



Sustainable  
**SUCCESS**

# Stakeholder Advisory Panel

Third Meeting

# 1. Introduction

As a business in a rapidly changing industry, Playtech wants to play its part in raising standards and embedding sustainability internally and across the sector. Playtech is aware that societal and stakeholder expectations are constantly evolving and as a result decided to set up a Stakeholder Advisory Panel to review and guide the Company's approach to sustainable business.

Through Sustainable Success. Playtech has set out a roadmap to grow its business in a way that has a positive impact on our people, our communities, the environment, and our industry. Sustainable Success is how the Company is bringing the principles of sustainability and responsible business into its culture and operations.

In establishing the panel, Playtech has been keen to draw on a wide range of knowledge, insights, and experiences. By sharing their ideas, suggestions, and constructive challenges with members of its senior management team, the panel will have a crucial role in shaping the sustainability strategy and improving performance.

Panel composition:

- **Fiona Cannon**, Director of Responsible Business, Sustainability & Inclusion, Lloyds Banking Group
- **Chris Coulter**, CEO, GlobeScan
- **Polly MacKenzie**, Chief Executive, DEMOS
- **Judy Samuelson**, Founder, executive director of the Aspen Institute's Business and Society Program
- **Dan Waugh**, Partner, Regulus Partners

The third panel meeting took place on 12<sup>th</sup> October 2021 and focused on **Diversity, Equity and inclusion (DEI)**. The first two sessions, which took place earlier this year, focused on:

1. Playtech's recent analysis of material Environment, Social and Governance (ESG) issues and sustainability strategy.
2. The future of safer gambling, improving product safety and game design as well as research and innovation

There is one further meeting scheduled for 2021, which will focus on climate change.

After each session, the intention is to produce a short paper summarising the principal points raised by the panel and Playtech's response. These documents – and the discussions which will form the basis for them – will be predicated on the Chatham House Rule\*.\*

For its second meeting, the panel was joined by the following members of Playtech's senior management:

- **Linda Marston-Weston**, Non-Executive Director
- **Mor Weizer**, CEO
- **Shimon Akad**, COO
- **James Newman**, Director of Corporate Affairs
- **Karen Zammit**, Global Head of HR
- **Sophie Yaxley**, HR Director – UK
- **Richard Bayliss**, Senior Regulatory Affairs and Compliance Manager
- **Lauren Iannarone**, Director of Public Affairs and Sustainability

Also, in attendance was Christian Toennesen, Group Director of Sustainability at Selfridges Group, who facilitated the discussion. Stephanie Attal-Juncqua, Senior Partner at Carnstone Partners Limited, attended as observer and note taker.

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\* "When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed."

## 2. Progress since June

The session started with an update from Playtech's Director of Public Affairs and Sustainability on the progress made since the last meeting in June. Some of the key steps taken are:

- Playtech drafted a code of conduct for its research programme with various tiers of research and different levels. The code embraces, among other things, the use of internal insights, the independence and credibility of data, and academics who can undertake research on Playtech's behalf.
- Playtech will host two upcoming roundtables on product and game design with the first session to be held early in October. The second roundtable to be scheduled for the end of October with a focus on digital wellbeing
- Playtech launched an innovation challenge over the summer and is currently finalising feedback on the submissions. Our aim is to incorporate some of our colleagues' ideas into our roadmap for future development
- Playtech is examining innovative ways of engaging with employees on safer gambling in 2022.

The session facilitator then presented the two key themes for discussion at this meeting:

- Playtech's approach to promoting DEI across its workforce
- DEI issues in the gambling sector

## DEI – Our Employees

Karen Zammit and Sophie Yaxley began the session with a presentation explaining Playtech's refreshed strategy and commitments relating to DEI. This includes actions to promote diversity at board and leadership levels, fostering a more gender-diverse workforce overall, strengthening the company's approach to be more data driven; as well as embedding an inclusive culture across the business. Karen and Sophie then shared insights from current global initiatives in place, the impact of these initiatives on the workforce and some of the challenges the business faces on DEI. Playtech has identified a series of actions on diversity and inclusion which will be implemented in Q4 2021 and in 2022. Details were shared with the panel and include:

- Securing Board approval for new 2025 targets
- Appointing a global diversity and inclusion leader and establishing local champions
- Publishing a global policy on DEI
- Improving data collection, including on ethnicity as well as further insights on the gender pay gap globally

The panel raised a number of questions and observations related to Playtech's strategy and approach to diversity, equity, and inclusion, including:

- **DEI Training: What is the scope of training and approach for delivery (e.g. recipients and timing of delivery) o**

**Playtech's response:**

*Currently, the training is delivered to middle management and below. Playtech has plans to include senior management in training for 2022.*

- **Global Data Collection: How does the data collected vary between different markets? On ethnicity data, how will Playtech approach this in different markets?**

**Playtech's response:**

*Playtech is working on strengthening its data collection approach on diversity, including ethnicity data. The latter has been a key focus area in recent months, looking at opportunities to collect such data. After extensive discussions with the different countries in which we operate, it became clear that communication and data requests on ethnicity will require a lot of sensitivity in terms of content and tone of language, positioning and overall approach in order to avoid causing offence and breaching cultural norms. Consequently, Playtech's initial focus will be on the USA and UK before extending the process to other countries.*

- **Building an inclusive culture: What does this mean for Playtech?**

**Playtech's response:**

*The definition of an inclusive culture is informed by how employees define what inclusivity means for them. With a presence in so many markets, we embrace many different cultures, religions, and nationalities. As a result, the concept of inclusivity will be perceived very differently in each one. So, it is important for Playtech to understand different viewpoints and nuances. In essence, for Playtech, this means providing fair and equal opportunities and allow multiple cultures to flourish.*

- **The business case: Why is Playtech building their DEI approach?** Playtech needs a clear explanation why DEI is important to the business and creates value. There is no need to simply replicate what others are doing, Playtech needs to do what is right for the culture of the company (beyond the regulatory requirement). It is noted that DEI is about cultural diversity for Playtech. From a data perspective, if Playtech is breaking down the data by different elements of the employee experience, such as promotion, recruitment, leaving the company etc., then the company will be able to identify the rationale. The panelists also noted that engaging and listening to employees is critical to understand their insights and needs related to DEI as well as insights about the business value of DEI.

**Playtech's response:**

*The Playtech team agreed with all the points made by the panellists. Building on their observations, it was noted that Playtech is a culturally diverse company and needs to shape its DEI strategy based on what is right for the organisation and communicate clearly internally and externally. Playtech has begun to segment and analyze the DEI data across the employee journey (from recruitment to exit). Playtech is using the insights from this analysis to identify actions required to strengthen its approach to DEI and analyze market level data and trends. To illustrate, the team cited the Latvia Live Studio operations. This part of the business has more women than men. In Estonia, Playtech has more men than women in tech. In these cases, site specific data analysis requires deeper understanding (e.g., is this part of the culture in the country? Are we recruiting based on competence?)*

The panel noted that Data disclosure on race is controversial so it is important to provide a lot of communication and disseminate information/explanation across the business as to why and how this data is collected before starting the data collection stage. Careful consideration and positioning are required to ensure that employees trust that the company is collecting the data for the purposes stated and nothing else

- **Accountability and Leadership:** To increase trust, there is a need for clear leadership on this issue from the top so where does this sit in terms of accountability? Is this going to be included in scorecards and/or linked to leaders' remunerations/bonuses?

**Playtech's response:**

**On ethnicity disclosures**, the panel observations were noted; particularly concerning the point on generating trust in the process. One of the actions that Playtech has taken to inform its approach is to engage with external advisors and subject matter experts to define its approach for engaging employees on the topic of ethnic and cultural diversity as well as data collection. In addition, the company has and will continue to engage and consult employees in local markets to ensure the form and content of employee engagement and communications are appropriate and fit for purpose.

**With respect to embedding DEI leadership and links to remuneration processes**, it was noted that Playtech currently links DEI considerations into performance evaluation. However, it has not linked DEI outcomes to bonuses or remuneration. Playtech does include DEI as a key metrics in its Sustainability Scorecard which is used to review corporate wide sustainability performance. It was noted that more work is required to define how DEI and sustainability more broadly will be linked to leadership performance metrics and remuneration. This will be a topic considered by the new Sustainability Board Committee.

The panel also discussed the role that metrics can play to show progress against strategy and targets. The panel noted that DEI now features prominently in the broader ESG agenda (more specifically in relation to the role of human capital management) where metrics are important to follow progress. However, equity and inclusion are a mindset not an endgame for the sake of reporting on KPIs. To that end, it is important that companies take a step back and understand how DEI metrics are linked to business impact and business metrics e.g., retention, turnover.

At the same time, for every business, it is well known that what gets measured gets done so it is within that framework that metrics are fundamental to driving effective action. A key example noted was the UK gender pay gap report. In this case, the metrics used for reporting do not tell us much about the story/business context, but the results ensured the conversation took place in the C-suite level around what should be done to improve performance.

The panel also discussed the importance of ensuring that employees are engaged and their views are part of the process for informing the DEI strategy. The panel flagged the need for a protocol to make sure the business has a real feedback loop to ensure employees' views are captured and listened to. For example, Playtech could consider running a full census employee survey to assess how comfortable, respected, and included colleagues feel. Likewise, focusing

on talent retention, which is regarded as one of the best proxies to see the direction of travel, will improve understanding of the progress being made across the business (see the Morgan Stanley Framework).

The panel asked the Playtech the following additional question: **What processes and protocols do you have in place to make sure Playtech's culture promotes equality?**

It was noted that the most effective approaches are programmes that are designed and informed by employee engagement. Employees will tell you how best to improve programmes based on the needs they see.

**Playtech's response:**

*Playtech offers a wide range of internal processes that enable employees to share ideas as they are raised and thereby resolve issues and improve specific programmes and activities. We also have processes in place to raise awareness about our programmes. To implement a diverse and open culture, raising awareness is the starting point. After that it is about making sure that the culture being implemented promotes equality and that employees feel a sense of belonging, security, and inclusivity when coming into work. This takes time and we understand that we need to make sure we have strong protocols in place to measure success.*

Another interesting question raised by the panel was “**How creating an inclusive culture at Playtech could also drive innovation in sustainability/ESG**”. In relation to ESG, it is important for Playtech to proactively understand the expectation of the company's investors and the indicators they consider when evaluating Playtech within their portfolios.

Finally, the panel shared examples of some concrete actions that would help Playtech move forward. The starting point should be to engage with Playtech's employees as they will be best placed to share their experiences and identify areas for improvement. A good way to collect employees' views is with the establishment of virtual focus groups which are anonymous and allow people to really say what they need to share. Some other practical actions noted by the panelists include:

- Parental leave – capturing employees views on ways to enhance leave policies
- Childcare and what the business can do to support employees (e.g., flexible benefits)
- Job shares
- Agile hiring
- Communicating the opportunity for job roles to be done differently right at the recruitment point
- Role modelling
- Sponsorship

## Diversity, Equity, and Inclusion in the Gambling Sector

Playtech shared some introductory insights on B2C gambling. However, compared to other areas comprehensive and credible research and data is relatively scarce. This provides an opportunity for Playtech to do more and bridge this gap. It was noted that there have been some insights focused on the comparisons related to treatment options for men and women and the accessibility of treatment.

The main discussion focused on Playtech's approach to addressing or planning to address systemic inequalities in gambling. The conversation focused on DEI as it relates to vulnerable populations, various treatment types being more attractive to different groups, and accessibility to treatments more specifically.

### Summary of key points

1. **The Business Case:** Defining the business case in the context of business value as well as its definition of inclusive culture.
2. **Employee Engagement:** Engagement with employees is critical to understand their concerns and needs as well as inform ways to innovate on DEI
3. **External Communications:** Playtech needs to share what the business is doing on DEI and consider how to communicate this to stakeholders.
4. **Tailoring the DEI strategy for the unique corporate culture:** Playtech should not settle on copying what others do in this area but should tailor its approach to the specific context of its business. What is the common thread that binds Playtech and its employees together across that cultural diversity?
5. **Measurement and Evaluation** – Identifying appropriate metrics is a key topic with data collection being important and challenging.
6. **Vulnerable Populations and gambling:** Playtech should continue to look at DEI as it relates to vulnerable populations in the gambling sector.

The table below contains key points, notable feedback and challenges articulated by the panellists during the session with a summary of the actions that will be duly considered by Playtech's senior leadership team.

The discussion with the Panel generated a number of critical questions that Playtech management will explore further including:

Stakeholder Advisory Panel observation	Playtech response
<p>What is Playtech's business case for DEI? Playtech needs a real explanation as to why this is important to the business. There is no need to follow the crowd, Instead, Playtech needs to tailor its approach to the specific context of its business. This is about cultural diversity for Playtech and clearly defining what Playtech means by 'inclusive culture'.</p>	<p>Playtech as a culturally diverse business will:</p> <ul style="list-style-type: none"> <li>• Continue to shape and tailor its strategy based on what is right for the business within an overarching framework</li> <li>• Strengthen its external and internal communication on its DEI strategy and provide a clear definition of what it means by 'inclusive culture'</li> </ul>
<p>How will Playtech strengthen the way it assesses the effectiveness of its DEI strategy?</p>	<p>Playtech will:</p> <ul style="list-style-type: none"> <li>• Execute changes and evaluate the impact on recruitment, employee movements, churn, leadership/management structure (Mercer report and Talent programmes)</li> </ul>

	<ul style="list-style-type: none"> <li>• Use data to monitor gaps and/or opportunity on DEI across different employee demographics and the employee journey; it will use the insights this provides to strengthen its approach to DEI</li> <li>• Progress with its plan to engage employees and analyze data related to other aspects of diversity including ethnic and cultural diversity. Plans for collecting data on cultural/ethnic diversity in the USA and UK are underway</li> <li>• Engage with employees on diversity; specifically ensuring that their concerns are heard and needs met</li> <li>• Expand its training programme to include senior management across the business</li> <li>• Continue to link DEI considerations into performance evaluation internally and table options for linking DEI to remuneration as part of the broader discussions with the Board on linking Sustainability to remuneration</li> </ul>
<p>How will Playtech increase disclosure beyond gender – looking at ethnic diversity and racial equality? How will Playtech overcome some of the challenges to engage and address cultural / ethnic diversity?</p>	<ul style="list-style-type: none"> <li>• Playtech will start by collecting data on ethnic diversity in the USA and the UK. Playtech will continue to engage with employees in other countries to strengthen our approach in those places and avoid causing offence and breaching cultural norms</li> <li>• Playtech has engaged an external advisory firm to assist with the process for ethnic and cultural diversity data and reporting to support its approach.</li> <li>• Playtech will consider expanding the scope of data collection beyond USA and UK. This will very much depend on the outcome of our discussions with the other countries.</li> </ul>
<p>How will Playtech use insights from the gambling industry to consider equity and inclusion as part of innovation and support for prevention, education and treatment for vulnerable groups?</p>	<ul style="list-style-type: none"> <li>• Playtech will continue to examine how DEI issues relate to vulnerable populations and shape its strategy and specific responses accordingly.</li> </ul>



## Appendix: Research and Insights To Consider

- Employee Engagement:
  - Consider doing a full census employee survey to all employees to assess how comfortable and respected and included they feel.
  - In some of our work exploring DEI with employees via surveys certain populations feel excluded (due to their disability, ethnicity, gender, sexual orientation, etc.) and, consequently, highlight the need for different pathways to support inclusion. There is no one size that fits all the diverse groups in a company. An obvious statement, but important to remember. (Chris/Globescan)
- Innovation:
  - Another idea is to proactively engage your specific investors - what, if any, indicators are they looking for to value you as an investment? These seem quite fluid at this stage, from my limited perspective.
- Disability
  - Disability Software is a great sector to involve disabled people and checking out the Valuable 500 initiative might be worthwhile: <https://www.thevaluable500.com>
- Culture Frameworks:
  - Morgan Stanley's has implemented a culture quantitative Framework, which is rooted in understanding what underpins retention [https://www.morganstanley.com/im/publication/insights/articles/article\\_culturequantframework\\_us.pdf](https://www.morganstanley.com/im/publication/insights/articles/article_culturequantframework_us.pdf)
- Metrics:
  - Be aware that some investor focused metrics are designed to help asset managers make simplistic comparisons between companies. In reality, these comparisons are not easy nor straightforward and not necessarily utilized to advance real change in organizations.
  - Not all metrics are useful. Whilst organizations need metrics to assess performance, ensure that the metrics are used to unlock challenges in the system and improve performance. It is useful to consider the Quality movement of the 90's. Many of the metrics aimed at manufacturing processes were designed to make them more attuned with the notion of continuous improvement, and the importance of empowering employees to achieve a greater focus on quality. The metrics helped unlock where the system needed attention. However, a key takeaway was that not all metrics are useful and the metrics that common sense managers need are (sometimes) different from those favored by investors.
- Research and Insights to note:
  - <https://inequality.org/research/democratizing-work/> - a great read that ties together inequality and business design.
  - Here is a small report we did last year in a shared research program with 20 companies on corporate leadership in addressing inequality: <https://globescan.com/2021/05/25/report-building-corporate-leadership-addressing-inequality>
  - It is important to remember that one can have strong attachment based on strong bonding capital between a homogeneous group, though. So, it's not a certain indicator of a healthy \*diverse\* culture. One question for Playtech is the extent to which you might want to collect and analyze data on gender (and other indicators)
  - Thinking back to the discussion about game design, we can guess (see Invisible Women) that there may be differences between genders in terms of how they respond to different game features. Researching only an "average" customer who happens to be built on 85% male customers' data may disguise a gender difference