

Svenska Spel – Communication On Progress 2021

Statement from the CEO

Like previous years, I have the pleasure of confirming Svenska Spel's continued support for the Global Compact and hereby renew our commitment to the initiative and its principles.

Svenska Spel supports the Global Compact's ten principles with respect for human rights, labor law, the environment and anti-corruption. The company intends to constantly advance within these principles in the areas we can influence. We are committed to the work of making the Global Compact and its principles part of the company's strategy, culture and daily operations.

We share this information with our stakeholders through the company's primary communication channels.

This report describes the progress made by Svenska Spel in these areas during the period June 2020 - May 2021.



Patrik Hofbauer
CEO
Svenska Spel AB

Principle 1-2 Human rights

Principle 1: Support and respect international human rights in the sphere that the company can influence.

Principle 2: Ensure that your own company is not involved in violations.

Governance:

- Svenska Spel's code of conduct for suppliers
- Svenska Spel's internal code of conduct
- Svenska Spel's sustainability ambition
- Svenska Spel's sponsorship guideline
- Svenska Spel's risk analysis and screening process for suppliers
- Svenska Spel's Human Rights Due Diligence, analysis 2021

Targets:

Svenska Spel has the following targets for 2021-2023:

- 100% of the suppliers who are continuously identified in the company's risk analysis must have undergone human rights screening.
- Svenska Spel shall carry out 3-5 supplier audits per year.

Results:

During the year, a new digital tool was developed to be able to follow up our suppliers efficiently and more systematically on the basis of human rights, environment and anti-corruption. Approximately 85% of the suppliers identified in the company's risk analysis have reported their work on these issues in a portal developed by the company. New suppliers are added regularly, which means that the number may vary slightly.

During December 2020, two (2) third-party audits were performed on two of the company's major suppliers. The results of the audits were satisfactory and action plans were drawn up based on the few minor comments that emerged. These have been corrected in close dialogue with the supplier.

In the spring of 2021, new audits are planned based on risk and the suppliers' own reporting of their work.

Activities during 2020

Work for human rights throughout the supply chain

At Svenska Spel, we distance ourselves from violations of human rights, which is reflected in the demands we place on our suppliers and recipients of our sponsorship. In 2020, Svenska Spel

procured goods and services to an approximate value of SEK 1,200 million. This gives us an important role as a setter of requirements throughout the supply chain. We also contribute with an indirect impact even outside our own business. The main products and services Svenska Spel purchases are market-related services and IT. Most of our suppliers are mainly within the EU and most of them are Swedish. Svenska Spel has a code of conduct for suppliers that accompanies all contract documents. Every year, a risk assessment is carried out on the company's suppliers from a social, ethical and environmental perspective. Our goal is for all suppliers identified in our risk analysis to have undergone human rights screening.

Follow-up is done with the suppliers where Svenska Spel assesses that there is an increased risk linked to the company's code of conduct. The assessment is made through a self-evaluation tool developed by Svenska Spel. In our assessment, the risks in the company's supply chain are generally low. The goal is to carry out between 3-5 third party audits annually. In 2020, we conducted two third party audits to follow up on compliance with our code of conduct with some of the company's major suppliers. The suppliers have been selected based on the results of the annual risk analysis. The result was satisfactory and some minor deviations emerged which were immediately rectified by the suppliers.

Human Rights Due Diligence

Svenska Spel has recently carried out an impact assessment (with the help of a third party) based on the UN's Guiding Principles for Companies and Human Rights, a so-called HRDD (Human Rights Due Diligence) analysis.

The purpose of an HRDD analysis is to provide companies with a basis that increases the understanding of the impact a business can have on human rights if these aspects are not prevented and handled in an appropriate manner. The fundamental thing in this context is that companies have an integrated and ongoing process for identifying, preventing and managing risks regarding violations of human rights and opportunities based on the size, nature and context of the business. This is what is called "due diligence". Companies should pay special attention to particularly vulnerable groups such as women, people belonging to a national or ethnic, religious and linguistic minority, children, people with disabilities and migrant workers and their families.

The HRDD analysis highlighted three areas where we at Svenska Spel should be particularly vigilant about risks:

The products: Here is the greatest risk that consumption of gaming products can cause problems both at the individual level but also in society in the form of corruption and illegal activities.

Our purchases: This is the highest risk of human rights violations for those who work in our supply chain. This is above all about the risk of unfair working conditions.

Our sponsorship: There is a risk here of unequal conditions for different individuals and that the proportion of practitioners with weaker socio-economic conditions is low. There is also a risk of unequal conditions for women and men who practice sports at all levels.

Another important issue is how we, as the main sponsor of various national teams, work to ensure that human rights are not violated in the host countries where international championships are held. That debate flares up at regular intervals. Recently, there was a discussion about Men's World Cup in Qatar. If the national team were to qualify there, how do we, as the proud main sponsor of the Swedish national football teams, view Qatar being governed by a regime that does not fully respect



human rights? The issue is extremely complex and to learn more, we arranged a round table discussion a few years ago with human rights organizations and representatives of civil society. There it became clear to us that a boycott of already decided championships is not the way forward.

To completely refrain from participating in a championship may "look good". But what difference does it make in the long run for, for example, migrant workers, prostitutes or poor residents in the country? The right way for us is instead to work actively with education, communication and information to try to influence in the right direction. Therefore, we make demands on this in our sponsorship guidelines, which are included in the agreements with all the unions we sponsor. The sports unions must contribute to human rights, diversity and working conditions being respected.

To ensure that the guidelines are followed, we have regular dialogues with the unions about what this means in practice and what we expect from them. In addition, we regularly conduct training with them on human rights issues. But as I said, sponsorship is just one of the areas that we follow closely.

The HRDD analysis means that we identify the risks and can work intensively with preventive work at all points. The work on human rights is a broad and ongoing work. The next step after the analysis is to anchor the results in the organization and ensure that we work together to increase knowledge about these issues and continue to develop and refine the work done today. A work that has an impact far beyond the organization's walls.

Soccer World Cup in Qatar 2022

Ahead of the World Cup in Qatar 2022, Svenska Spel, as the national team's largest sponsor, has received a lot of questions about how we approach the championship being arranged in a country that lacks respect for human rights. Svenska Spel has supported many of the most popular Swedish national teams for decades or more.

Our entire sponsorship philosophy is based on long-term. It is through active cooperation with the unions for a long time that we can act as a positive force, influence sports in the right direction. That the World Cup will be played in Qatar is not something that neither we at Svenska Spel nor the Swedish Football Association (SvFF) wanted. Before and during FIFA's vote in 2010, SvFF worked actively towards Qatar being awarded the World Cup.

We understand that many people feel that a boycott is the most reasonable choice, when championships are decided in countries that lack respect for human rights. To participate or not is not an easy question, but it is also not new to us as a sponsor of Swedish sports. We do not advocate general demands for a boycott. Instead, we believe that the Football Association should be there and do what they can to contribute to long-term change, both within the country and within FIFA when host countries are chosen in the future.

Since Qatar was awarded the World Cup, the country has been both reviewed and criticized for human rights violations, especially when it comes to the rights of migrant workers and women's rights. This is not a problem that is limited to this championship, but it is a question that is relevant both before, during and after the tournament.

According to Amnesty International, the attention paid to Qatar has contributed to a number of positive reforms that will affect the rights and security of migrant workers in the long term. However, there are problems with the implementation of the reforms. Amnesty has therefore called on



national football associations to play a more active role in securing the rights of migrant workers and in drawing attention to the issue in various contexts.

As a sponsor, we demand in all our sponsorship agreements that the federations work to ensure that human rights, diversity and working conditions are taken into account and respected, both in Sweden and in the countries that organize major sports championships. This is also something we will follow up if Sweden succeeds in qualifying for the WC 2022. Svenska Spel will both follow and actively contribute to that work. It is our responsibility as a committed sponsor.

In concrete terms, this means that if Sweden were to qualify for the World Cup in Qatar, we will work to ensure that the Swedish Football Association continues the work they have already begun, by pursuing the issue of human rights in various ways, such as good working conditions for migrant workers and the right to get involved in a union. We will simply expect them to work actively to highlight misconduct and influence both FIFA and Qatar, something that Swedish Amnesty also advocates.

So, although in this case we regret the choice of host country, our ambition is to do what we can to contribute to long-term social improvement. We believe this is a better choice than a boycott.

Principle 3-6 Labor law

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

Principle 4: Eliminate all forms of forced labor.

Principle 5: Abolish child labor.

Principle 6: Eliminate discrimination in recruitment and duties.

Governance:

- Svenska Spel's code of conduct for suppliers
- Svenska Spel's sponsorship guideline
- Svenska Spel's sustainability ambition
- Personnel policy
- Svenska Spel's internal whistleblowing function

Targets:

Svenska Spel has the following targets for 2021-2023:

- The Swedish Gaming Group must be 100% free from discrimination, violations and harassment.
- Employees with a foreign background within the Group must be at least 30%.
- The gender distribution among managers within the Group must be between 45-55%.

**Results:**

In 2020:

- the employees within the company felt 95% (94%) free from discrimination, violations and harassment. In recent years, we have been able to see a positive development in the area and efforts have been made on an ongoing basis so that employees know where they can turn regarding these issues.
- the proportion of employees with a foreign background was 34% (34%).
- the proportion of female managers was reduced within the company to 37% (39%).
- the risk analysis did not show any specific risks at the supplier level.

Activities during 2020*Equality in sports*

Svenska Spel wants the sponsorship of sports to be equal. We work to reduce the economic gap between men's and women's sports and create the same conditions for sports regardless of background. However, there are still a lot of challenges. Svenska Spel demands equality from the sports unions when it comes to the distribution of funds. In our agreements that cover youth, broad and federal activities, all funds are distributed evenly between the sexes. At the elite level, the pricing of sponsorship rights is governed by the sport's commercial value, such as performance levels.

In 2021, an extensive project is underway where we will begin to follow up all sports federations in issues such as equality and inclusion. The sports unions will report their work on these issues in a system and the follow-up then takes place regularly in connection with other follow-up.

An equal and inclusive workplace

Svenska Spel shall be a company where employees develop regardless of age, gender and background. In 2020, the important work for gender equality and inclusion has continued. In 2020, we have been the main sponsors of Tjejer Kodar, an initiative to attract more women to the tech industry. Together with Tjejer Kodar, we have also arranged several events.

In 2020, Svenska Spel also became a partner in Tjejer Kodar's online course in programming - Start Kodā. The course is conducted completely digitally where participants get access to lectures and inspirational material from female IT staff at Svenska Spel. The course had over 2,000 participants in 2020.

Education in gender equality and inclusion

During the year, the staff was invited to a web-based training in several parts on gender equality and inclusion, which was held by the Allbright Foundation. Allbright works for gender equality and diversification in leading positions in the business world. The training was very popular with over 500 employees who participated.

The desired increase in female managers requires effort

In 2020, the proportion of female managers within the company decreased to 37% (39%). Efforts are needed to increase the share in the future to at least 45%. A variety of activities are planned to reverse the negative trend. For example, both sexes must always be represented in the final stages of manager recruitment.

Annual survey of gender equality

In order to ensure an even salary level between the sexes and Svenska Spel conducts a survey every year to detect and remedy unreasonable differences in salary for equivalent work. This year's comparison has not shown any such differences.

Follow-up of suppliers

In 2020, Svenska Spel procured goods and services worth approximately SEK 1,200 million. The suppliers are mainly service providers in market-related services and IT, they are mainly in the EU and most in Sweden. During the year, Svenska Spels code of conduct for suppliers has, as before, been attached to all agreements and a risk analysis has been made for the company's procurements.

The analysis did not show any specific risks at the supplier level. Going forward, the focus is on increasing the follow-up of Svenska Spel's code of conduct for suppliers among the company's contractual partners by third party audits.

A screening of suppliers that are continuously identified in the company's risk analysis, regarding human rights, began in 2017 and currently about 75% of these suppliers have undergone screening.

Principle 7-9 Environment

Principle 7: Support preventive measures to counteract environmental problems.

Principle 8: Take initiatives to strengthen greater environmental awareness.

Principle 9: Encourage the development of environmentally friendly technologies.

Governance:

- Svenska Spel's code of conduct for suppliers
- Svenska Spel's environmental policy

Targets:

Svenska Spel has the following target for 2021-2023:

- Svenska Spel's CO2 emissions will be reduced by 55% between the years 2010-2023.

Results:

In 2020, Svenska Spel continued to reduce the company's CO2 emissions. Due to Covid-19, there was a marked decrease and between the years 2010-2020, the total decrease was 70%. The company's total CO2 emissions in 2020 amounted to 1473 tonnes of CO2. The two largest areas of the company's climate impact are material consumption and business travel. The climate report 2020 includes a historical description 2010-2020 where emissions per employee and turnover are included.

Read more in Svenska Spel's Climate Report 2020:

<https://om.svenskaspel.se/hallbar-utveckling/miljo/>

Activities during 2020

Svenska Spel has worked with environmental issues for many years. We must do what we can to take responsibility for, and minimize, our impact and contribute to a more sustainable climate. Our primary focus areas are materials, business travel, freight transport and energy. Svenska Spel has, since 2010, calculated the company's emissions of carbon dioxide, which results in an annual climate report which is posted on the website.

The company annually audits focus areas, goals and activities in the environmental area. By working with continuous improvements in the environmental area, we have come a long way.

As a direct result of Covid-19 during the year, much changed in the company's operations. The employees worked from home, we had (and still have) a travel ban and all of the Company's casinos were completely closed. We were also unable to offer games at sporting events during a part of the year, which also meant that a lot of printed material did not have to be produced and transported across the country. Of course, this has had a significant effect on the environmental goal.

During 2020/2021, a screening of the organization will be carried out with the aim of developing a new environmental and climate goal, developing KPIs and finding new ways to take the company's environmental work to the next level. A big challenge will be to maintain the behaviors we learned during the pandemic, such as that we do not have to travel that much.

Principle 10 Anti-corruption

Principle 10: Companies must work against all forms of corruption, including extortion and bribery.

Governance:

- Svenska Spel's code of conduct for suppliers
- Svenska Spel's internal code of conduct
- Group security policy
- Risk management policy

**Targets:**

Svenska Spel has the following targets for 2021-2023:

- We have an anti-corruption program that complies with IMM's requirements for preventive action.

Results 2020

The company has now reached the previous target of training employees in anti-corruption and money laundering.

Activities during 2020:

Svenska Spel's work to counter money laundering and terrorist financing Fighting corruption and money laundering is a priority issue for Svenska Spel and our stakeholders. The work has a strong connection to game safety. Svenska Spel, like the gaming industry in general, has a responsibility to prevent gambling companies from being used for money laundering and terrorist financing.

At Casino Cosmopol, as well as within the parent company and Sport & Casino, we have specially dedicated staff who work with monitoring, follow-up and investigation. Training for staff and agents is carried out continuously as part of the company's preventive work against money laundering.

Development work and initiatives are constantly ongoing in order to improve our processes and ensure compliance with money laundering legislation.

During the year, we continued our work against money laundering by, among other things, allocating extensive IT resources for handling data relating to, for example, gaming and account transactions. Our customers must identify themselves for games with us both online and in a physical environment. Requirements for customer knowledge means that we ask extended customer knowledge questions in different situations and in some cases can request supporting evidence regarding the origin of the funds that are played for.

We actively participate in various industry meetings such as the Swedish Tax Agency's money laundering network and the Coordination Office against money laundering. We work closely with the police and report suspected cases of money laundering. Our initiatives to curb match-fixing also play an important role in our work against money laundering.

Other*Covid-19*

Given that the risk factors for gambling problems increase as people still spend more time in their homes than usual, and many have also become unemployed or short-term laid off, we follow the development of our customers' gambling extra closely at the moment. We have not yet seen any increased risk behavior in our customers' gaming behavior, but we are monitoring it closely.

We have also taken some proactive measures in our risk assessment and regarding selection criteria for our care interviews. An expert group conducts regular meetings as we analyze the situation during this special time. We are prepared to adjust our work and take further action if necessary.

