders through various means, which include the Annual Report, the corporate website, newsletters, interviews to industry-specific magazines and social media.

# INTERNATIONAL GOOD PRACTICE

## Preserve and Protect the Integrity of Sports

INTRALOT Group is committed to preserve and protect the integrity of sports, through the following initiatives:

- ▶ Agreement with the International Olympic Committee and the International Sports Monitoring: Betting Company S.A., an INTRALOT Group's subsidiary, has signed a cooperation agreement with the International Olympic Committee (IOC) and the International Sports Monitoring (ISM) and actively participates in initiatives to protect and maintain the integrity of sports. Through the agreement, the company provides betting-related information to assist ISM to monitor betting activities related to the Olympic Games and IOC to act in case of suspicious betting activities on the Olympic Games.
- ▶ Agreement with FIFA's Early Warning System: The Group has signed a cooperation agreement with FIFA's subsidiary, Early Warning System GmbH (EWS), through which the Company has become a member of FIFA's global network endeavor to promote and protect the integrity of football and promptly informs EWS on irregular and suspicious betting activities, in order to detect and prevent attempted manipulation and match-fixing.



## 2. Research

### Contributing to society's understanding of Responsible Gaming

The Group is committed to initiate and engage in research studies or surveys, in order to:

- ▶ Contribute to the understanding of problem gaming.
- ▶ Utilize new technologies to prevent problem gaming.
- ▶ Improve gaming practices and enable Responsible Gaming.

INTRALOT Group cooperates with independent organizations and institutions to understand problem gaming.

As of 2016, the Group has on-going partnerships with:

- ▶ The gaming innovation cluster of the Corallia Clusters initiative.
- ▶ The Center of Excellence for Research and Education Athens Information Technology (AIT).
- ▶ The University of Hohenheim's Gambling Research Center.

## GOOD PRACTICE

### Research on Gaming

Since 2008, INTRALOT supports the University of Hohenheim's Gambling Research Center, an independent scientific non-profit institution, which:

- ▶ Utilizes an interdisciplinary scientific approach to examine the various aspects of gaming and gambling.
- ▶ Conducts research on various economic and social aspects of betting games.
- ▶ Identifies their impact on player behaviour, habits and lifestyle.

The Gambling Research Center was established in December 2004 and is the only academic gambling research center in Germany. There are over 20 members in the Research Center, all of whom are scientists with diverse scientific backgrounds and expertise, and the head of the Center is a member of the executive board of the European Association for the Study of Gambling (EASG).

## 3. Employee Training

### Training employees

The employee training program on Responsible Gaming practices aims to educate INTRALOT Group employees to uphold the highest standards related to Responsible Gaming, in order to ensure a fair and safe gaming experience to players and protect them, as well as society in general, from the adverse consequences of gaming.

#### Learning objectives of Responsible Gaming trainings



INTRALOT Group's Responsible Gaming employee training consists of the following activities:

- ▶ **Responsible Gaming awareness for new employees:** Upon recruitment, newly hired employees irrespective of their job role undergo a Corporate Induction Program, which includes a stand-alone course on Responsible Gaming, in order to understand the corporate and social impact of Responsible Gaming, familiarize themselves with the Responsible Gaming principles and policies and become aware of relevant practices and initiatives. Within 2016, over 90% of all newly hired employees attended the Corporate Induction Program and Responsible Gaming training.
- ▶ **Responsible Gaming awareness for all employees:** In order to ensure that employees are informed and aware about the Responsible Gaming principles and policies, INTRALOT:
  - Disseminates a Responsible Gaming Quick Reference Card to all employees.
  - Sends informative emails to all employees about the importance of Responsible Gaming.
  - Posts relevant information and Responsible Gaming materials on the corporate intranet portal, where all employees have access.
  - Has developed a Responsible Gaming e-learning course, which is available to all employees at Group level.
  - Has included Responsible Gaming practices and references in the Corporate Induction Program and Corporate Induction Handbook.
- ▶ Responsible Gaming awareness / training for specific job roles: INTRALOT informs certain job roles on Responsible Gaming at least annually, in order to ensure that they are aware of the Responsible Gaming principles and rules, as well as about any recent changes and developments. These job roles include (but are not limited to) employees in the:
  - Customer Experience Department, e.g. Digital Transformation, Commercial Retail Solutions, Product Marketing, Engineering (Retail Channels).
  - Corporate Affairs Department.
  - People Development / Human Resources Department.

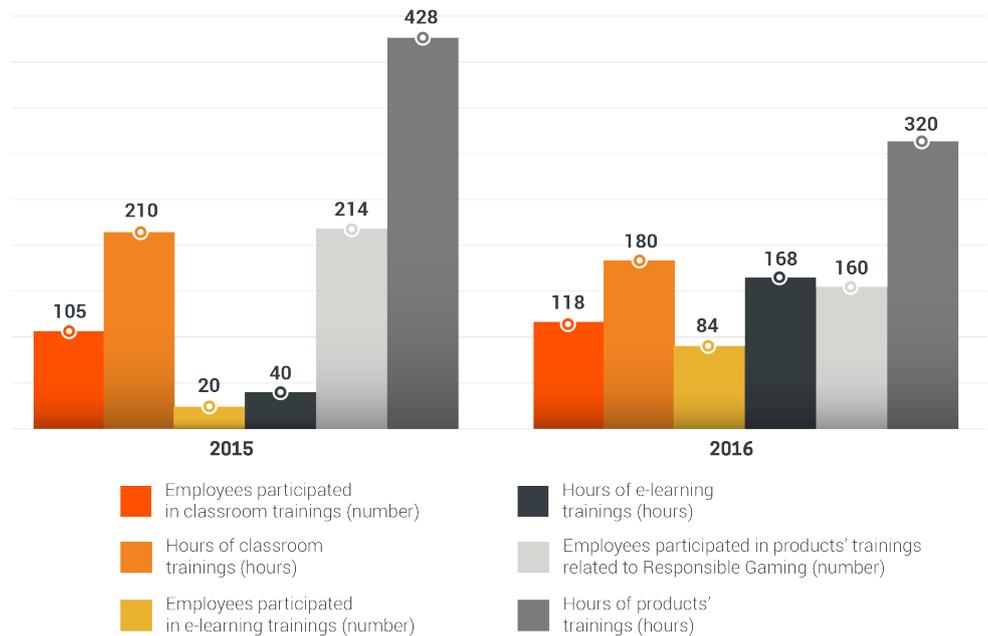
INTRALOT's training experts of the Human Resources / People Development Department design, implement, evaluate and continuously improve the employee training programs. The People Development Department collaborates with INTRALOT's Responsible Gaming Committee to develop the educational content and its certified trainers conduct all training modules, except training modules intended for Marketing and Technology employees, which are conducted by qualified specialists. The training methodology is subject to ISO 9001, ISO 27001 and WLA SCS certifications and different training methods are used depending on the module and intended audience (including e-learning).

**80%** of employees were briefed on Responsible Gaming practices

**35%** of employees (100% of newly hired employees) were trained on Responsible Gaming practices

Total duration of Responsible Gaming trainings reached **668** training hours

## Employee Training on Responsible Gaming



\*2015 data via instructor-led classroom trainings refer only to INTRALOT S.A.; 2015 data via e-learning trainings refer to INTRALOT S.A., INTRALOT Australia, INTRALOT Germany, Maltco Lotteries, INTRALOT BV, INTRALOT de Peru, INTRALOT Italy, INTRALOT Morocco, INTRALOT Ohio and INTRALOT Georgia; 2015 data for products' trainings related to Responsible Gaming refer to INTRALOT S.A., INTRALOT de Peru, INTRALOT Brazil and Jamaica SVL.

\*\*2016 data via instructor-led classroom trainings refer only to INTRALOT S.A.; 2016 data via e-learning trainings refer to INTRALOT S.A., INTRALOT Australia, INTRALOT Germany and Maltco Lotteries; 2016 data for products' trainings related to Responsible Gaming refer to INTRALOT S.A., INTRALOT Chile and INTRALOT Morocco.

## Evaluating employee training programs on Responsible Gaming

Depending on each module's learning objectives, methods such as open discussion, questions and answers, role plays and quizzes are used, in order to determine the level of learning (expected outcome). Furthermore, a detailed course evaluation is conducted at the end of each training module, in order to determine the training course effectiveness or identify any need for extra training.

# 4. Products and Services Features

## Offering safe and quality products and games

INTRALOT Group has adopted an integrated approach to design and monitor the quality and safety requirements of its products throughout their entire lifecycle, in order to deliver safe and quality products and services to its customers and players. Based on its approach, the Group:

- ▶ Complies with the safety regulations in each market and jurisdiction for all gaming terminals.
- ▶ Clearly displays its gaming terminals' compliance with the appropriate labels (CE, FCC, C-Tick).
- ▶ Considers safety compliance from the initial stage of product design.
- ▶ Collaborates with internationally accredited laboratories (such as the Underwriters Laboratories) to test and certify product compliance.
- ▶ Meets the standards acknowledged and used by Regulatory Authorities for game design.
- ▶ Verifies the credibility and integrity of its games and

ensures that they are fair and secure.

- ▶ Collaborates with independent inspection and certification laboratories (such as the Gaming Laboratories International) to test and certify its games.

As a result of the Group's practices, in 2016 there were:

- ▶ No incidents of non-compliance with regulations and voluntary codes concerning product and service provision and use or their health and safety impacts during their life cycle.
- ▶ No recalls of any product.
- ▶ No investigations or legal actions for non-compliance related to product and service provisions and use or their health and safety impacts.
- ▶ No relevant fines or non-monetary sanctions for non-compliance with laws and regulations by the respective authorities.

## GOOD PRACTICE

### Responsible Gaming Technology

Technology is the main tool to implement the Group's Responsible Gaming Program, as it can be used to:

- ▶ Prevent minors and players with pathological behaviour in gaming to participate in games of chance.
- ▶ Prevent excessive gaming.
- ▶ Support a healthy gaming environment.
- ▶ Enable players to make informed gaming choices.
- ▶ Ensure a fair and safe gaming experience and prevent fraud.

The Group's technologies and IT systems functionalities actively support the Group's and its customers' Responsible Gaming activities. INTRALOT Group's terminals:

- ▶ Can read the player's profile data in his/her Player Card, in order to identify his/her age.
- ▶ Allow players to remain within a specific amount for their gaming budget.
- ▶ Allow players to self-exclude or block themselves from games for an unlimited or specified time period.
- ▶ Display reminder messages to players, in case they reached the predefined gaming amount.
- ▶ Incorporate and display Responsible Gaming messages to players.
- ▶ Allow personalized Responsible Gaming suggestions, depending on a player's gaming behaviour.
- ▶ Can multicast Responsible Gaming messages and TV spots to other terminals, ticket checkers, printers, TVs and any other display within Points of Sale.

## Minimizing risk before launching a new game

The Group is committed to ensure appropriate game design with embedded Responsible Gaming characteristics, as well as to monitor its games' impact on the market in which they are offered. To this end, the Group implements regular Social Impact Assessments to minimize risk before launching a new game, based on the following approach:



As an integral part of its game design process, the Group utilizes the iRGD tool (INTRALOT Responsible Gaming Designer), created in collaboration with Athens Information Technology (AIT) and independent international scientists. The tool tests the social impact of games through the following characteristics per game, in order to provide results and recommendations for improvement:

- ▶ Structural characteristics: game features that relate to initiate, expand and maintain playing over time.
- ▶ Situational characteristics: game features primarily related to the gaming environment (e.g. retailer store, Video Lottery venue, internet or mobile channel).
- ▶ Responsible Gaming characteristics: features that may impact the players gaming pattern (i.e. self-imposed time and/or financial limits, etc.).

The iRGD tool features friendly interactive user interface and is used to:

- ▶ Conduct Social Impact Assessments per game, channel or territory.
- ▶ Generate detailed reports per specific game or gaming improvements required.
- ▶ Store data and gaming intelligence per game, channel and territory.

# 5. Remote Gaming

## Imposing data protection controls

An imperative requirement from INTRALOT Group is to implement control procedures, in order to safeguard the games' security and ensure their reliability.

- ▶ For draw games, the Group utilizes proven IT mechanisms and security measures, which virtually eliminate the possibility of hacking and/or information manipulation. At the same time, an appointed bailiff representing the players is responsible to control the wagers' closing prior to publicly broadcasting the games' draws and monitor the draws.
- ▶ For instant games, the Group implements various security mechanisms and controls, in order to randomly allocate winnings to tickets and prevent any 'localization' of winning tickets.

## Protecting players in online gaming

INTRALOT Group commits to cultivate a remote gaming environment that respects and upholds the principles of Responsible Gaming, in order to ensure that its products and solutions for remote gaming platforms feature the necessary characteristics to protect players and monitor their participation.

### Remote gaming platforms

The Group's remote gaming platforms feature some of the industry's leading practices, as they:

- ▶ Comply with the relevant legislation regarding protection of personal data.
- ▶ Has adopted the new European Union General Data Protection Regulation as a minimum Privacy Standard for the entire Group.
- ▶ Implements player privacy controls according to the European Privacy Network.
- ▶ Require that all players have to register, in order to participate to games provided by operators.
- ▶ Follow strict security standards regarding player registration and gaming behaviour.
- ▶ Players can verify their age and information such as home address and personal Tax Identification Number, either via the system's online interface (where players are requested to submit a copy of identification documents, such as personal identity card, driver's license, passport, a public utility bill or a bank statement) and verified by a third party or offline by authorized personnel (e.g. retailers) and standardized procedures.
- ▶ Do not allow multiple accounts per user through control mechanisms, such as proof of address and bank account verification.
- ▶ Provide the ability to freeze a player account and do not permit any further online gaming, in case the player's age is not verified after the first deposit or player registration.
- ▶ Incorporate a flagging system and real-time alerts.
- ▶ Include a dedicated monitoring process that triggers personalized Responsible Gaming messages to inform players about potentially excessive and problematic gaming behaviour.
- ▶ Display the wager value and indicate the time played in each gaming session with a dedicated clock.
- ▶ Provide a detailed history of activities linked to a player account, such as financial and gaming transactions, as well as participation to gaming sessions.

- ▶ Players can configure the history view and filter on specific criteria, such as game category, specific game, date of participation, draws, winnings, betted numbers or team.
- ▶ Provide centralized payment management for all transaction types.
- ▶ Players can set their own limits depending on their personal risk profile, including limits on:
  - Personal spending
  - Personal losses
  - Personal deposits
  - Each gaming session
  - Time spent on gaming.
- ▶ Players can set temporal limits to prevent them from excessive play, through which they can:
  - Set the time period between participation in games, especially in games that potentially allow a high frequency of play, such as instant win tickets.
  - Limit the duration of a gaming session, especially in numerical games with high frequency draws.
  - Set the minimum time to participate in consecutive gaming sessions, such as a day or a week.
- ▶ Players can review their limits at any time and can increase or extent them only after a specified cool off (or temporization) period has elapsed.
- ▶ Lottery operators can set limits for all players (e.g. maximum spending or time limit above which players cannot go) or set default player limits, which are applied by default if the player does not specify one.
- ▶ Players can exclude themselves from all or a specific category of games, such as instant win tickets or sports betting, utilizing two kinds of exclusions:
  - The definitive exclusion, where players can definitively exclude themselves from some games.
  - The temporary exclusion, where players can exclude themselves from participation to some games (e.g. for one week or one month). It must be noted that the exclusion becomes definitive for players who repetitively exclude themselves (e.g. five times) across a certain period (e.g. one year).
- ▶ Players can opt to close their accounts immediately.
- ▶ Include self-assessments questionnaires for players who are concerned about their gaming behaviour.

### Examples of Responsible Gaming Alerts



## GOOD PRACTICE

### Private Data Protection and Data Breach Reporting

Within the content of its Information Security Management System, INTRALOT is committed to systematically address security issues. There, the Company implements specific rules and controls to protect personal data in the following areas:

- ▶ Organizational controls (e.g. there is a Data Privacy Officer in all Group companies with over 250 employees).
- ▶ Risk assessment and data identification (e.g. risk assessment of products and operations based on ERM).
- ▶ Technical controls (e.g. maintain encrypted backup of personal data).
- ▶ Operational controls (e.g. strictly prohibit transfer of personal data outside of a jurisdiction, unless authorized upon written consent from the Group Legal Counsel and the Group Information Security Officer to justify as legally compliant).
- ▶ Contractual (third party and employee) controls (e.g. data processing according to a contract or other legal act).

Any person who processes personal data (processor) has to immediately notify any data breach to the controller (the person who determines the scope and means of the processing of personal data), in accordance with INTRALOT ERM Framework. The breach is reported to the Group Information Security Department and the controller coordinates with the Group Legal Department, the Group Information Security Department and the Data Protection Officer for any further reporting actions within 72 hours. The controller informs the persons affected by the data breach about the nature of the personal data breach and the recommended actions to mitigate potential adverse effects.

### Responsible Gaming Pre-Commitment System

In gaming industry, pre-commitment systems introduce restrictions on electronic gaming machines (EGMs), in order to prevent players from spending more money than they originally intended. The Group includes a Player Pre-Commitment System in an EGM monitoring system and has developed the Responsible Gaming Module for its iGEM Monitoring System, which is used to monitor, manage and control large networks of EGMs. Within the context of this module, players can register via web or in any gaming venue and get a player card with credentials to access their account, which allows them to set personalized game limits or self-exclusion options. The system also allows anonymous player cards for pre-commitment purposes, in case players wish to play anonymously, and offers various options to players, including:

- ▶ Selection of either a Voluntary Scheme (where non-registered players can play in EGMs) or a Mandatory Scheme (where player cards from registered players with player-set limits are necessary to activate the games).
- ▶ Support of anonymous or named Registration.
- ▶ Configuration to stop game play when a limit is reached or to allow game play after that limit, either with warnings or with no warnings.
- ▶ Access to real-time information about the players' gaming activity before and after the set limits.

## GOOD PRACTICE

### Information Security Assessment

According to a formally established procedure, INTRALOT utilizes an Information Security Compliance Questionnaire to conduct an Information Security Assessment prior to adopt a third party product, through which third parties are requested to elaborate on their processes, practices and mechanisms in the following areas:

- ▶ General security controls
- ▶ Internet gaming security
- ▶ Player management compliance with regulations
- ▶ Fraud prevention
- ▶ Responsible gaming

At the same time, the Company has developed an Information Security Compliance Questionnaire for Cloud Service Providers, which is structured around the following areas:

- ▶ Infrastructure
- ▶ Assurance and Compliance
- ▶ Business Continuity Management
- ▶ Data
- ▶ Encryption and Key Management
- ▶ Network Security
- ▶ Incident Reporting.

## INTERNATIONAL GOOD PRACTICE

### Roll out of Pre-Commitment System in Australia

INTRALOT Gaming Services Pty Ltd, a wholly owned subsidiary of INTRALOT Australia Pty Ltd, has rolled out the first Voluntary Pre-commitment Scheme branded 'YourPlay' for a network of 28,500 electronic gaming machines (EGMs) across the State of Victoria, including the Melbourne Casino. The official launch follows a contract between INTRALOT and the Victorian Government to operate the pre-commitment service until August 2027. Although the scheme is voluntary for players, it is mandatory on all gaming machines operating in Victoria, including at the Melbourne Casino.

- ▶ Set fully configurable limits that can be activated or deactivated, such as financial loss, play duration and bet amount, applicable on a daily, weekly or monthly basis.
- ▶ Display of configurable warning messaging and warning levels.
- ▶ Access to self-assessment questionnaires available via website, in order to measure their risk of excessive gaming behaviour.
- ▶ Links to resources and organizations engaged in Responsible Gaming and problem gaming.

As a result, in 2016 there were:

- ▶ No complaints regarding breaches of customer privacy and losses of customer data.
- ▶ No incidents of non-compliance with laws, regulations or voluntary codes and no legal actions regarding breaches of customer privacy or losses of customer data.
- ▶ No relevant fines or non-monetary sanctions imposed by the respective authorities.

# 6. Responsible Communication

## Advertising products responsibly

The Group carries out its advertising and marketing communications in a manner that promotes Responsible Gaming and strives to ensure that its advertising and marketing activities are aligned with the standards and practices adopted and implemented by WLA members. In addition, the Group's marketing and advertising campaigns in all jurisdictions:

- ▶ Are consistent with the industry's principles of dignity and integrity, as well as with its mission and values.
- ▶ Abide by WLA Responsible Gaming principles.
- ▶ Include a statement of its commitment to Responsible Gaming.
- ▶ Do not encourage people to play excessively or exceed their limits.
- ▶ Do not imply or refer to or portray any illegal activity.
- ▶ Do not mislead that all players will win high prizes.
- ▶ Do not contain or imply improper or indecent language, images and actions.
- ▶ Comply with the relevant legislation, including unfair competition and consumer protection.
- ▶ Do not encourage underage or problem play.
- ▶ Do not provide player with misleading information such as false impression on winning odds.
- ▶ Local subsidiaries are involved in marketing and advertising activities of its products and services, in order to ensure that local regulations are met and that the local culture is respected.

Within 2016:

- ▶ There were no sales of banned or disputed products and services in any foreign market of operation.
- ▶ There were no customer complaints to respective authorities concerning marketing, advertising and promotion activities and product or service information (e.g. product labeling).
- ▶ There were no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, as well as marketing communications (e.g. advertising, promotion and sponsorship).
- ▶ There were no cases of advertising campaigns being withdrawn after release.
- ▶ There were no relevant fines or non-monetary sanctions imposed by respective authorities.



# POLICY

## Media Relations

According to a formal corporate procedure concerning corporate communication issues (such as press releases, announcements, interviews and Responsible Gaming):

- ▶ All press releases that contain corporate information (both international and local) need the Group Corporate Affairs Department's (GCAD) prior review and approval.
- ▶ In case of local promotional news, subsidiaries can send the press releases directly to local media, but they should inform the GCAD prior to dissemination, in order to decide whether they comply with Group policies and that the news are of broader interest.
- ▶ The press release or a draft version has to be sent to the GCAD at least 2 days before its release, in order to follow the required approval procedures.
- ▶ If the communication material (e.g. press release) concerns another party as well, such as business partner or customer, the GCAD is obliged to send the final draft to them (as prepared or approved by the GCAD), in order to review and approve it.

It must be noted that in 2016, there were no cases of non-compliance with the above corporate procedure.

## Replying to customers' requests

INTRALOT Group has established and operates a complete support solution for its customers within the Global Technology Operations Department in compliance with ISO 20000. INTRALOT's Service Desk:

- ▶ Functions as a single point of contact 24 hours a day, 7 days a week, between customers and internal support groups for management of IT and Application Support and Services.
- ▶ Records and monitors incidents and service requests, according to the Incident Management Procedure.
- ▶ Provides advises, solutions, workarounds and responses to all customer requests within the agreed Service Level Agreements, where applied.
- ▶ Records errors and solutions in the Knowledge database, according to the Problem Management Procedure maintained by its 2nd level support groups.
- ▶ Collaborates with the IT Professional Services Department to ensure that all changes follow the Configuration Management Procedure.

### Service Requests and Complaints

	2015	2016
Total Service Requests (number)	6,931	11,275
Answered calls (%)	100	100
Resolved requests (%)	100	100

## GOOD PRACTICE

### Global Service Desk

According to ISO 20000:2015 requirements for IT Service Management, the Group has established the Global Service Desk, in order to streamline all customers' communications regarding support for the Group's products and services. The Global Service Desk ensures that all requests are handled effectively within the agreed Service Level Agreements. INTRALOT monitors all incidents reported, in order to identify customer concerns and areas for improvement, and INTRALOT's Top Management monitors and reviews all incidents classified as high priority.

### Measuring player satisfaction

As player satisfaction is an ongoing process, INTRALOT Group seeks to deepen understanding of the players. Therefore, the Group analyzes their actual behaviour, as collected from the tens of millions player-initiated transactions on a global scale.

## 7. Players Awareness and Training

### Informing customers

INTRALOT Group strives to promote customer awareness on Responsible Gaming, in order to ensure that players are well-informed and vulnerable groups are constantly protected. Therefore, the Group:

- ▶ Includes a detailed list (service catalogue) with the Responsible Gaming features of its remote gaming platforms within all Requests for Proposal (RFP), in order to disseminate the respective requirements to its customers.
- ▶ Has created and provides a Quick Reference Guide with information about Responsible Gaming to its customers.

### Training customers on Responsible Gaming

INTRALOT's Learning Center is responsible to design, develop, implement and monitor the Responsible Gaming training activities to customers. The Learning Center collaborates with experts across different departments and works closely with employees designated by each customer. Depending on the employee groups per customer, INTRALOT provides specific Responsible Gaming courses, such as courses for Retailers, courses for Call Center employees and courses for Business Users.

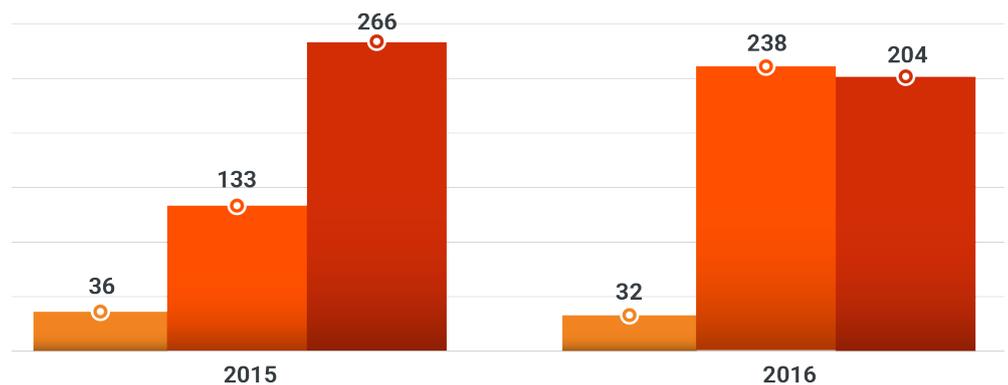
**100%** of  
service requests  
were resolved

**238** customer employees were trained on Responsible Gaming, for a total duration of **204** training hours

The Responsible Gaming training activities aim to properly inform and educate customers and their players through:

- ▶ Instructor-led training in classrooms, which features:
  - Responsible Gaming material (e.g. in its Induction presentation and Guide).
  - Responsible Gaming awareness course.
  - Responsible Gaming Awareness Quick Reference Guide.
- ▶ Knowledge-transfer programs on Responsible Gaming concepts, as part of awarded contracts for the Group's products and services.
- ▶ Asynchronous Responsible Gaming e-learning courses for WLA certified customers, with an e-learning course on Responsible Gaming, to which all customer employees are enrolled at least once a year and provide their feedback at the end of the course via a questionnaire.

### Customer Training on Responsible Gaming



Customers for 2015 include Magnum Corporation (Malaysia), Dutch Lotteries Staatloterij and De Lotto (Netherlands), AzerInteltek (Azerbaijan) and Hrvatska Lutrija (Croatia, Bulgaria); Customers for 2016 include Polla Chilena (Chile), PLI (Ireland), Philippines Charity (POSC), Moroccan Lotteries (MDJS and LN), Lotterywest (Australia), Eurofootball (Bulgaria) and ABLE (Philippines).

## Providing information to players

INTRALOT Group strives to inform players and their relatives, as well as the society in general, regarding the rational participation in games of chance and the adverse consequences related to irresponsible gaming. Therefore, the Group complies with all legal labeling requirements, as indicatively mentioned below:

- ▶ All games include Responsible Gaming messages.
- ▶ All games have clear labeling, which indicates the age restrictions to participate in games.
- ▶ All games include information on the applicable Regulatory Authority.
- ▶ All games' informational material and guides include Responsible Gaming messages and have clear and visible information on game odds.
- ▶ Information about Responsible Gaming (e.g. self-assessment questionnaires, helpline numbers) is displayed on online gaming platforms.
- ▶ All terminals in agencies and other Points of Sale feature information about Responsible Gaming.
- ▶ Additional information on Responsible Gaming is also available through the corporate website.

### GOOD PRACTICE

#### Identifying Gaming Habits

The Group has designed a short questionnaire with 3 questions and a detailed questionnaire with 9 questions, which are provided to lotteries, in order to identify gaming habits and indicate if a player experiences issues with his/her gaming habits. If a player scores above a specific threshold on the short questionnaire, they are advised to continue with the detailed one. Both questionnaires are based on the 5th edition of the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders.



Responsible Gaming information and messages are displayed to **100%** of games and terminals

## INTERNATIONAL GOOD PRACTICE

### Obligations of Maltco Lotteries' Agents and Sellers

Maltco Lotteries has specifically defined its agents' and sellers' obligations regarding Responsible Gaming, who are required to:

- ▶ Prominently display the Responsible Gaming motto and the "18+" sign in their Point of Sale.
- ▶ Not sell tickets to persons under the age of 18 even if they act on behalf of a parent/ guardian.
- ▶ Not give credit to players.
- ▶ Always require cash immediately after they issue any selling ticket.
- ▶ Make the Responsible Gaming literature available in their Points of Sale.
- ▶ Inform and explain the nature of Responsible Gaming to their customers.
- ▶ Protect vulnerable persons.
- ▶ Offer assistance to any player who might be suffering from compulsive gambling.
- ▶ Inform the respective anti-gambling agencies on any addictive gambling cases.

At the same time, the company informs its agents and sellers on the warning signs of addictive gambling and indicates the advices they should give to players, in order to refrain from compulsive gambling.

## INTERNATIONAL GOOD PRACTICE

### Self Tests

In Malta, Maltco Lotteries offers Self Tests in English to players and introduced a Self Test in Maltese language in its entire retail network within 2016. The Test features 8 questions to identify problem gambling behaviour and informs players about the consultation and treatment providers in Malta, as well as the company's Helpline Centre.

## Assisting players with problematic behaviour

The Group cooperates with expert organizations for health services and counseling to addicted gamers in several of the jurisdictions where it operates, in order to:

- ▶ Prevent gaming addiction and dependency on games of chance.
- ▶ Provide guidance to players with problematic behaviour and their relatives.
- ▶ Inform everyone on the ways to receive information and practical support, in cases of excessive participation in games.
- ▶ Report problem gaming incidents to these organizations.

INTRALOT Group has developed treatment referral collaborations in several jurisdictions, such as with the Montana Council on problem Gambling, a non-profit agency dedicated to alleviate gaming-related social and personal distress. Additionally, since several of its Lottery customers have developed collaborations with specialized organizations on gaming addiction and problem gaming therapy, the Group regularly promotes information about the availability of this support throughout their sales networks.



OBJECTIVES



**By 2017**  
Develop Group-wide anti-money laundering (AML) guidelines



**By 2017**  
Launch a corporate campaign with a pillar on Integrity and Responsible Gaming



**By 2018**  
Renew the WLA Responsible Gaming Standards Certification for Associate Members

**Ensuring**  
**the wellbeing**  
and development  
of our **Employees**



# 6



## Employee Wellbeing



# 1. Overview

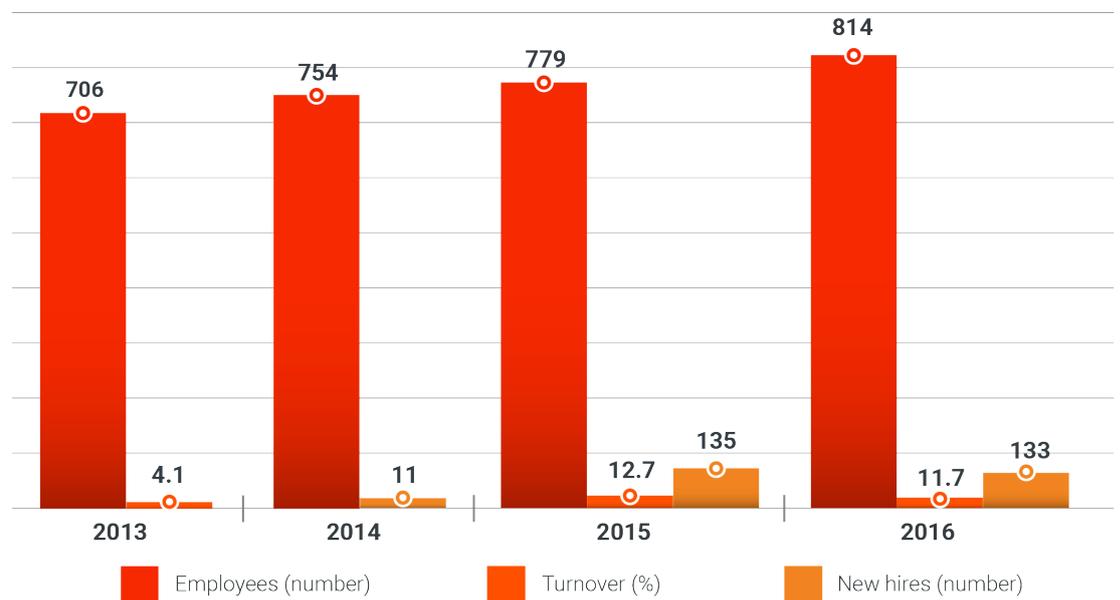
INTRALOT's human resources allow the Company to operate on its full potential within a constantly changing business environment, effectively face the challenges of the gaming industry and, ultimately, succeed in its mission. For this reason, it is imperative for INTRALOT to be recognized as an attractive employer, who cultivates a healthy and safe workplace, respects human rights and diversity and creates the necessary opportunities for personal and professional development of its employees.

## 2. Positions and Benefits

### Maintaining work positions

INTRALOT directly occupies 814 employees as of 31/12/2016, while its business activity indirectly supports hundreds work positions.

Human Resources



**814** employees are directly employed, while the Company's activities indirectly support hundreds work positions all over the country

## Employee Distribution

Position	Directors	Managers	Employees	Total	
Employees (number)	33	127	654	814	
Type of employment	Permanent	Temporary	Full-Time	Part-Time	
Employees (number)	814	0	781	33 (25 women)	
Gender	Female	Male			
Employees (number)	244	570			
Age	<30	30-50	>50		
Employees (number)	82	624	108		
New hires	Female	Male	Age <30	Age 30-50	Age >50
Employees (number)	26	107	25	104	4
Turnover**	Female	Male	Age <30	Age 30-50	Age >50
Employees (number)	17	78	11	72	12
Turnover	Resignations	Redundancies			
Employees (%)	6.4	5.3			
Categories	Handicapped	Foreigners			
Number	0	5			
Duration of employment	<5 Years	5-10 Years	>10 Years		
Employees (%)	49.5	32.5	18		

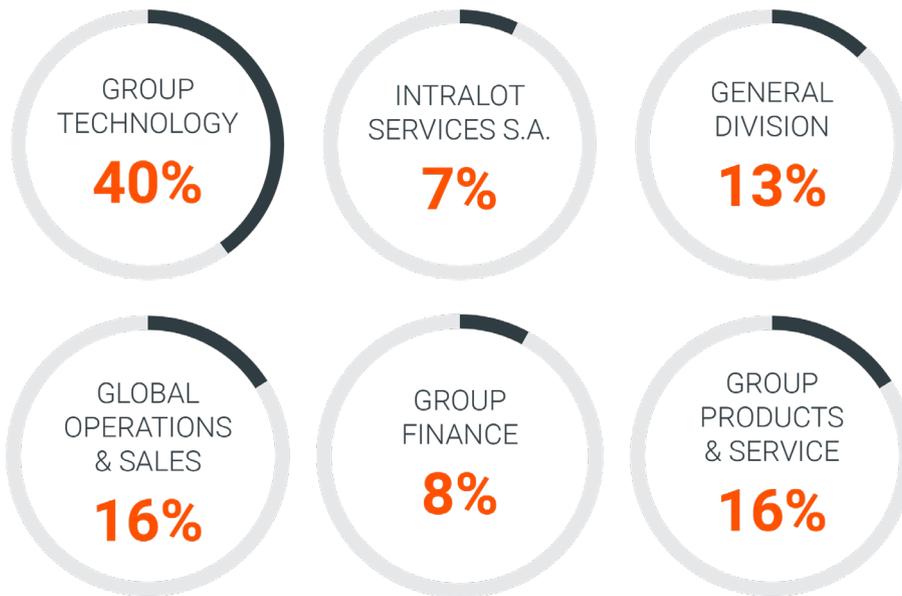
\*Data refer to 31/12/2016.

\*\*Turnover data do not include INTRALOT employees who left for other INTRALOT Group's companies in Greece and abroad.

It must be noted that:

- ▶ 96% of employees are full-time
- ▶ The average age of employees is 41 years
- ▶ The average age of employment is 5.6 years
- ▶ The average turnover rate is 11.7%, with men employees having a turnover rate higher by 6.3% compared to women employees
- ▶ 100% of employees and managers (at Head/Director, Group Director and Chief level) hired within 2016 were from the local community, without requiring relocation
- ▶ There are no variations in employment numbers due to seasonality.

## Allocation of employees per Division/Entity



Data refer to 31/12/2016

## Communicating with employees

INTRALOT has established a systematic dialogue with its employees, via internal communication means, such as:

- ▶ Open door policy.
- ▶ Personal communication through respective managers and department heads.
- ▶ Corporate intranet portal iSpace.
- ▶ Regular meetings.
- ▶ Corporate and social events.
- ▶ Dedicated grievance mechanism.
- ▶ 'HR Here' focus groups between employees and senior representatives from Human Resources Division, in order to openly discuss and address related issues of concern to INTRALOT employees.
- ▶ E-mail announcements.

As a result:

- ▶ All employees have been informed at least once regarding Sustainability and Corporate Responsibility issues.
- ▶ There were 3 internal communication activities regarding Sustainability and Corporate Responsibility issues in 2016, compared to 4 in 2015.

**100%** of employees have permanent employment contracts

**100%** of employees have been informed on Corporate Responsibility issues

## GOOD PRACTICE

### iSpace portal

In order to facilitate information flow with its employees, INTRALOT has developed its own corporate intranet portal iSpace, which:

- ▶ Allows collaboration and information sharing.
- ▶ Enhances communication and coordination.
- ▶ Increases data and document management efficiency.
- ▶ Optimizes content and processes effectiveness among employees.

All employees have access to iSpace, which provides a single starting point to access the following indicative internal and external resources:

- ▶ Information about INTRALOT Group's organizational structure and offices worldwide.
- ▶ Various official Policies and procedures, such as the Code of Conduct, the Internal Regulation Charter and the Internal Guide of Employment Policies and Procedures.
- ▶ Information about employee benefits and offers.
- ▶ Access to INTRALOT'S e-learning platform.
- ▶ The applicable Logo Manual with the requirements to use corporate logos.
- ▶ Related employee applications, such as for Timesheet management, Leave management (annual leave, short leave, attendance request) and Travel management.

### Handling work-life balance

INTRALOT is aware of the importance to promote work-life balance for its employees and aims to create and maintain a work environment which respects its employees' work and personal responsibilities, in order to increase job satisfaction and employee productivity. For this reason, INTRALOT:

- ▶ Complies with the applicable laws concerning:
  - The daily and weekly work hours of each employee, according to their employment contract.
  - The start and end time of work.
  - All types of leaves and reasons of absence.
  - The implementation of any alternative employment scheme for some or all employees.
- ▶ Does not allow overtime work without prior permission from the management (depending on corporate needs) and the relevant Labor Inspectorate, where necessary.
- ▶ Complies with the relevant laws, ministerial decisions and collective labor agreements in force concerning:

- The additional remuneration to employees working overtime.
  - The employees' normal leave, which all employees are entitled to receive on completion of the required period, with full remuneration and a holiday pay.
  - Any paid or unpaid leave, which all employees are entitled to receive.
  - The maternity leave, which working mothers can receive during and after pregnancy.
- ▶ Has created breast feeding facilities within corporate premises for female employees and complies with the legislation regarding breast feeding, for the time period fixed by the relevant law provisions.
  - ▶ Permits employees to work from home, if allowed by the deliverables according to job requirements.

It must be noted that within 2016:

- ▶ 20% of employees worked for at least once beyond their typical work hours.
- ▶ The average overtime work per employee was 10 hours.
- ▶ All overtimes were fully and timely paid to employees.
- ▶ 100% of employees received their entitled normal leave, as initially planned.
- ▶ All 13 female employees who received their parental leave, returned to the Company and were still employed twelve months after their return to work.

## Offering additional benefits

The Company has established a Compensation and Benefits Policy for its employees and their families, which offers an extensive additional benefits package and aims to:

- ▶ Increase employees' long-term prosperity.
- ▶ Attract new and retain existing employees.
- ▶ Increase productivity.
- ▶ Enhance job satisfaction.

The benefits cover all permanent employees (including part-time employees), depending on their level and job content, with an indicative list as follows:

### Additional Benefits

EMPLOYEE BENEFITS*	FRINGE BENEFITS	FAMILY BENEFITS
		
<ul style="list-style-type: none"> <li>✓ Private medical and life insurance</li> <li>✓ Company cars and gas card</li> <li>✓ Parking</li> <li>✓ Mobile phone</li> <li>✓ Subsidized home internet connection</li> <li>✓ Corporate laptop</li> </ul>	<ul style="list-style-type: none"> <li>✓ Special corporate discounts (e.g. for mobile services, dental treatment, restaurants, cleaning services and athletic centers)</li> <li>✓ Memberships in professional associations</li> </ul>	<ul style="list-style-type: none"> <li>✓ Access to blood bank</li> <li>✓ Medical insurance for family members</li> <li>✓ Annual kids party</li> <li>✓ Gift vouchers for newborns</li> </ul>
<p style="font-size: small; color: #e67e22;">*According to the level of their position.</p>		

## GOOD PRACTICE

### iGame

INTRALOT organizes the annual iGame contest, which aims to encourage employees to identify corporate needs or areas for improvement and come up with innovative and creative ideas to address them, without however organizing a similar contest during 2016.

All employees fill in can the related form and submit their ideas via the iSpace until the 30th of November of each year. INTRALOT has established an evaluation committee of top management executives, who examine the ideas submitted, according to the following criteria:

- ▶ Relevance to innovation for INTRALOT (innovative nature and uniqueness, applicability, relevance to INTRALOT's mission).
- ▶ Timing relevance in accordance to INTRALOT business strategy.

The best ideas submitted are awarded at the end of each year in a corporate event at the Company's headquarters and winners are included in INTRALOT's Wall of Fame. Additionally, employees whose ideas were distinguished through the annual contest can:

- ▶ Become executive members of a project committee (to develop the idea into products/new product features/new processes).
- ▶ Receive a certificate of appreciation.
- ▶ Be recorded as inventors in INTRALOT patent application (if applicable).

## 3. Development and Training

### Inducing employees

Upon recruitment, all newly hired employees participate in a Corporate Induction Program, in order to:

- ▶ Gain a general overview of the gaming industry.
- ▶ Gain a general overview of the Company (e.g. Vision, Mission, Values, Strategy, Group activities, Corporate Responsibility, Focus on excellence).
- ▶ Learn about INTRALOT's products and services (e.g. Games, Terminals, Systems).
- ▶ Learn about INTRALOT's work environment (e.g. Code of Conduct, Organizational Structure, Policies and procedures, Health & Safety, Corporate intranet portal).
- ▶ Become familiar with the basic terminology used within the Company.
- ▶ Become aware of the basic principles of Responsible Gaming.

## GOOD PRACTICE

### Introduction to Information Security Policies and Practices

All employees are trained on security policies and practices, with an emphasis on INTRALOT's Information Security Management System (ISMS), in order to:

- ▶ Identify and classify information according to its classification level.
- ▶ Correctly use the 3 information security principles (confidentiality, integrity and availability).
- ▶ Identify security violation incidents.
- ▶ Understand IT-related information security basics.
- ▶ Apply principles of physical security.

The Company organizes Induction sessions to present the overview of ISMS along with other corporate information and all new employees are required to participate and successfully complete an ISMS e-learning course within two working weeks of employment. It must be noted that within 2016, 90% of INTRALOT's employees attended the annual Information Security awareness program.

Furthermore, all employees are required to undergo security training updates on an annual basis, which are primarily conducted through a fully-customized e-learning course on INTRALOT's e-learning platform. At the end of the course, all employees are required to complete a questionnaire, in order to determine training effectiveness, with a pass score of 80%. In case it is required, INTRALOT also conducts in-class training sessions for its employees, without any further training sessions required within 2016.

The Corporate Induction Program's content is also part of the Induction Handbook, which is distributed to all new employees, is available through the corporate intranet portal and is updated when key information changes. Furthermore, it must be noted that a more in-depth induction program is conducted for INTRALOT executives, which includes one-to-one sessions with executives from different Divisions and Departments and more specialized presentations, in order to become familiar with respective departmental processes and operations.

Within 2016:

- ▶ 90% of all newly hired employees attended the Corporate Induction Program.
- ▶ All newly hired executives in senior management positions participated in the Induction program for INTRALOT executives.

## Training employees

INTRALOT highly values training and continuous learning, since they contribute to the professional and personal development of its employees and ensure operational growth.

# GOOD PRACTICE

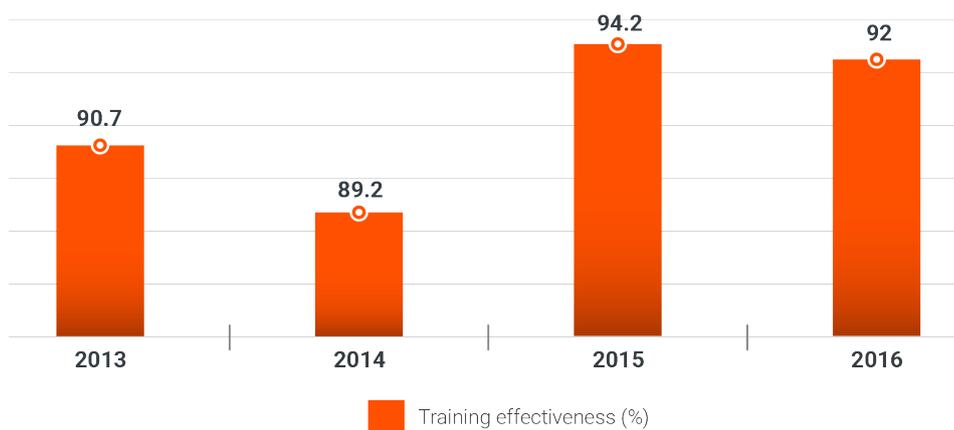
## People Development Department and Project-Based Learning Center

INTRALOT's People Development Department, which is a part of the Human Resources function, cooperates closely with INTRALOT's Learning Center to provide high-quality training services. All training provided by the Learning Center is certified against the ISO 29990:2010 standard, which includes the entire training process: analysis, design, delivery, monitoring and evaluation of project-based training.

All training results are analyzed and processed and kept in a training database, which is regularly audited, in accordance with the internal audit process and the certifications INTRALOT complies with.



## Employee Training Effectiveness



Data for 2013 and 2014 refer to the effectiveness of INTRALOT employee training undertaken by the Learning Center; data for 2015 and 2016 refer both to the effectiveness of Learning Center and Human Resources' People Development Department.

Training and development programs are materialized either within classrooms or through INTRALOT's e-learning platform and feature seminars, mentoring and other programs and initiatives.

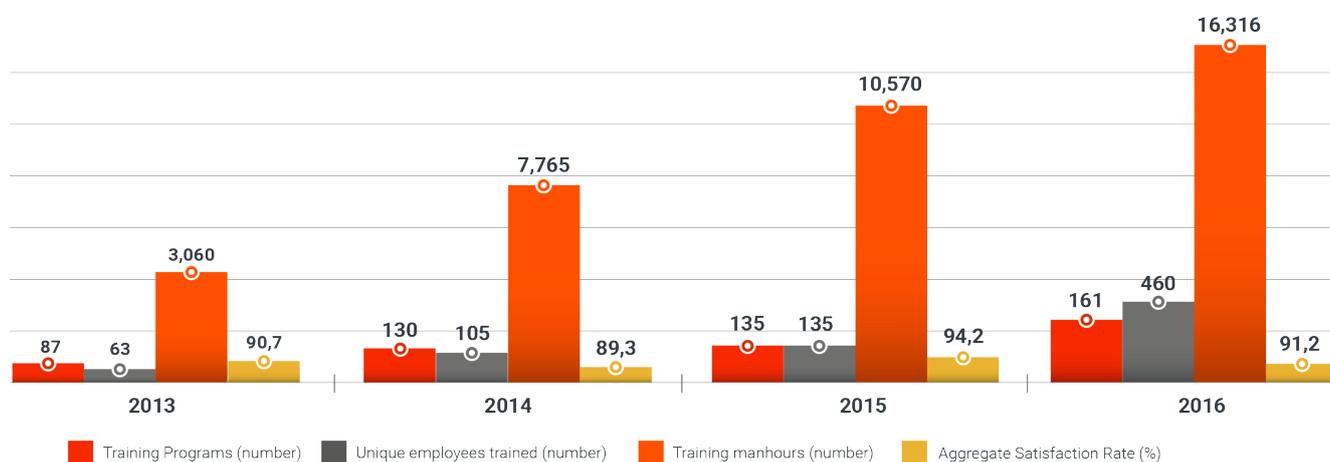
### Training and Development Programs

<b>Corporate</b>	Corporate Induction
	Gaming Sector Overview
	INTRALOT Products
	Responsible Gaming Policies and Best Practices
	Corporate Management Tools
	Corporate Online Services/Applications
	Information Security Management System
	Quality Management Systems (e.g. ISO 9001, ISO 20000, EFQM)
	Health & Safety (e.g. First Aid, Building Evacuation, Fire Suspension)
<b>Functional and Individual</b>	IT Skills (Software Development, Operating Systems, Network Technologies, Database systems, Web Design, Cloud and Computer Virtualization, Security)
	Desktop Computer Skills
	Business Skills (e.g. Finance, Leadership and Management, Project Management, Product Management, Customer-facing)
	Quality and Compliance-related (e.g. Software Quality Testing, ITIL)
	Foreign Languages
	Seminars and Conventions of Lottery and Gaming Associations

Within 2016, INTRALOT:

- ▶ Conducted 180 classroom and e-learning training programs, compared to 151 programs in 2015.
- ▶ Trained 90% of its employees (including employees participated in e-learning training).
- ▶ The total duration of training programs was estimated to be 17,775 man-hours, compared to 11,042 man-hours in 2015, averaging 20 hours and 1.8 hours per employee for classroom and e-learning training respectively, compared to 13.5 hours and 0.6 hours respectively in 2015.
- ▶ The Average Satisfaction Rate reached 91.2%, compared to 94.2% in 2015 (according to training satisfaction surveys conducted for approximately 50% of the total training programs).
- ▶ Implemented and completed the INTRALOT Leadership Academy program to over 98% of all management positions.

### Employee Classroom Training



Data for 2013-2016 refer to INTRALOT S.A., INTRALOT Services S.A. and BetCO.

Total training hours increased by **61%**

Duration of classroom training programs and number of unique employees trained increased by **54.4%** and **240%** respectively

## GOOD PRACTICE

### e-Learning Training

Apart from classroom training, the Company also offers e-learning programs through INTRALOT's customized e-learning platform in the following main categories:

- ▶ Compliance and Certifications, which include mandatory courses for all employees and require successful completion.
- ▶ Gaming (industry-related), which include courses on the gaming industry available to all employees, such as Responsible Gaming and Gaming Business Overview.
- ▶ Corporate, which include courses relevant to INTRALOT's corporate environment (e.g. Induction and Corporate Applications), INTRALOT-specific programs (e.g. Software Development, Sales Course for Agents) and Soft Skills (e.g. Customer Service).
- ▶ Global Live Network Webcasts, which include recorded webcasts on a variety of INTRALOT-specific topics, such as INTRALOT Products and Services and INTRALOT Success Stories.

#### e-Learning Training

	2013	2014	2015	2016
Training programs (number)	32	17	16	19
Training manhours (number)	624	1,590	472	1,459
Unique employees trained (number)	427	617	465	619

Data for 2013-2016 refer to INTRALOT S.A., INTRALOT Services S.A. and BetCO.

### Developing employees

INTRALOT utilizes a Performance Management system to identify and manage performance, which enables INTRALOT to plan targeted training and development initiatives according to the individual needs of each employee (either for their current position or for a future one), as well as training programs that meet development needs across different functions. The system entails full involvement of the employee and his/her manager on the development path of each employee and provides a common language on expectations and fair evaluation, as well as links performance results, feedback, recognition and development.

Regarding the 2016 employee performance, 95% of all eligible INTRALOT's workforce (both employees and managers) were assessed within the context of the annual performance review, while over 90% of all employees eligible for 2016 performance evaluations had attended in-house training on Performance Management.

## INTERNATIONAL GOOD PRACTICE

### Information Security Training

Information Security training is regularly conducted via e-learning, not only for employees in INTRALOT Headquarters, but also for its Subsidiaries. In 2016, approximately 59.3% of employees at INTRALOT S.A. and its Subsidiaries worldwide were trained on Information Security, as indicated in the below diagram.

#### Information Security Trainings (Employees trained %)

INTRALOT S.A.: 74.3%	INTRALOT USA - Luisiana: 36.6%
Bit8: 91.2%	INTRALOT Germany: 71.4%
INTRALOT Australia: 83%	INTRALOT Nederland: 92.9%
INTRALOT USA - S. Carolina: 12.2%	MALTCO Lotteries: 100%
INTRALOT USA - Arkansas: 0%	INTRALOT de Peru: 100%
INTRALOT USA - Georgia: 1.2%	INTRALOT Italia: 82.5%
INTRALOT USA - Ohio: 0%	INTRALOT Maroc: 84.2%

Duration of e-learning training programs and number of unique employees trained increased by **209%** and **33%** respectively

## GOOD PRACTICE

### Global Mobility Program

INTRALOT has defined and established a Global Mobility Program, which follows global best practices and ensures fair and transparent opportunities for all employees on international assignments. With approximately 30 INTRALOT employees on international assignments around the world in 2016, the program is particular important for the Company, since it allows knowledge transfer from Headquarters to the subsidiaries and vice versa, as well as provides development and career opportunities to employees

## Promoting employees

It is important for INTRALOT to support the development of its employees, in order to achieve their personal goals and development plans. In case of a new department within the Company or advancement to a manager position, the Human Resources Division first examines the possibility to promote an existing employee, who has all the necessary qualifications (such as experience, education, integrity and ethics) and is considered suitable to cover the position.

In order to increase the process's transparency, INTRALOT has established the 'Internal Job Posting' policy, according to which all open positions at headquarters and subsidiaries and the necessary requirements are posted on iSpace, where all employees can select the position of interest and submit their Curriculum Vitae, with 15% of open positions covered by internal candidates within 2016.

Furthermore, there were 13 INTRALOT employees (4 women and 9 men) who were transferred to other INTRALOT Group's companies in Greece and abroad in 2016, out of whom 11 employees between 30-50 years old and 2 employees over 50 years old.

## 4. Health and Safety

### POLICY

#### Health and Safety

According to the provisions of the Code of Conduct, INTRALOT is committed to comply with all relevant Health and Safety laws and conduct its business in a way that protects the safety of its employees. Therefore, all employees are required to fully comply with the applicable Health and Safety laws, regulations and policies relevant to their work positions.

## Ensuring Health and Safety

Having as a priority to offer its employees a safe work environment, the Company strives to ensure suitable and safe work conditions, in order to protect its employees. For this reason, INTRALOT:

- ▶ Identifies and manages potential Health and Safety risks in accordance with the Greek and European legislation and related practices.
- ▶ Identifies labor risks via documented and written Occupational Risk Assessments, which also include the measures to be taken in order to control, minimize and eliminate these risks. These Assessments are revised (if necessary) and are communicated to all employees.
- ▶ Uses an external prevention agency for Health and Safety services, whose specialized safety engineers and occupational physicians evaluate workplaces, offer advices and make suggestions on preventive measures.
- ▶ Provides the necessary personal protective equipment to warehouse employees.
- ▶ Conducts Health and Safety training programs to its employees.
- ▶ Encourages participation of employees in training programs and certification on First Aid held by the Red Cross, in order for each facility to have its own trained First Aid Team. The program was successfully conducted to 24 employees across different INTRALOT facilities within 2016.

- ▶ Trains employees on the Evacuation Policy and Procedures, either through classroom trainings or e-learning trainings. It must be noted that 460 employees were trained on evacuation procedures in 2016, as part of the ISMS e-learning course.
- ▶ Conducts evacuation drills in its premises.
- ▶ Has appointed Evacuation Coordinators for each floor of every building and Fire Suspensions Teams, which are trained once a year.
- ▶ Has designated Safety Officers for each floor of every building, who are responsible to uphold the procedures and safety rules in case of an emergency evacuation.
- ▶ Has set designated Assembly Points for its premises in Maroussi and Peania.
- ▶ Provides free consultation for all employees from qualified health professionals on First Aid procedures, seasonal diseases and prevention, as well as Health and Safety guidelines.
- ▶ Has placed clear signs with fundamental safety information.
- ▶ Has specified emergency exits and has installed First Aid kit, fire detectors and fire extinguishers in every building, as well as fire detection and extinguish systems in areas with electronic equipment, such as computer rooms.
- ▶ Has created the First Aid and Emergency Handbook, with the necessary information required to effectively respond to emergency cases.
- ▶ Has equipped the infirmary – first aid office with the necessary medical and pharmaceutical equipment.
- ▶ Posts Health and Safety information (such as First Aid and evacuation procedures) to the corporate intranet portal and in announcement boards or sends them to the employees via e-mail.
- ▶ Has adopted a no smoking policy within Company facilities, applicable to all employees, customers and visitors.
- ▶ Does not tolerate violence or threats of violence in, or related to, the workplace.
- ▶ Encourages employees to report any violent or potentially violent situation that may witness, as well as their concerns about unsafe conditions or activities that present a risk of injury to them or anyone else to their Supervisor or the Human Resources Division. It must be noted that no concerns related to Health and Safety were reported within 2016.

### Health & Safety Training



No accidents  
occured within  
the workplace

## GOOD PRACTICE

### Accident Report

In case of an accident, the relevant Head of the Department is immediately notified, in order to draw up a report about the accident and its circumstances, the time it happened and the witnesses to the accident. In addition to that, the Human Resources Division reports any accident to the relevant branch of the Social Insurance Institute and the Police Headquarters, as well as to Labor Inspectorate.

## INTERNATIONAL GOOD PRACTICE

### INTRALOT Inc. Health and Safety Initiatives

In 2016, INTRALOT Inc. implemented a number of programs and initiatives related to employee Health and Safety, which included:

- ▶ The 2016 Wellness Campaign, an awareness program on weight management, smoking quit plan and stress management.
- ▶ The Know Your Numbers Challenge, an online health assessment program.
- ▶ Two employee awareness and responsibility programs, featuring the Sexual Harassment Awareness campaign and the Drug Free Workplace campaign.
- ▶ Introduction of dedicated branding in water bottles to support wellness initiatives.

## Monitoring Health and Safety performance

As a result of INTRALOT's continuous effort to improve its Health and Safety performance, in 2016:

- ▶ There are no employees with high incidence or risk of diseases associated with their work within the Company.
- ▶ There were no accidents or injuries involving INTRALOT employees.
- ▶ There was no employee loss due to any reason.
- ▶ There were no complaints or legal actions for health and safety issues.
- ▶ There were no relevant fines or non-monetary sanctions imposed by the respective authorities.

# 5. Equality and Diversity

## POLICY

### Equal Employment

According to the provisions of the Code of Conduct, INTRALOT is committed to uphold equal employment opportunities for all employees. Additionally, hiring and evaluating candidates and employees is solely based on their respective qualifications, skills and performance.

### Maintaining a fair work environment

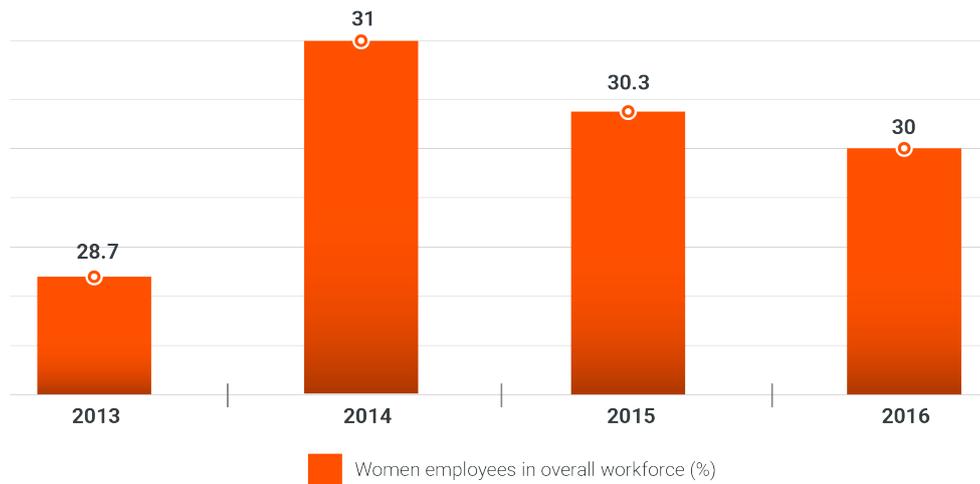
INTRALOT implements a strict policy towards meritocracy in the workplace and does not tolerate any unlawful discrimination and harassment with regards to gender, race, color, nationality, ancestry, citizenship, sexual orientation, religion, age, physical or mental disability, medical condition or marital status, regarding work issues, such as recruitment and selection, wages and career development. Additionally, all employment contracts are terminated according to the relevant legislative provisions.

It must be noted that within 2016:

- ▶ The percentage of women within the overall workforce is maintained at 30%.
- ▶ The percentage of women in manager, director and top management positions is 18.1%, 24% and 12.5% respectively, without any women in Board of Directors.
- ▶ The percentage of Greeks in manager and top management positions is 100%.
- ▶ The percentage of men employees trained is estimated to be higher by 29% compared to women employees, while the average training hours for men employees is higher by 3.5 hours compared to women employees.
- ▶ The average salary of men employees is higher by 22% compared to women employees.
- ▶ There were no complaints or grievances regarding discrimination incidents or unfair treatment.
- ▶ There were no complaints or grievances regarding labor practices.
- ▶ There were no legal actions regarding labor practices and no fines or non-monetary sanctions were imposed by the respective authorities.

**100%**  
of employees  
in top  
management  
positions  
are of local  
nationality

## Women Employees



## GOOD PRACTICE

### Internal Guide of Employment Policies & Procedures

Upon signing their contract, INTRALOT informs all employees about the Internal Guide of Employment Policies & Procedures, ratified by the Hellenic Ministry of Employment and Social Protection, which states their rights and obligations and all employees are requested to comply with its provisions. The Guide is available on the corporate intranet portal and is also notified to employees already working within INTRALOT, either in places accessible and visible to all employees or through printed copies to each employee individually (in this case, employees are required to sign an acknowledgement of receipt).

## Ensuring meritocracy in compensation

INTRALOT has designed its compensation plan to follow market trends and ensure competitiveness of compensation packages, as well as support equal opportunity and transparency for all employees, with no discrimination per company department. At the same time, promotions and salary increases are connected with performance ratings and the Company also grants special ad hoc bonuses as part of the rewarding process for projects' participation and excellence. However, the Company's Board of Directors may consider criteria such as the individual performance of each employee, in order to grant remunerations and special payments or other benefits higher than those decided by collective agreements. In any case, all kinds of remuneration are paid accrued, in intervals that do not exceed a month.

It must be noted that:

- ▶ There are no employees with salaries lower than the local minimum salary, as defined by the provisions of applicable laws, Ministerial Decisions, Collective Labor Agreements and Arbitration Awards.
- ▶ The ratio of annual total compensation for the Company's highest-paid individual to the median of annual total compensation for all employees (excluding the highest-paid individual) is 70:1.

# 6. Human Rights and Bargaining

## Following internationally recognized Human Rights principles

INTRALOT's operations strictly follow the internationally recognized human rights principles, as expressed by the United Nations, the International Labor Organization (ILO) and the relevant legislation. Based on these principles, INTRALOT:

- ▶ Has signed the United Nations Global Compact since 2009.
- ▶ Is committed not to allow child labor and forced or compulsory labor in any of its premises and fully respects human rights, as described within its Code of Conduct, without however assessing its operations for child labor and forced or compulsory labor risks within 2016.
- ▶ Systematically monitors the relevant labor legislation by the ILO, which includes the prohibition of child labor and forced labor, as well as provisions related to human rights and working conditions.
- ▶ Has established a grievance mechanism for employees to submit complaints regarding human rights and report concerns or incidents that impact or can potentially impact human rights.

As a result of INTRALOT's practices:

- ▶ There are no operations identified as having significant risk for incidents of child labor or forced and compulsory labor.
- ▶ There were no complaints or grievances regarding human rights violation within 2016.
- ▶ There were no legal actions regarding human rights issues and no fines or non-monetary sanctions were imposed by the respective authorities.

## Respecting confidential information

Security of personal information is not only an important issue related to privacy, but also a legal and ethical obligation, which requires a series of organizational and technical mechanisms. For this reason, INTRALOT:

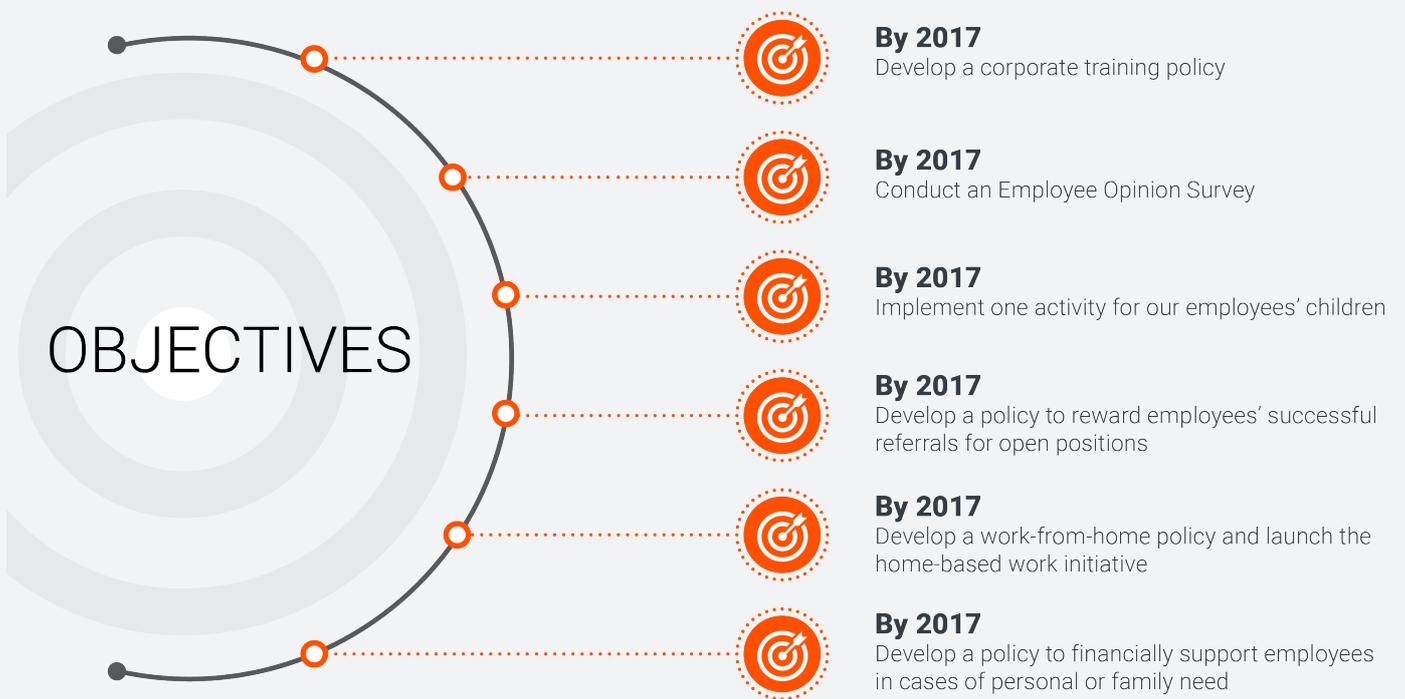
- ▶ Has determined the types, methods and details of personal information keeping, according to the respective legal framework and the relevant legislation on personal data protection.
- ▶ Keeps a personal file for every employee, where all documents concerning the employee are classified.
- ▶ Keeps an electronic record of all employees' personal data in secure servers, where all data are protected and available only through personalized login procedure.
- ▶ Allows only authorized Company employees to access personal files and information.
- ▶ Does not share any personal information, with the exception of authorized Company Directors.

As a result of its practices, INTRALOT did not receive any formal complaints within 2016 regarding privacy issues or loss of personal data.

## Respecting labor rights

INTRALOT respects labor rights and does not restrict employees to exercise their right to freedom of association. Furthermore, it must be noted that:

- ▶ All newly hired employees are informed about the essential terms of their contract in accordance with the provisions of the Presidential Decree 156/1994, which is governed by private law and drawn up immediately upon their recruitment.
- ▶ There is a formal job description for every position within INTRALOT.
- ▶ Approximately 14% of employees participate in formal employee unions.
- ▶ 100% of employees are covered by the National Collective Labor Agreement.
- ▶ No operations in which the right to exercise freedom of association and collective bargaining may be at significant risk have been identified.
- ▶ INTRALOT's employees did not participate in any strike or lock-out within 2016.
- ▶ INTRALOT abides by the relevant applicable legislation regarding the minimum notice period for operational changes.



**Ensuring**

benefits for **Shareholders,**  
**Suppliers, Business Partners,**  
**Retailers and States**



# 7



## Economic Sustainability





# 1. Overview

Since its founding almost a quarter of a century ago, INTRALOT has grown into a global leader as a gaming solutions provider and operator in regulated jurisdictions. Through its operations, the Company facilitates substantial development opportunities globally and contributes to the growth of local economies. The Group's strategy focuses on growth through local partnerships in new and existing markets and aims to expand and diversify its portfolio with complementary products and market share.

## 2. Financial Performance & Shared Value

### Achieving economic development

INTRALOT Group currently owns a large portfolio of diversified contracts across geographies and business activities. Regarding the Group's financial results in 2016, revenues increased to approximately €1,323.6 million, from €1,235.5 million in 2015. EBITDA (Earnings before Interest, Tax, Depreciation and Amortization) also increased and reached €175.8 million in 2016, compared to €164.9 million in 2015.

Revenues and EBITDA increased  
by **7.1%** and **6.6%** respectively,  
at Group level

## Key Group Financial Highlights



2015 financial results have been restated for comparability, since from 2016 onwards the Group's activities in Italy, as well as the activities of Intralot de Peru SAC and Favorit Bookmakers Office OOO (Russia) are considered as discontinued operations pursuant to IFRS standards, following the recent merger and acquisition activities.

The following table presents the main results for the 2012-2016 period, with additional financial information being available in the Annual Reports at [www.intralot.com](http://www.intralot.com), while:

- ▶ No financial assistance was received from the Government (e.g. government financial subsidies, state aid, special tax relief or other government financial payments).
- ▶ There were no legal actions regarding economic activities (e.g. stock market, financial reporting) and no fines or non-monetary sanctions were imposed by the respective authorities.

### Group financial results

	2012	2013	2014	2015	2016
Total Assets	1,114,807	1,135,170	1,355,092	1,169,297	1,061,086
Invested Capital**	899,462	874,837	1,107,259	959,656	855,111
Total Revenues	1,404,083	1,565,382	1,885,381	1,270,931*	1,364,427
Sales (PL)	1,374,021	1,539,430	1,853,164	1,235,466*	1,323,592
Other Income (PL)	18,602	17,361	18,630	23,139*	33,094
Finance Income (CF)	11,460	8,591	13,587	12,326	7,741
Operating costs***	1,312,665	1,456,502	1,783,651	1,159,315*	1,248,751
Gross profit / (losses)	243,027	267,908	270,234	233,727*	233,127
Operating Income (EBITDA)	177,536	194,831	175,445	164,892*	175,839
Profit / (losses) after tax (continuing and discontinued operations)	33,057	21,316	(7,642)	(20,676)	44,865
Employee wages & benefits	113,436	117,774	126,265	111,946*	113,487
Payments to providers of funds	53,929	54,457	89,828	132,532	125,653
Dividends paid (CF)	20,320	16,645	23,663	67,682	42,161
Interest paid (CF)****	33,609	37,812	66,165	64,850	83,492
Payments to governments (income tax)	23,602	35,493	28,986	28,188	26,204
Investments*****	119,013	58,170	67,310	70,786	65,420

\* Restated for comparability, since from 2016 onwards the Group's activities in Italy, as well as the activities of Intralot de Peru SAC and Favorit Bookmakers Office OOO (Russia) are considered as discontinued operations pursuant to IFRS standards, following the recent merger and acquisition activities.

\*\* Invested Capital = Equity + Debt

\*\*\* Operating costs = Cost of Sales + Operating Expenses (including depreciation expenses); Operating Costs for 2012, 2013 and 2014 have been restated.

\*\*\*\* Includes Refinancing Expenses, where applicable.

\*\*\*\*\* Investments = Purchases of tangible and intangible assets

Amounts in thousands of euros

## INTERNATIONAL GOOD PRACTICE

### Financial Performance in Main Markets

With presence in all 5 continents, the Group runs projects in advanced and mature gaming markets, but it also has contracts in developing markets and projects in newly developed gaming markets with significant growth potential.

The financial performance in main markets within 2016 was the following:

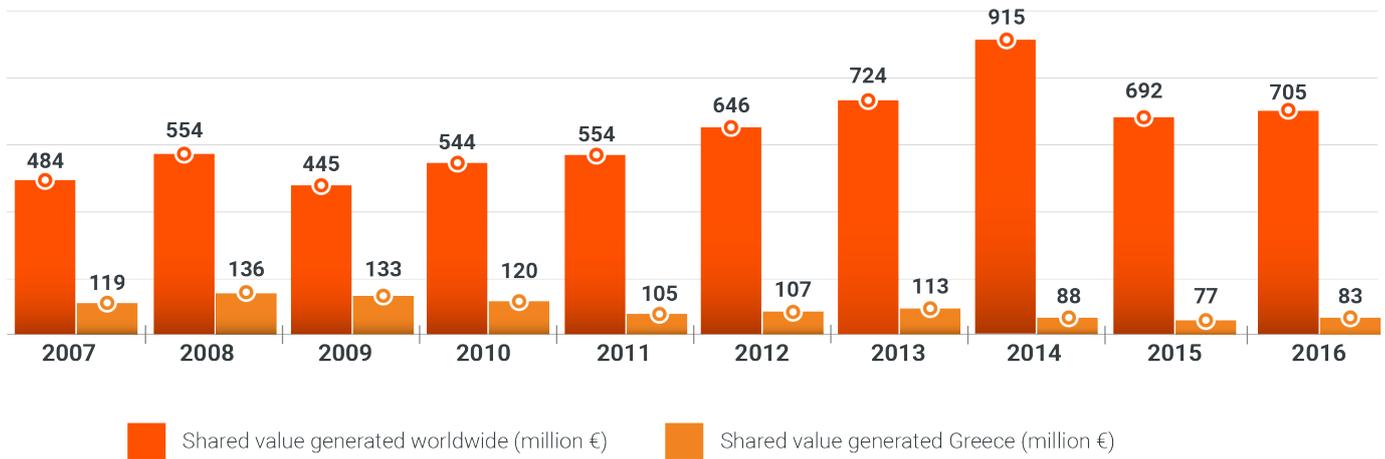
- ▶ In the United States of America, INTRALOT Inc. substantially increased its revenues from facilities management of lotteries, due to the sale of terminals in Ohio, the largest Powerball jackpot in history and the successful launch of the renewed contract in the State of Montana.
- ▶ In Turkey, Inteltek increased its revenue stream, as a result of the Euro 2016 and the constant effort of electronic agents to support their further expansion, through significant investments in technology and substantial marketing expenditure, despite the unstable political environment and the depreciation of the Turkish Lira. The growth in the online market was further capitalized from INTRALOT's other participation in Turkey, Bilyoner, one of the 6 electronic agents of the country and market leader, which achieved a considerable year-on-year increase.
- ▶ In Azerbaijan, Azerinteltek's sales decreased compared to 2015 due to the worsening macroeconomic environment and the depreciation rate of the local currency, which negatively affect the country's gaming market. However, the sports betting product's upgrade and the stricter efforts to control the illegal market are expected to support Azerinteltek's growth in 2017.
- ▶ In Malta, Maltco Lotteries' revenues increased compared to 2015, as the result of the positive effect of Sports Betting (due to Euro 2016), Keno and numerical sales. However, the higher payout, especially in numerical games, resulted into almost the same level of profitability, compared to 2015.
- ▶ In Bulgaria, Eurofootball's revenues significantly increased compared to 2015, as the result of the successfully launched Virtual Football game, the increased Sports Betting revenues (due to Euro 2016) and the uplift in Racing games, which overall increased the sales performance to record-high levels since the subsidiary's founding. The Group further strengthened its presence in the country through the acquisition of a strategic stake in Eurobet, a leading gaming company with numerical games and scratch tickets through a network of 1,100 Points of sale all over Bulgaria.

The Group generated over **€6.2** billion shared value in the last 10 years, with over **€1** billion being in Greece

## Sharing Value

INTRALOT Group generated €705 million of shared value for its Stakeholders in 2016, increased by 1.9% compared to €692 million in 2015. At INTRALOT level, the Company generated €83 million of shared value in 2016 in Greece.

### Shared Value



2015 shared value generated worldwide has been restated for comparability, since from 2016 onwards the Group's activities in Italy, as well as the activities of Intralot de Peru SAC and Favorit Bookmakers Office OOO (Russia) are considered as discontinued operations pursuant to IFRS standards, following the recent merger and acquisition activities.

### Group Shared Value Breakdown



# 3. Innovation and Research

## Promoting Research and Innovation

Research and innovation are strategically important issues for INTRALOT, as they allow the Company to:

- ▶ Launch innovative products.
- ▶ Implement new design and new technology functionalities.
- ▶ Advance business goals.
- ▶ Promote knowledge and know-how sharing among its employees.
- ▶ Support the development of human capital.

Indicating its commitment to Research & Development, INTRALOT established competence centers in Malta, Philippines and Greece within 2016, which serve as innovation hubs. Overall, INTRALOT Group spent €14.8 million in R&D in 2016, compared to €18 million in 2015. Furthermore, the Company held 130 patents and designs in gaming technology worldwide, compared to 120 patents worldwide in 2015, with 83 additional patents at various stages of approval. These patents allow the Company to protect its intellectual capital and the current goal of INTRALOT R&D is to leverage trends in mobile technology, multiple gaming channels, the internet of things (IoT), cloud computing and HTML5, which converge towards an 'anytime, anywhere' environment. The Company's most recent patents include:

- ▶ An innovative mobile lottery application.
- ▶ A novel fraud prevention and detection system for lottery and betting operators.
- ▶ A unique game that combines a selection of figures and numbers.
- ▶ A novel graphical representation method to display draw results.
- ▶ A high-end system with a camera to read lottery/betting slips in different conditions.

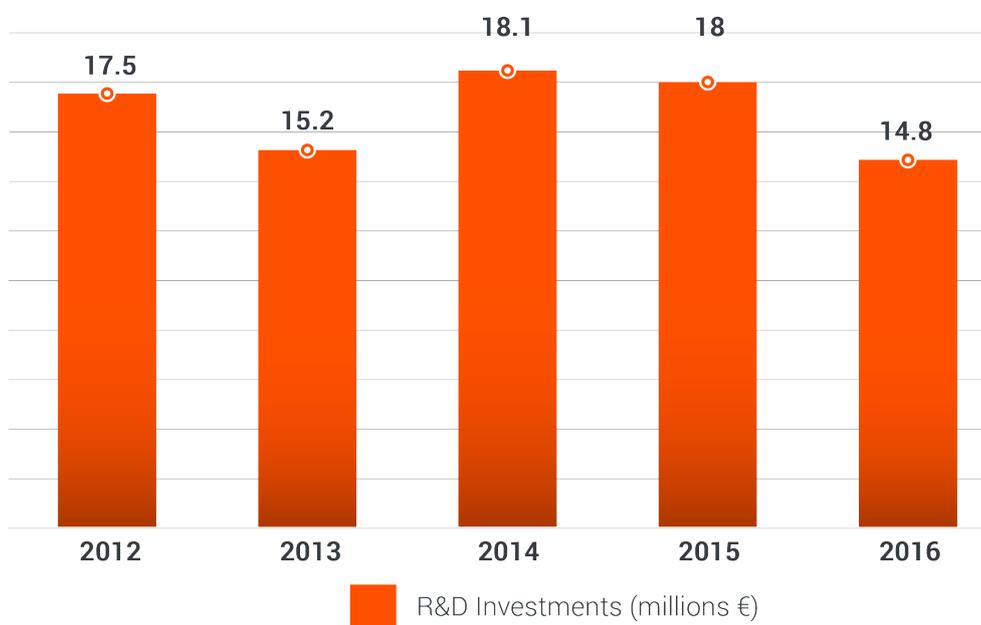
Indicative recent INTRALOT's product developments include:

- ▶ Mobile Lottery, which is an innovative patent-awarded mobile application to enable participation in all games anytime, anywhere and allows operators to offer and monetize the lottery experience on mobile devices.
- ▶ Tap & Bet, which is a new way to participate in sports betting, that aims to subdue the factors causing individuals to not participate in the game.
- ▶ Horizon Cinematic experience, which is the next generation retail display multiple content on a set of split screens in 4K / UHD TVs, with top quality visualization of sports live events and data feeds.
- ▶ Proton, which is a next generation all-in-one Lottery terminal for extremely limited space applications, based on patent-based digital imaging technology processing playslips, lottery tickets and scratch ticket barcodes.

Over **€14.8**  
million were  
invested for  
research and  
development, at  
Group level

- ▶ Canvas, which is an advanced CMS platform to facilitate personalization, content homogeneity and unified customer experience across all channels, combined with the flexibility of supporting multiple gaming verticals.
- ▶ Player Pulse, which is a complete gaming CRM system based on the award-winning Bit8 platform that includes an advanced Player Account Management system and a superior Marketing Suite to cover both online and retail operations across all platforms and for all products. The platform also offers Risk, Fraud and Payment functionalities, as well as Game Management, and comes pre-integrated with all game verticals, from Betting and Lottery to Casino and e-Instants, as well as affiliates systems, payment providers and communication systems.
- ▶ Retailer Pulse, which is an end-to-end retail management solution that allows retailers to manage operational aspects, increase commitment and loyalty, as well as optimize performance. The platform consists of four functional pillars that cover network management, financials, marketing and logistics through a single intuitive user interface and provides a personalized portal to retailers, in order to ensure optimal information flow and that users have constant and easy access. Retailers can also benefit from the Pulse Mobile, which serves field units, such as Sales Representatives and Field Support Technicians. At the same time, retailers have access to training, manuals and performance optimization tools via their dedicated portal, while INTRALOT's next generation devices act as the main touch point for bi-directional communication.
- ▶ Interactive Instant Win Games and Remote Gaming Server (RGS), which is a software system that handles bet transactions from game clients and computes game mechanics based on random number generator values. The platform is tailored to provide functional game content integration for server-based, VLT/self-service terminals, mobile and online gaming platforms. As of December 2016, INTRALOT maintains a library of approximately 100 games with a perpetually expanding portfolio.

### Group R&D Investments



Group R&D investments for 2014 and 2015 have been restated.

## GOOD PRACTICE

### R&D Investment Ranking

For the eleventh consecutive year, INTRALOT was ranked amongst the top investing organizations of the 2016 European Union Industrial Research & Development Investment Scoreboard, which is annually published by the European Commission's Joint Research Centre (JRC) – Institute for Prospective Technological Studies (IPTS) and the Directorate General for Research and Innovation – Directorate A, Policy Development and Coordination.

As a result of its commitment to promote research and innovation, INTRALOT:

- ▶ Was ranked 643rd in the list with the 1,000 most significant R&D investors in Europe and 33rd at the 'Technology Hardware & Equipment' European Industrial Sector list of the Scoreboard.
- ▶ Was one of the only five companies from Greece to be included in the 2016 Industrial R&D Investment Scoreboard and the only one in the 'Technology Hardware & Equipment' Industrial Sector.

The 2016 Scoreboard rankings highlighted that:

- ▶ The World's top 2,500 companies invested €696 billion in R&D, which represents approximately 90% of the total expenditure on R&D by companies worldwide.
- ▶ The World's top 2,500 companies increased their Research and Development investments by 6.6% over the previous year, driven by high-tech industries (ICT, health care and automotive industries), while net sales decreased by 3.7%, mostly due to the decreased sales of oil and mining companies which have modest R&D investments but large sales.
- ▶ Companies based in Europe, USA and Japan increased their R&D investments by 7.5%, 5.9% and 3.3% respectively.
- ▶ The World's top 100 R&D investors account for 53.1% of the global R&D investments.

### Forming research partnerships

Besides producing in-house research, INTRALOT seeks research partnerships with independent research centers and organizations and has formed collaboration agreements with various leading institutions. Within this context, several research projects have been conducted in areas such as Face Detection and Tracking as source of Marketing Analytics, Automated Content Authoring, Responsible Gaming and Collaborative Game development. To this date, the Company has formed the following main research partnerships:

**Partnership with Corallia Gaming Cluster:** Since 2010, INTRALOT has an ongoing partnership with the Corallia Clusters Initiative, a non-profit organization focusing on to facilitating innovation. As a result, the gi-Cluster ([www.gi-cluster.gr](http://www.gi-cluster.gr)) was established in 2012, in order to:

- ▶ Create a leading and functional business innovation ecosystem.
- ▶ Produce new technologies and competitive products.
- ▶ Advance scientific knowledge and business research talent from all areas.
- ▶ Improve Greece’s position in international competitiveness rankings.

### **gi-Cluster main gaming technology categories**

<b>Product categories</b>	Platforms and social networking content
	Three-dimensional machines (3D engines)
	Serious Games
	i-Gaming
	Digital Signage
<b>Support services</b>	Creative Content
	Research and gaming systems development

**Partnership with the Athens Information Technology:** INTRALOT has a partnership with the Athens Information Technology (AIT), a non-profit Center for Research and Education in Information Technology, Telecommunications and Innovation Management. The main project collaborations with AIT are the following:

- ▶ Collaborate in story storytelling, visual design and development of a 2D interactive educational game on ISMS scenarios, in order to assess the acquired know-how of employees on aspects related to INTRALOT's Information Security Management System.
- ▶ Design and implement an Addiction Detection Engine (ADE) with three major modules:
  - A game-evaluation module, which comprises of a decision tree that allows game designers to evaluate whether a proposed game-design has high risk of being addictive or not.
  - A player addiction detection module, which constantly monitors player’s historical behavioural data.
  - A self-awareness feedback module, which includes an appropriate self-evaluation questionnaire.
- ▶ Define and implement a gaming ecosystem for new game development and game playing (Gamez-on).
- ▶ Develop novel image and video processing technologies previously designed by AIT for INTRALOT, in order to:
  - Improve INTRALOT’s Lottery Ticket Reader.
  - Design and implement a Barcode Reader.
  - Improve INTRALOT’s Kinect-enabled DreamTouch terminal.

INTRALOT’s collaboration with AIT has led to numerous patents as well as technological innovations, which contribute to INTRALOT’s competitive advantage, while AIT’s researches gain knowledge on the practical application of scientific and technology results to the market.

# 4. Responsible Procurement

## Supporting suppliers

INTRALOT has 7,093 suppliers in 6 main categories, with approximately 75% of them being local suppliers. Despite the globalization of procurement, the Company continues to purchase a considerable amount of products and services from local suppliers and its priority is to work with local suppliers, where possible. Payments to suppliers amounted to €46.6 million in 2016, compared to €4.1 million in 2015, with the percentage of procurement expenses allocated to local suppliers reaching 59%, compared to 21% in 2015.

At the same time, INTRALOT aims to keep its contractual obligations regarding payments to suppliers. Indicatively, in 2016:

- ▶ The average supplier payment time was between 30 to 60 days, compared to 60 to 90 days in 2015, with an average payable period of 43 days.
- ▶ 98% of payments were made according to the terms and provisions of the signed contracts, as in 2015.

## Selecting suppliers responsibly

### POLICY

#### Purchase Agreements with Suppliers

According to the provisions of the Code of Conduct, all purchase agreements have to be sufficiently documented and clearly state the services or products to be provided, the unit price, the method and terms of payment, as well as the applicable rate or fee, while the amount of payment has to be commensurate with the products or services provided.

INTRALOT recognizes its suppliers as significant partners and establishes collaborations within the context of its values and principles, relevant legislation and international codes and standards. As an ISO 9001 certified company, INTRALOT business processes follow standardized procedures throughout the entire product chain, which include:

- ▶ A written procurement policy with step-by-step procedures, supplier requisites and documentation, in order to ensure fairness and compliance with quality assurance standards.

Percentage of procurement expenses allocated to local suppliers increased to **59%**

- ▶ A Quality Management System (QMS) to ensure consistency with quality standards, maintain regular contact with suppliers, exchange feedback and improve products or services. INTRALOT's QMS is based on open communication between the Department of Contracts and Procurements and the Technical Support Department through the corporate intranet portal, where input on subcontractor performance is shared and also allows recommendations for new or continuing partnerships.
- ▶ Annually audited procurements processes to ensure that the most qualified vendors and service providers for all the materials and services used are selected.
- ▶ A non-discrimination policy during the procurement process, regardless of race, color, gender, sexual orientation, religion, disability, age, ancestry and national or ethnic origin.

## Monitoring suppliers

INTRALOT works closely with its suppliers and subcontractors, in order to share the Company's quality policy and requirements.

- ▶ Suppliers' performance is regularly monitored through quality control audits by senior quality engineers, in order to help suppliers improve the quality of delivered products or services.
- ▶ Subcontractors are annually monitored or following certain changes since the previous evaluation, such as delivery of new products or introduction of a new Quality Plan. In any case, the subcontractor is evaluated on certain features, including the existence of its own certified Quality Management System and compatibility of its own Quality Plan with INTRALOT's.

Since the Company's establishment, a supplier assessment process is conducted by INTRALOT for all suppliers, which evaluates their performance on the following main criteria:

- ▶ Financial cost.
- ▶ Quality specifications.
- ▶ Time to delivery.

It must be noted that so far, INTRALOT has not identified any suppliers with significant actual or potential negative environmental, labor practices and human rights impacts or impacts on society.

## GOOD PRACTICE

### Monitoring Supplier Performance

INTRALOT has established a procedure to monitor performance of equipment and services suppliers, according to which the Global IT Professional Services Department utilizes up-to-date input from the Group Procurement & Logistics Department on the contractual agreement with each supplier, in order to ensure that the suppliers' offerings and services are in accordance with their contractual commitments. During the review, the following issues are examined:

- ▶ Quality of deliverables.
- ▶ Infrastructure deployment according to the project plan.
- ▶ Testing.
- ▶ System performance.
- ▶ Incidents recorded by the Global Service Desk.



**Supporting**

Local Communities

we operate in and **protecting**

**the Environment** we influence



# 8



## Societal Support



# 1. Overview

The gaming industry where INRALOT operates is a highly regulated sector and revenues from gaming operations are allocated by governments to support various social causes in several jurisdictions worldwide. An indicative example of that support is lotteries, which are mainly public-private partnerships as most state lotteries nowadays are privately managed within the context of public interest.

## Social causes supported by the gaming industry



### Scientific Research

State lotteries contribute to the financing of research. Lotteries finance large and small initiatives by scientific organisations to bring science to a wider audience, helping various non-profit organisations to bring scientific knowledge to the attention of the general public. They also contribute to making scientific careers attractive to young people.



### Sports, Culture & Cultural Heritage

Lotteries are among the most important patrons of the arts and of grass roots and amateur sport. Revenue from lottery funds helps to underpin projects in the field of culture and heritage.



### Social Inclusion & Welfare

A number of state lotteries were set up centuries ago with the specific purpose of donating revenue from gambling to charitable causes, helping those that were most in need. Today, social projects and charities are the second most important beneficiaries of lottery funding in the EU area.

## DID YOU KNOW?

### Society Support

According to data from the European Lotteries Association (European Lotteries - EL), the umbrella organization of national lotteries operating games of chance for the public benefit, the 70 reporting EL members in Europe within 2016:

- ▶ Returned approximately €23.5 billion back to society, increased by 4.4% compared to 2015.
- ▶ Gave back to society over 64% of their Gross Gaming revenues on average (not including sponsorships) for sports, funds to support other good causes and taxes.
- ▶ Employed approximately 27,000 full-time employees, without including the approximately 19,800 people employed by the Organización Nacional de Ciegos Españoles (ONCE) in Spain, who are persons with disabilities selling the tickets and are also considered as full-time employees.
- ▶ Have created over 404,000 indirect work positions, typically in the sectors selling lottery products.
- ▶ Invested significant amounts on measures to prevent problem gambling.

Furthermore, it is estimated that WLA Member Lotteries returned approximately \$76 billion to good causes in 2015, increased by 0.8% compared to 2014.

Source: EL Report on the Lottery Sector in Europe 2016, WLA Annual Report 2016

A key element of INTRALOT's approach to society is to understand the expectations of local community members and effectively contribute to their needs. The Company seeks to align its economic growth with support to society and strives to:

- ▶ Support knowledge and technological know-how sharing to local communities.
- ▶ Contribute to enhance the quality of life.
- ▶ Implement programs to create value to different groups and accelerate social growth and prosperity.

While environmental protection is a particularly important aspect for most industries, the gaming industry can be considered as of relatively low impact to the environment. However, improving its environmental performance is a challenge that the Company takes very seriously. Therefore, INTRALOT:

- ▶ Has established an Environmental Management System (EMS), fully compliant with ISO 14001:2015 requirements, which is continuously improved in accordance with INTRALOT Group strategic objectives. The EMS is audited annually by TUV Nord Group and re-certified every three years.
- ▶ Has established an Environmental Legislation Monitoring Procedure to ensure compliance with applicable environmental national and international laws and regulations.



- ▶ Has adopted eco-friendly processes, in order to conserve energy and natural resources to minimize the potential impact of its operations on the environment, as well as address environmental issues throughout its products and services' life cycle, such as:
  - Produce energy efficient and durable products.
  - Design products without any hazardous and restricted materials.
  - Increase the use of recyclable materials.
- ▶ Takes into consideration regular environmental impact assessments.

It must be noted that within 2016:

- ▶ There were no incidents with environmental impacts on local communities.
- ▶ There were no written notices regarding environmental issues by respective authorities.
- ▶ There were no complaints about environmental impacts filed through formal grievance mechanisms, no prosecutions or legal actions for environmental issues and no fines or non-monetary sanctions for non-compliance with environmental laws and regulations were imposed by the respective authorities.

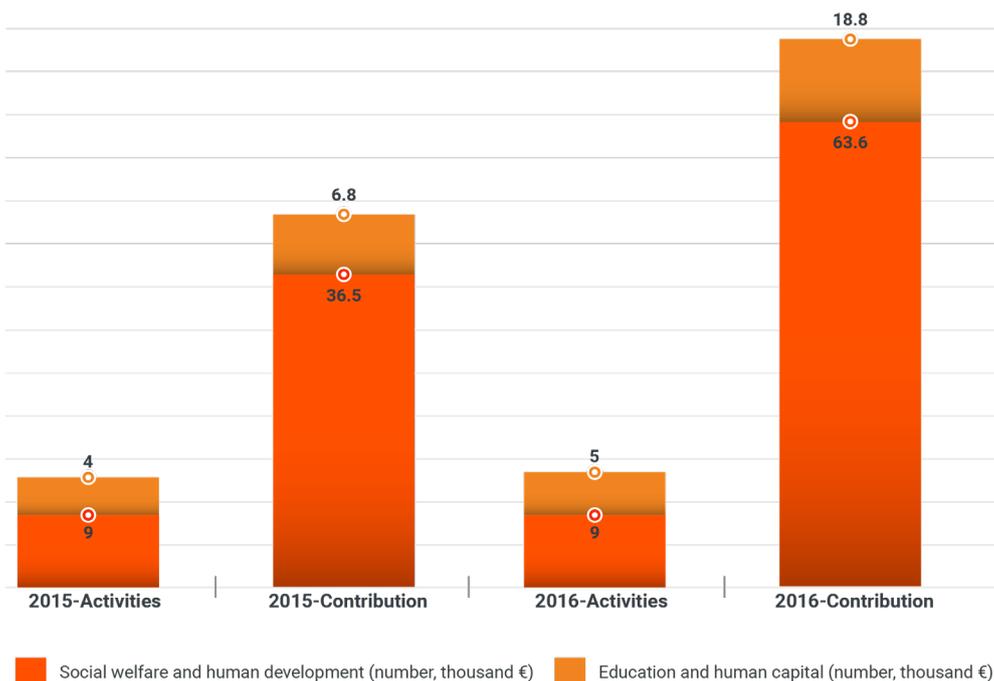
## 2. Society Support

### Contributing to Society

INTRALOT is committed to support the communities where it operates, as they provide the resources, infrastructure and markets for its businesses operations. Therefore, the Company has launched the targeted social support program 'INTRALOT – We Care a Lot', which included 14 activities in 2016, with a total investment of over €82,000 in two main areas:

- ▶ Advance education and human capital.
- ▶ Support social welfare and human development.

"INTRALOT - WE CARE A LOT" program



**14** activities  
were supported  
through social  
support  
program, with  
**€82,400**  
invested

## Advancing education and human capital

Education and human capital constitutes an important priority and INTRALOT supports various activities, which include:

- ▶ Support to the University of Hohenheim's Gambling Research Center, which conducts research on the various economic and social aspects of gambling and its impact on player behaviour, habits and lifestyle.
- ▶ Support to the United States' Educational Foundation Fulbright.
- ▶ Support to the initiative 'Panorama of Entrepreneurship and Career Development'.
- ▶ Support to Arsakeia Schools for their Scholarship Fund program.
- ▶ Sponsor to the Economist's 20th Roundtable with the Government of Greece 'Europe: Shaken and Stirred? Greece: A Skillful Acrobat?', where INTRALOT's CEO also delivered a speech in the panel discussion 'Greece Today and Tomorrow: Envisaging New Business Models for Growth'.
- ▶ Sponsor to the American-Hellenic Chamber of Commerce's 27th The Greek Economy Annual Conference, titled 'Greece and the Global Disruptive Environment: A Look into the Future', where INTRALOT's CEO also delivered a speech in the panel discussion 'Strengthening Greece's Competitiveness and Stimulating Investment, Economic Growth and Job Creation'.
- ▶ Sponsor to the Institute of Internal Auditors Greece's 2016 Annual Conference 'Aiming for the Top'.
- ▶ Sponsorship to the Embassy of the Republic of Azerbaijan for a ceremony to celebrate the 98th anniversary of declaring the First Republic of Azerbaijan.

## Supporting social welfare and human development

INTRALOT's initiatives focus on supporting underprivileged groups, in collaboration with various NGOs and institutions, with indicative examples being:

- ▶ Support to Nikaia-Athens Diocese of the Orthodox Church of Greece every Easter and Christmas season for the last eleven years.
- ▶ Official sponsor of the Olympic swimming athlete Apostolos Christou, for his preparation for the 2016 Olympic Games in Rio de Janeiro, Brazil.
- ▶ Support to the organizations 'Therapy Center for Dependent Individuals' (KETHEA) and 'SOS Children's Villages Greece'.
- ▶ Donations to the organizations 'Organization Earth' and 'Arc of the World' through an initiative to support refugees.

# INTERNATIONAL GOOD PRACTICE

## Maltco Lotteries Society Support

During 2016, INTRALOT Group supported local communities in markets of operation, through a series of activities that contribute to the improvement of the local residents' daily life, which included:

### Malta:

- ▶ Contribution to the Responsible Gaming Fund, in order to promote awareness on Responsible Gaming amongst players, agents, employees, general public and other Stakeholders in Malta.
- ▶ Support of the European Week of Sport awareness, where Maltco Lotteries supported the Martial Arts Area and sponsored the Maltco Indoor Rowing Challenge.
- ▶ Support to The Economist's Mediterranean Leadership Summit in Malta, where Maltco Lotteries was a contributing sponsor and the company's CEO addressed the impact of technology on the lottery business and outlined the importance of the human element in the gaming industry.
- ▶ Sponsor of the Journalists Sport Awards organized by the Malta Sports Journalists Association and SportMalta, in order to promote sport disciplines and strengthen local athletes and their qualities.
- ▶ Contribution to the Sport Malta's National Sport Forum (see section 5.1).
- ▶ Support to three Malta Chess Federation tournaments: 'Maltco Preliminaries', 'Maltco Candidates' and 'Maltco Finals', where Maltco Lotteries was the main sponsor for the second consecutive year.
- ▶ Sponsor of the fund raising boxing event 'Fight For Life', where all collected amount was forwarded to Caritas Malta, whose mission is to alleviate poverty and promote human development and social justice.

### United States of America:

- ▶ Participation in several fund raisers for public schools, colleges and daycare centers in local communities, in order to support various educational areas that are often not funded or underfunded, as well as in a fund raising event for Duchenne Muscular Dystrophy.
- ▶ Support to the Idaho School Boards Association, which supports local education and children in Idaho.
- ▶ Support to the Plan International USA, which helps communities build schools, train teachers, fund scholarships, empower mothers and provide emergency relief to families in case of a disaster.
- ▶ Contribution to The Center for Children and Young Adults, which offers shelter, care, medical services, academic assistance and guidance to abused, abandoned and neglected children.
- ▶ Support of various charities in Montana, in order to support the local community.
- ▶ Support to the Hellenic Public Radio and the local Hellenic School of the Greek-American community in Georgia.
- ▶ Support to the families and children of the Atlanta Cancer Center's patients and participation to the Center's fund raisers.
- ▶ Support to a school's Head Start Program for children 3-4 years old with low household income in Georgia.
- ▶ Support to the American Cancer Society and the Breast Cancer Society.
- ▶ Participation in the Wyoming Governors Arts Program, which encourages community involvement in arts, culture and community relations of Wyoming.
- ▶ Contribution to the Hands organization, in order to help provide clean drinking water, food and medical supplies to Louisiana residents who suffered from wide-spread flooding.
- ▶ Support to the Montana Council on Problem Gambling, a non-profit association dedicated to alleviate gaming-related social and personal distress.

## GOOD PRACTICE

### Little Santa Claus

During the 2016 INTRALOT Kids party, each child became a 'Little Santa Claus' and approximately 250 bags of toys and food supplies were offered to children from the 'SOS Children's Villages Greece', a non-profit organization who provides a new and permanent home, proper education, guidance and support to abandoned, orphaned and destitute children.

## INTERNATIONAL GOOD PRACTICE

### Cuidar Network

Aligned with its objective to contribute to social well-being, INTRALOT Brasil has launched the Cuidar Network (Rede Cuidar), which allows access of public units and social assistance entities to financial incentives, advice and qualification. The Network aims to improve the quality of life of children, adolescents, people with disabilities and elderly people, as well as families and other vulnerable social groups.

## Encouraging volunteerism

INTRALOT seeks to leverage corporate skills and resources and cultivates volunteerism through various activities, as described below:

### INTRALOT Runners

Within 2016, INTRALOT participated with 57 runners to the 34th Athens Marathon, the Authentic, with over 48,000 participating athletes. For the fifth consecutive year, 'INTRALOT Runners' ran the 5km, 10km and 42km races of the Marathon to support the 'Therapy Center for Dependent Individuals' (KETHEA), the largest rehabilitation and social reintegration network in Greece.

### Support refugees

Within 2016, INTRALOT organized a volunteer donation activity to support refugees and collected 35 boxes with clothing and essentials supplies and 20 boxes with food supplies and medicines, which were distributed to the non-profit organizations 'Organization Earth' and 'Arc of the World'.

## INTERNATIONAL GOOD PRACTICE

### Intralot/DC09 Social Support Program

Following the expansion of its operation in the District of Columbia through 2020, Intralot/DC09 has also expanded and enhanced its social support program. Since 2010, Intralot/DC09 has supported a wide range of programs and organizations that have a significant impact on the community, resulting in over \$640,000 in contributions and donations in the District of Columbia, with indicative examples being:

- ▶ The Boys & Girls Clubs of Greater Washington DC, which helps boys and girls of all backgrounds to build their confidence, develop character and acquire the necessary skills to become productive and responsible adults.
- ▶ The DC Fight For Children organization, which aims to improve quality of early childhood education for Washington, DC students.
- ▶ The Congressional Black Caucus Foundation, which seeks to advance the global black community and explore economic development, civil and social justice, public health and education issues impacting African Americans and the global black community.
- ▶ The Knock Out Abuse Against Women organization, which promotes awareness and raises contributions to combat domestic abuse and support victims of domestic violence through supporting shelters for abused, poor and homeless women and children.
- ▶ The United Negro College Fund (UNCF), which is the USA's largest and most effective minority education organization and helps over 60,000 students each year to attend college and acquire quality college education.
- ▶ The Unity Health Care organization, which provides primary medical care and social services support to the working poor, uninsured and least served residents of Washington, DC.
- ▶ The Marriott Foundation for People With Disabilities for the Bridges from School to Work program, which offers learning and development opportunities to over 1,000 young people with disabilities each year and supports them to find a job.
- ▶ The Voices for a Second Chance organization, which empowers prisoners to create, maintain and strengthen family and community ties, in order to better prepare them for successful transition back into community and rebuild their lives.

## GOOD PRACTICE

### Supporting Youth Entrepreneurship and Innovation

As a follow-up to the 3-day 'Panorama of Entrepreneurship and Career Development' initiative, one of the most important youth entrepreneurship and career building events in Greece, organized for the 6th consecutive year by the Athens University of Business and Economics, INTRALOT organized a Business Day Conference at the Company's Innovation Centre in Athens in 2016, where over 100 university students and graduates:

- ▶ Were informed about the Company's products and services, as well as its international expansion and global operations.
- ▶ Exchanged ideas with INTRALOT executives.
- ▶ Participated in an interactive workshop featuring a gaming business case study.

## Caring for the impact of operations

Local communities constitute an important Stakeholder of INTRALOT, as they are directly related with the Company and its activities. Therefore, the Company aims to remain aware of its operations' effects and identify their impacts on local communities. To this day, the Company has not identified any operations with significant actual or potential negative impacts on local communities.

It must be noted that within 2016:

- ▶ Approximately 75% of INTRALOT's premises are accessible by people with disabilities.
- ▶ There were no significant investment agreements and contracts with clauses on human rights.
- ▶ There were no significant investments on infrastructure to provide a public service or good rather than for commercial purpose (e.g. road, school, water supply and power lines/facilities).
- ▶ There were no accidents with significant impact on the local communities.
- ▶ There were no complaints about impacts on society filed through formal grievance mechanisms and no fines or non-monetary sanctions for non-compliance with relevant laws and regulations were imposed by the respective authorities.

## 3. Materials and Waste

### POLICY

#### Environmental Policy

The Company is committed to minimize its potential environmental impacts, conserve energy and natural resources and fulfill its obligations related to environmental legislation. According to the provisions of the Code of Conduct, INTRALOT is committed to being an environmentally accountable corporate citizen and strives to conserve resources and reduce waste and emissions through recycling and other energy conservation measures. For this reason, INTRALOT has established an Environmental Management System (EMS), fully compliant with the requirements of ISO 14001:2015, with the following key points:

- ▶ Exploit state-of-the-art technology to establish environmentally friendlier and efficient operations, which minimize waste, pollution, health and safety risks, as well as enable safe waste disposal.
- ▶ Be an environmentally responsible Company and address incidents or conditions that threaten health, safety or the environment.
- ▶ Meet or exceed the environmental legislation that relates to its operations and processes (i.e. national legislation, European regulations, legislation and non-normative directives).
- ▶ Minimize emissions through appropriate selection and use of vehicle fleet and employee travel methods.
- ▶ Actively promote recycling, both internally and amongst customers and partners.
- ▶ Set and evaluate achievable environmental performance goals to continuously improve the EMS.
- ▶ Use materials and technologies that comply with environmental standards and recycle old equipment in an environmentally responsible way.

INTRALOT's Top Management is responsible to ensure that the Environmental Management System incorporates all mandatory legal requirements and the Environmental Risk Officer monitors risks related to the environment, proposes changes to the Environmental Management System and ensures that all changes have been understood and are followed.

## GOOD PRACTICE

### Environmental Management System

According to a formal corporate procedure, INTRALOT is committed to protect the environment from the potential impact of its activities. As part of its commitment, the Company identifies and evaluates the environmental impact of its activities, structured around 4 steps:

- ▶ Identify the environmental aspects which INTRALOT can control or influence, through:
  - Formal risk assessments.
  - Materiality Analysis, as part of the annual Corporate Responsibility Report.
  - Review of environmental legislation.
  - Compliance obligations and agreements with interested parties.
  - Corporate business decisions.
- ▶ Determine which environmental aspects have significant impacts.
- ▶ Determine and take measures for the significant environmental aspects.
- ▶ Update the identification and evaluation of environmental aspects.

The assessment results to an environmental aspect overall priority assignment, which combines the outcome of the following criteria:

- ▶ The level of environmental impact severity, using a 1-5 impact scale.
- ▶ The likelihood of its occurrence, using a 1-5 likelihood scale.

### Reducing materials

Materials consumption at INTRALOT is a direct result of its operational needs (i.e. paper), according to the following classification. It must be noted that the Company has reduced its paper and toner consumption to produce bid documents and distribute press monitoring hard copies compared to previous years, as it only uses central printers to scan and electronically disseminate copies. At the same time, INTRALOT has installed centralized MPS printers and employees use their access cards to print any documents, in order to monitor and control printing volume.

Paper  
and toners  
consumption  
reduced by  
**34.7%**  
and **43%**  
respectively

## Materials consumption

	2014	2015	2016
Wood (kg)	NR	NR	3,000
Plastic (kg)	NR	NR	1
Paper (kg)	13,550	10,425	6,800
Toners (units)	NR	419	239

NR = Not reported

It must be noted that manufacturing of gaming terminals complies with the Restriction of Hazardous Substances (RoHS) Directive 2002/95/EC, which limits or bans specific substances in new electronic and electric equipment (e.g. lead, cadmium, PBB, mercury, hexavalent chromium, PBDE flame retardants). At the same time, INTRALOT requires that its suppliers located in Europe comply with the RoHS Directive, as well as the Waste Electrical and Electronic Equipment (WEEE) Directive 2002/96/EC.

## GOOD PRACTICE

### Designing eco-friendlier Products

The Company uses 3D design techniques and simulation software products, in order to minimize the prototype re-design stag, reduce costs and efficiently utilize materials. As a result, INTRALOT:

- ▶ Integrates NFC technologies (and generally cashless payment services) in vending machines.
- ▶ Promotes the use of digital solutions, in order to reduce paper consumption.
- ▶ Develops products that allow game participation in a total paperless environment, where neither coupons nor tickets are needed.
- ▶ Has introduced the LOTOS™ Horizon multimedia platform to deliver information to digital signage displays inside the retailer shops, which allow players to access constantly updated information, with no need to print anything.
- ▶ Has adopted the use of cameras in terminals, in order to replace page scanners, which leads to using fewer materials and parts.
- ▶ Has introduced ARM technology processors in its full range of retailer terminals, which combine high computing power and low energy consumption and result in more reliable, long lasting and environmental-friendlier terminals.
- ▶ Uses the most efficient techniques to balance the computing power required for demanding applications and retain the terminals' low energy footprint.
- ▶ Uses category 6 external power packs in all terminals (the latest efficiency standard), in order to ensure the lowest energy footprint during operation and stand-by mode.
- ▶ Has designed 40% of its gaming terminals fan-less, in order to achieve higher reliability.
- ▶ Has fully replaced conventional CCFL (cold-cathode fluorescent lamp) technology monitors with LED monitors, which are more energy-efficient and environmental friendlier, as they use 30%-50% less power than conventional monitors and do not contain mercury, halogen or lead.
- ▶ Uses plastic and metals that can be recycled in its terminals, which is also the case for most of the electronic components.
- ▶ Uses recycled paper for the packaging carton boxes of its terminals and all packaging material is reusable and durable, in order to be re-used to transport equipment.
- ▶ Encourages customers to recycle the decommissioned terminals and participates in the recycling scheme in all operating specific markets.

## Recycling materials

In order to further reduce its environmental footprint, INTRALOT follows the relevant legislative framework concerning waste disposal and does not directly send any waste to landfills. Instead, all waste is systematically collected and sent to a licensed recycling partner, who handles waste disposal in an appropriate and environmentally friendlier manner.

At the moment, INTRALOT does not use recycled or FSC certified paper or any other recycled materials. It must be noted that the Company is responsible to remove hazardous waste included in hardware produced or traded by INTRALOT according to environmental procedures in cases of leased equipment that is removed after the expiration of the agreement.

### Recycling bins

In order to collect and convert waste materials into reusable objects, INTRALOT has placed recycling bins, which include:

- ▶ Green recycling bins for paper on each floor. The Company has assigned specialized employees to handle collected paper and regularly sent it to a partner recycling company.
- ▶ Blue recycling bins for aluminum cans on each floor.
- ▶ Clear recycling bin for batteries at the main entrance.

### Electronic equipment

The Company re-uses telecommunication devices and IT equipment (such as personal computers and mobile phones) if they are in working condition and re-assigns them to another user. In case they cannot be re-used, the Company stores certain components as spare parts (such as memory discs, batteries and hard discs) and forwards the remaining materials for recycling.

#### Materials recycling

	2011	2012	2013	2014	2015	2016
<b>Operational needs</b>						
Paper (kg)	7,200	7,350	7,125	10,162	2,500	3,000
Toners (units)	716	818	820	740	21*	14
Batteries (kg)	498**	93	33	40	63	34
Electrical and electronic equipment (WEEE) (kg)	NR	NR	NR	NR	NR	12,810
<b>Packaging materials</b>						
Cardboard / paper (kg)	2,500	2,500	NR	3,000	2,750	3,000
Cardboard packaging for liquids (kg)	0	0	NR	0	1	0
Plastic (kg)	10	0	NR	1	0	1
Wood (kg)	3,000	3,000	NR	3,500	3,200	3,000
Packaging pieces (units)	18,000	18,000	NR	20,000	19,000	19,000

\*Toners from centralized printers (MPS) for June-December 2015.

\*\*450kg were car batteries.

NR = Not reported

## GOOD PRACTICE

### Memberships to Organizations

INTRALOT is a member of the Hellenic Recovery Recycling Corporation (HE.R.R.Co.) and has been listed in the organization's registry of companies that have recycled materials in 2016. Furthermore, in compliance with Law 2939/2001 and the Presidential Decree 117/2004, INTRALOT is also a member of Appliances Recycling S.A., the official organization that organizes, operates and controls the collective system for the Alternative Management of the Waste of Electrical and Electronic Alternative Equipment (WEEE) in Greece.

### Monitoring water consumption

Water scarcity is highlighted as an extremely important environmental aspect which requires urgent action, as the needs and demand for this precious resource have been intensified during the last years. INTRALOT is aware of its relative scarcity and therefore strives to reduce water consumption, where feasible, and therefore:

- ▶ Monitors water consumption in its premises in Maroussi and Peania.
- ▶ Water supply is performed exclusively through the public water supply network and water utility companies, therefore no other water sources are affected.
- ▶ All liquid waste is directed to the public waste network.
- ▶ Does not use hazardous cleaning materials.
- ▶ At the moment, does not recycle or reuse water for its operations.
- ▶ Has implemented control mechanisms to respond to potential water supply failures and water leakages.
- ▶ Repaired the cooling towers for the air conditioning system in its building in Maroussi, in order to handle water leakages that were noticed.
- ▶ There were no planned or unplanned water discharges and no significant spills of chemicals or fuels or any other material.

#### Water consumption

	2015	2016
Water consumption (m <sub>3</sub> )	4,816	9,676

The increased water consumption for 2016 can be attributed to the volume required to fill the cooling towers for the air conditioning system in INTRALOT's building in Maroussi.

## 4. Energy and Emissions

### Analyzing energy impact

Although INTRALOT's operations are not energy intensive, the Company consciously seeks to reduce energy consumption, which is linked to global climate change. The main sources of its energy consumption are electricity (entirely purchased from the Public Power Corporation – Hellas) and heating petrol.

#### Energy consumption and intensity

	2015	2016
Heating petrol (lt)	65,000	60,000
Electricity (KWh)	2,101,838	3,408,380

Data refer to all buildings of INTRALOT S.A.

The increased water consumption for 2016 can be attributed to the volume required to fill the cooling towers for the air conditioning system in INTRALOT's building in Maroussi.

In order to reduce its energy consumption and air emissions, INTRALOT:

- ▶ Has implemented an energy saving program in all facilities.
- ▶ Complies with the necessary technical and maintenance requirements of petrol tanks used for heating.
- ▶ Regularly checks the electromechanical equipment (boilers) for heating and hot water, air conditioning systems, as well as computer and other office equipment according to global acceptable standards and practices.
- ▶ Monitors the fuel consumption of corporate leased vehicles, through corporate credit cards issued to users.
- ▶ Complies with the Euro 5 (2009/9) standard for light passenger and commercial vehicles for all corporate leased vehicles.
- ▶ Utilizes company buses from major public transportation stations to transport employees from/to Peania premises.
- ▶ Encourages car pooling of employees in Peania premises.
- ▶ Uses LED lamps in its building in Maroussi, while approximately 85% and 10% of lamps installed in Maroussi and Peania premises respectively are energy-efficient lamps.
- ▶ Has installed photoelectric cells in garage areas, in order to ensure that lights are turned off when no employee is in the garage areas.
- ▶ Has instructed the Building Security guards to perform regular inspections during their shifts (including late night shifts), in order to ensure that lights and the heating/cooling are turned off in workspace areas where no employee is present during late evening and night hours.
- ▶ Has installed and operates a Building Management System (BMS) in its building in Peania, which allows operations to automatically halt in case of malfunctions.

## GOOD PRACTICE

### Transition to Cloud

INTRALOT steadily progresses towards environmentally friendlier IT solutions, as it expands the use of virtualized environments and cloud solutions for certain IT and development services, in order to replace standalone servers. As a result of its NEFOS (Novel, Extensive, Flexible, On-Demand, Secure) cloud solution successful roll-out, INTRALOT's IT Department has moved the new software configurations testing, as well as development and consolidation of production servers to virtualized environment. The NEFOS cloud solution significantly reduces INTRALOT's environmental footprint, since it reduces energy consumption and carbon dioxide emissions and allows significant cost savings for the Company.

Within 2016, INTRALOT replaced 21 physical servers by migrating to virtual infrastructure and achieved significant energy savings, as indicated below. The migration was supported by low-power new servers, who feature high processing power.

#### Transition to cloud

	2013	2014	2015	2016
<b>Physical servers (to virtual)</b>				
INTRALOT Group (number)	701	668	NR	NR
INTRALOT S.A. (number)	192	164	41	21
<b>Cloud Roll Out</b>				
Servers moved to cloud (private) (number)	19	31	68	21
Approximate energy savings (MJ)	157,680	236,520	252,288	160,223
Approximate heat dissipation savings (MJ)	157,049	208,138	251,288	159,232

NR = Not reported

## Monitoring greenhouse gas emissions

Direct and indirect energy consumption unavoidably lead to greenhouse gas emissions. Despite the fact that INTRALOT operates in a non-energy intensive industry with limited greenhouse gas emissions compared to other industries, the Company systematically measures and reports its greenhouse gas emissions due to its extensive operations and the issue's importance worldwide.

### Greenhouse gas emissions

	2015	2016
Greenhouse gas emissions (tons CO <sub>2</sub> )	1,686.6	2,374.1
Due to petrol consumption for heating (direct emissions) (tons CO <sub>2</sub> )	173.3	160.6
Due to electricity consumption (indirect emissions) (tons CO <sub>2</sub> )	1,513.3	2,213.5

Data refer to all buildings of INTRALOT S.A.

Sources of conversion factors: GHG Protocol GHG emissions from stationary combustion Calculation Tool V 4.1 May 2015 (Heating Petrol), IEA - CO<sub>2</sub> Emissions from Fuel Combustion 2015 edition 1 (Electricity)

## Using environmentally friendlier refrigerants

The Company mainly utilizes chlorofluorocarbons (CFCs) free refrigerants to cool its servers, use in air-conditioning and fire suppression systems, as well as for its coolers, in order not to harm the ozone layer. Within this context, the Company replaced the R22 used in two coolers in its headquarters with the environmentally friendlier R407C within 2016.

## Air Travel

INTRALOT strives to reduce the impact of its business operations on climate change. Because the climate impact of air transportation is currently not sufficiently regulated by national or international laws, the Company voluntarily commits to minimize air travel and travelled air miles. Therefore, INTRALOT:

- ▶ Uses other modes of regional travel, where possible.
- ▶ Utilizes remote session technologies (such as Skype, WebEx and conference calls), in order to reduce the number and frequency of business travels.
- ▶ Extensively uses e-learning training programs.
- ▶ Monitors the number of flights and greenhouse emissions due to employee air travel.
- ▶ Combines trips and activities, in order to minimize the number of flights required.
- ▶ Uses the most direct routes possible, since take-offs and landings increase the amount of fuel consumed.
- ▶ Prefers to utilize flights during the daytime, because relevant studies have showed that flying during nighttime increases the overall environmental impact.

- ▶ Encourages employees to fly economy seats, because more people per plane mean fewer emissions per person.
- ▶ Encourages employees not to carry heavy baggage during flights, because lighter planes mean less fuels consumed.

### Air miles and CO<sub>2</sub> emissions from air travel

	2015	2016
Flights (number)	783	810
Long flights (>4 hours)	180	320
Short flights (<4 hours)	603	490
Travelled air miles (million miles)	3.5	1.4
CO <sub>2</sub> emissions (indirect emissions) (tons)*	549.6	585.1

\*Estimation based on ICAO Carbon Emissions Calculator and EPA 430-R-08-006.

## Promoting environmental awareness

INTRALOT seeks to promote environmental protection issues and encourages initiatives that relate to environmental protection. Therefore, the Company:

- ▶ Promotes employee environmental awareness through measures, which include the use of a dedicated reminder in corporate e-mail signatures to consider the environment before printing an e-mail.
- ▶ Briefs newly hired employees on recycling through the Corporate Induction Program.

## Protecting biodiversity

Due to its negligible influence of activities and operations on biodiversity, INTRALOT does not have a separate policy on biodiversity. However, the Company takes this important environmental issue into consideration, as:

- ▶ All buildings are located in established industrial or residential areas, with no facilities located near protected NATURA or RAMSAR areas.
- ▶ All operation sites are not located near ecosystems and habitats or other areas of high biodiversity value outside protected areas.
- ▶ There are no IUCN Red List species and national conservation list species with habitats in areas affected by operations.



Transparently **reporting**  
our approaches, programs,  
initiatives and results related  
to **our company's**  
**responsible operation**



# 9

About the Report



# 1. Scope and Development

## Principles

The Report follows the guidelines 'Sustainability Reporting Guidelines' (publication G4, 2013) of the Global Reporting Initiative (GRI), while the following have also been used:

- ▶ For the principles of the Report, the UN's Global Compact.
- ▶ For the presentation of quantitative data within the Report, the EFQM's RADAR Card.

## Scope

The Corporate Responsibility Report:

- ▶ Refers to the period 1/1/2016-31/12/2016 (unless indicated otherwise in certain points).
- ▶ Refers to all activities of INTRALOT S.A. (referred as 'INTRALOT' or 'Company'), while further references to selected activities of other companies within the INTRALOT Group (referred as 'INTRALOT Group' or 'Group') are presented (without being included in the scope of this Report), with the exception of Responsible Gaming and Financial Results, which refer to the entire INTRALOT Group.
- ▶ Addresses all operations (hardware and software, game content, sports betting management, interactive gaming and management and marketing services, as well as licensed gaming operations in its own right).
- ▶ Contains, as a norm, quantitative results for the last two years.
- ▶ Contains, as a norm, quantitative data from direct measurements, with exceptions of estimations clearly noted.

## Terms

For convenient reading, please pay attention to the following terms and symbols:

- ▶ The terms 'INTRALOT' or 'Company' refer to INTRALOT S.A., the headquarters of INTRALOT Group.
- ▶ The terms 'INTRALOT Group' or 'Group' refer to all companies of the Group, including INTRALOT S.A. and its subsidiaries.
- ▶ The term 'Customers' refers to the players in countries where INTRALOT is a licensed gaming operator, as well as Lottery Operators in countries where INTRALOT is a provider of technology or manages lottery operations.
- ▶ Terms indicated as '3.1', '5.6' etc. refer to the area and section of this Report (e.g. used in the GRI, Global Compact and Stakeholder Tables). For example, the term '5.6' makes reference to chapter 5 (Responsible Gaming), section 6 (Responsible Communication).

## Restrictions

INTRALOT recognizes limitations in the Report it publishes, such as presentation of more quantitative data and objectives and external assurance of the Report's principles and content, which intends to handle in future publications.

## Level of Report

The Report is prepared and self-declared to be in accordance with the 'Sustainability Reporting Guidelines' (version G4, 2013) of Global Reporting Initiative (GRI), at 'Core' level.

## Your feedback

INTRALOT welcomes any question, enquiry, clarification or proposal to improve its sustainability reporting. Kindly forward your comments, enquiries or suggestions to:

## INTRALOT S.A.

### Department of Corporate Affairs

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## Main symbols

For convenient reading of this Report, please pay attention to the following symbols, which are widely used:

## GOOD PRACTICE

Highlights examples of good practices implemented by INTRALOT.

## INTERNATIONAL GOOD PRACTICE

Highlights examples of good practices implemented by INTRALOT in countries where it operates.

## POLICY

Highlights sections from formal corporate Policies.

## DID YOU KNOW?

Highlights information of particular interest.

## 2. Global Compact Table

Issue	Principle	Report Section	Coverage
<b>Human Rights</b>			
1.	Support and respect protection of internationally proclaimed human rights	6.6	F
2.	Ensure not to be complicit in human rights abuses	6.6	F
<b>Labour Standard</b>			
3.	Recognize freedom of association and right to collective bargaining	6.6	F
4.	Eliminate all forms of forced and compulsory labour	6.6	P
5.	Abolish effectively child labour	6.6	P
6.	Eliminate discrimination in respect to employment and occupation	6.5	F
<b>Environment</b>			
7.	Support a precautionary approach to environmental challenges	8.1, 8.3, 8.4	F
8.	Promote greater environmental responsibility	8.1, 8.3, 8.4	F
9.	Encourage development and diffusion of environmentally friendly technologies	2.2, 8.3	F
<b>Corruption</b>			
10.	Work against all forms of corruption, including extortion and bribery	4.1, 4.3	F

## 3. GRI Tables

The correspondence between the content of this Report and the Global Reporting Initiative's (GRI G4 version 2013) General and Specific Standard Disclosures, is presented in the following table.

- ▶ Coverage of Indicators is characterized as Full (F), Partial (P) or Not Applicable (NA).
- ▶ General Standard Disclosures of GRI required for 'Core' application level are indicated in dark grey background.
- ▶ Material Aspects of GRI for the organization (based on the Materiality Analysis conducted), are indicated in dark grey background.
- ▶ Boundaries of GRI indicators are indicated on the Table.
- ▶ No external assurance has been conducted for the Material Aspects.

General Standard Disclosures	Report Section	Coverage/ Omission	Boundary of Material Aspects
<b>Strategy and Analysis</b>			<b>Company</b>
G4-1	1	F	
G4-2	1, 2.4, 4.3	P	
<b>Organisational Profile</b>			<b>Company</b>
G4-3	2.1, 9.1	F	
G4-4	2.2	F	
G4-5	2.1	F	
G4-6	2.1	F	
G4-7	2.3	F	
G4-8	2.1	F	
G4-9	2.1, 2.2, 6.2, 7.2	F	
G4-10	6.2	F	
G4-11	6.6	F	
G4-12	2.2	F	
G4-13	2.1	F	
G4-14	2.2, 2.4, 4.3, 8.1, 8.3	F	
G4-15	2.5, 4.1, 5.1, 6.5, 6.6	F	
G4-16	2.5	F	
<b>Identified Material Aspects and Boundaries</b>			<b>Company</b>
G4-17	7.2, 9.1	F	
G4-18	3.1-3.3	F	
G4-19	3.2	F	
G4-20	3.2, 9.3	F	
G4-21	3.2, 9.3	F	
G4-22	2.1, 3.2, 9.1	F	
G4-23	9.1	F	
<b>Stakeholder Engagement</b>			<b>Company</b>
G4-24	3.3	F	

General Standard Disclosures	Report Section	Coverage/ Omission	Boundary of Material Aspects
G4-25	3.3	F	
G4-26	3.3	F	
G4-27	3.3	F	
<b>Report Profile</b>			<b>Company</b>
G4-28	9.1	F	
G4-29	9.1	F	
G4-30	9.1	F	
G4-31	9.1	F	
G4-32	9.3	F	
G4-33	9.1, 9.3	F	
<b>Governance</b>			<b>Company</b>
G4-34	4.2, 4.3	F	
G4-35	3.1	P	
G4-36	4.2, 4.3	F	
G4-37	4.2	F	
G4-38	4.2	P	
G4-39	4.2	F	
G4-41	4.2	P	
G4-42	3.1, 4.2	P	
G4-43	3.1, 4.2	P	
G4-44	4.2	P	
G4-45	4.3	P	
G4-46	4.3	P	
G4-47	4.3	P	
G4-48	3.2	F	
G4-50	4.2	F	
G4-52	4.2	P	
G4-53	4.2	P	
G4-54	6.5	F	
<b>Ethics and Integrity</b>			<b>Company, customers, suppliers</b>
G4-56	2.1, 4.1, 5.1, 6.5, 6.6	F	
G4-57	4.1	P	
G4-58	4.1	P	

DMA and Indicators	Report Section	Coverage/ Omission	Boundary of Material Aspects
<b>ECONOMIC</b>			
<b>Economic Performance</b>			
G4-DMA	7.2	F	
G4-EC1	7.2	F	
G4-EC4	7.2	F	
Market Presence			
G4-DMA	6.2, 6.5	F	
G4-EC5	6.5	P	
G4-EC6	6.2, 6.5	F	
<b>Indirect Economic Impacts</b>			
G4-DMA	8.2	F	
G4-EC7	8.2	F	
G4-EC8	8.2	F	
<b>Procurement Practices</b>			<b>Company</b>
G4-DMA	7.4	F	
G4-EC9	7.4	F	
<b>ENVIRONMENTAL</b>			
<b>Materials</b>			
G4-DMA	8.3	P	
G4-EN1	8.3	P	
G4-EN2	8.3	F	
<b>Energy</b>			
G4-DMA	8.3, 8.4	P	
G4-EN3	8.4	P	
G4-EN4	8.4	P	
G4-EN6	8.4	P	
G4-EN7	8.3	P	
<b>Water</b>			
G4-DMA	8.3	F	
G4-EN8	8.3	F	
G4-EN9	8.3	F	
G4-EN10	8.3	F	
<b>Biodiversity</b>			
G4-DMA	8.4	F	
G4-EN11	8.4	F	
G4-EN12	8.4	F	
G4-EN14	8.4	F	

DMA and Indicators	Report Section	Coverage/ Omission	Boundary of Material Aspects
<b>Emissions</b>			
G4-DMA	8.4	P	
G4-EN15	8.4	P	
G4-EN16	8.4	P	
G4-EN17	8.4	P	
<b>Effluents and Waste</b>			<b>Company</b>
G4-DMA	8.3	F	
G4-EN22	8.3	F	
G4-EN23	8.3	P	
G4-EN24	8.3	F	
G4-EN26	8.3	F	
<b>Products and Services</b>			
G4-DMA	8.3	P	
G4-EN27	8.3	P	
<b>Compliance</b>			
G4-DMA	8.1	F	
G4-EN29	8.1	F	
<b>Transport</b>			
G4-DMA	8.4	P	
G4-EN30	8.4	P	
<b>Supplier Environmental Assessment</b>			
G4-DMA	7.4	F	
G4-EN33	7.4	F	
<b>Environmental Grievance Mechanisms</b>			
G4-DMA	8.1	F	
G4-EN34	8.1	F	
<b>SOCIAL</b>			
<b>LABOR PRACTICES AND DECENT WORK</b>			
<b>Employment</b>			<b>Company</b>
G4-DMA	6.2	F	
G4-LA1	6.2	F	
G4-LA2	6.2	F	
G4-LA3	6.2	P	
<b>Labor/Management Relations</b>			
G4-DMA	6.6	F	
G4-LA4	6.6	F	

DMA and Indicators	Report Section	Coverage/ Omission	Boundary of Material Aspects
<b>Occupational Health and Safety</b>			
G4-DMA	6.4	F	
G4-LA6	6.4	P	
G4-LA7	6.4	F	
<b>Training and Education</b>			
G4-DMA	6.3	P	
G4-LA9	6.3, 6.5	P	
<b>Diversity and Equal Opportunity</b>			
G4-DMA	6.2	F	
G4-LA12	6.2	F	
<b>Equal Remuneration for Women and Men</b>			
G4-DMA	6.5	P	
G4-LA13	6.5	P	
<b>Supplier Assessment for Labor Practices</b>			<b>Company, suppliers</b>
G4-DMA	7.4	F	
G4-LA15	7.4	F	
<b>Labor Practices Grievance Mechanisms</b>			<b>Company</b>
G4-DMA	6.5	F	
G4-LA16	6.5	F	
<b>HUMAN RIGHTS</b>			
<b>Investment</b>			
G4-DMA	6.6, 8.2	F	
G4-HR1	8.2	F	
<b>Non-discrimination</b>			
G4-DMA	6.5	F	
G4-HR3	6.5	F	
<b>Freedom of Association and Collective Bargaining</b>			
G4-DMA	6.6	P	
G4-HR4	6.6	P	
<b>Child Labor</b>			
G4-DMA	6.6	P	
G4-HR5	6.6	P	

DMA and Indicators	Report Section	Coverage/ Omission	Boundary of Material Aspects
<b>Forced or Compulsory Labor</b>			
G4-DMA	6.6	P	
G4-HR6	6.6	P	
<b>Indigenous Rights</b>			
G4-DMA	-	NA	
G4-HR8	-	NA	
<b>Supplier Human Rights Assessment</b>			
G4-DMA	7.4	F	
G4-HR11	7.4	F	
<b>Human Rights Grievance Mechanisms</b>			
G4-DMA	6.6	F	
G4-HR12	6.6	F	
<b>SOCIETY</b>			
<b>Local Communities</b>			<b>Company</b>
G4-DMA	8.2	F	
G4-S01	8.2	P	
G4-S02	8.2	F	
<b>Anti-corruption</b>			<b>Company</b>
G4-DMA	4.1, 4.3	F	
G4-S03	4.3	F	
G4-S04	4.1, 4.3	P	
G4-S05	4.3	F	
<b>Public Policy</b>			<b>Company</b>
G4-DMA	4.3	F	
G4-S06	4.3	F	
<b>Anti-competitive Behaviour</b>			
G4-DMA	4.3	F	
G4-S07	4.3	F	
<b>Compliance</b>			<b>Company</b>
G4-DMA	4.3	F	
G4-S08	4.3	F	
<b>Supplier Assessment for Impacts on Society</b>			
G4-DMA	7.4	F	
G4-S010	7.4	F	

DMA and Indicators	Report Section	Coverage/ Omission	Boundary of Material Aspects
<b>Grievance Mechanisms for Impacts on Society</b>			
G4-DMA	8.2	F	
G4-SO11	8.2	F	
<b>PRODUCT RESPONSIBILITY</b>			
<b>Customer Health and Safety</b>			
G4-DMA	5.4	F	
G4-PR2	5.4	F	
<b>Product and Service Labeling</b>			
G4-DMA	5.6, 5.7	F	
G4-PR3	5.6, 5.7	F	
G4-PR4	5.6	F	
G4-PR5	5.6	P	
<b>Marketing Communications</b>			<b>Group</b>
G4-DMA	5.6	F	
G4-PR6	5.6	F	
G4-PR7	5.6	F	
<b>Customer Privacy</b>			<b>Group</b>
G4-DMA	5.5	F	
G4-PR8	5.5	F	
<b>Compliance</b>			<b>Group</b>
G4-DMA	5.4	F	
G4-PR9	5.4	F	

## 4. Glossary

Please pay attention to the following, frequently used terms:

Term	Refers to
'3.1' or '5.6' etc.	The area and section of this Report (e.g. used in the GRI, Global Compact and Stakeholder Tables). For example, the term '5.6' makes reference to chapter 5 (Responsible Gaming), section 6 (Responsible Communication).
'B2B'	The form of commerce where a company makes a commercial transaction with another, such as sourcing materials for their production process.
'B2C'	The form of commerce where a company sells consumer goods or services to directly to its customers through multiple distribution channels.
'Carbon dioxide' or 'CO <sub>2</sub> '	The gaseous chemical compound derived from the combustion of fossil fuels (oil, gasoline, natural gas, etc.) and organic compounds (wood, plastic, etc.), which contributes to the greenhouse effect.
'COBIT'	The Control Objectives for Information and Related Technologies, a framework created by the international professional association ISACA for information technology (IT) management and IT governance. The framework provides a set of controls over information technology and organizes them around a logical framework of IT-related processes and enablers.
'Corporate Social Responsibility' or 'Corporate Responsibility'	The voluntary commitment of companies to include in their corporate practices economical, social and environmental criteria and activities, which are beyond the legislative requirements and are related to their impact on Stakeholders.
'Customers'	The end users (players) in countries where INTRALOT is a licensed operator (B2C), as well as Lottery Operators (B2B) in countries where INTRALOT is a provider of technology or manages lottery operations.
'EFQM'	The European Foundation for Quality Management, a non-profit organisation located in Brussels, which promotes Business Excellence and within this frame, also Corporate Responsibility.
'European Lotteries Association' or 'EL'	The umbrella organisation of national lotteries in Europe, who only offer gaming and betting services in the jurisdictions they are licensed by the respective national government.
'Environmental footprint'	The total greenhouse gas emissions arising directly (e.g. burning of fossil fuels for heating) or indirectly (e.g. by the use of products) from a company.
'Electronic Gaming Machines' or 'EGMs'	The gaming machines with three or more reels which spin when a button is pushed.
'Global Compact'	The United Nations Global Compact, an initiative to encourage companies and organizations worldwide to adopt sustainable and socially responsible policies, as well as to report on their implementation, stating ten principles in the areas of human rights, labor, the environment and anti-corruption.
'INTRALOT' or 'Company'	INTRALOT S.A., the headquarters of INTRALOT Group.
'INTRALOT Group' or 'Group'	All companies of the Group, including INTRALOT S.A. and its subsidiaries.
'ISO'	The largest organisation in the world, developing internationally accepted Standards, such as ISO9001.
'NFC'	The Near-field communication technology, a set of communication protocols that enable two electronic devices to establish communication by bringing them in close distance with each other.
'Player'	The end users of INTRALOT's games.
'Report'	The Corporate Responsibility Report 2016.
'Sales network'	The Points of Sale of INTRALOT's games.
'Video lottery terminal' or 'VLT'	The gaming machine that allows players to bet on the outcome of a video game.
'World Lottery Association' or 'WLA'	The global professional association of state lottery and gaming organizations from more than 80 countries.

# 5. Feedback Form

## Your opinion helps INTRALOT improve

We invite you to share your opinion with INTRALOT and help to improve the Corporate Responsibility Report, by submitting your answers to the following questionnaire:

### Which stakeholder group do you belong to?

- |  |  |                                    |
|--|--|------------------------------------|
| <input type="checkbox"/> Players           | <input type="checkbox"/> Customers         | <input type="checkbox"/> Suppliers |
| <input type="checkbox"/> Business Partners | <input type="checkbox"/> Retailers         | <input type="checkbox"/> States    |
| <input type="checkbox"/> Employees         | <input type="checkbox"/> Local Communities | <input type="checkbox"/> NGOs      |
| <input type="checkbox"/> Media             | <input type="checkbox"/> Shareholders      |                                    |
| <input type="checkbox"/> Other: _____      |  |                                    |

### What is your overall impression of the Report?

	Very Good	Good	Average	Poor
Coverage of basic issues regarding the company's operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Completeness of quantitative data	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Completeness of qualitative data	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Graphics and illustration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Balance between sections	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### What is your opinion regarding the following sections of the Report?

	Very Good	Good	Average	Poor
INTRALOT Group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate Responsibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Governance & Compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Responsible Gaming	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employee Wellbeing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic Sustainability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Societal Support	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Are there any sections that need to be extended/shortened?

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## Comments or suggestions

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### Personal Details (optional):

Full Name: \_\_\_\_\_

Company/organization: \_\_\_\_\_

Address: \_\_\_\_\_

Tel./Fax: \_\_\_\_\_

E-mail address: \_\_\_\_\_

### Please return this form to:

INTRALOT S.A., Group Corporate Affairs  
64 Kifissias Ave. & 3 Premetis Str., GR-15125, Athens,  
Greece, e-mail: [contact@intralot.com](mailto:contact@intralot.com)

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*Report evaluation information will be statistically processed  
toward the sole purpose of making reporting improvements.*

*All personal data are treated as confidential and are protected as  
stipulated by law.*

***intralot***