



Sustainable
SUCCESS

Stakeholder Advisory Panel

2022 - Sustainable Success,
Playtech Protect and Safer Gambling

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.

Following the four successful panel sessions from 2021, which allowed Playtech to draw on a wide range of knowledge, insights, and experiences, the Company has decided to continue its engagement with external topic experts in 2022. By sharing ideas, suggestions, and constructive challenges with members of its senior management team, the panel has a crucial role in shaping the sustainability strategy and improving performance.

Panel composition:

- **Christian Toennesen**, Group Director of Sustainability, Selfridges Group
- **Chris Coulter**, CEO, GlobeScan
- **Polly MacKenzie**, Non-Executive Director, Registry Trust Ltd
- **Dan Waugh**, Partner, Regulus Partners

The first panel meeting of 2022 took place on 16th June 2022 and focused on **a progress update on Sustainable Success and on Playtech Protect and Safer Gambling**. This session will be followed by two other sessions, which will take place later this year, focused on:

1. Diversity, Equity and Inclusion (DEI)
2. 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 this meeting, the panel was joined by the following members of Playtech's senior management:

- **Linda Marston-Weston**, Non-Executive Director
- **Mor Weizer**, CEO
- **Richard Bayliss**, Senior Regulatory Affairs and Compliance Manager
- **Francesco Rodano**, Chief Policy Officer
- **Ian Ince**, Chief Compliance Officer
- **Lauren Iannarone**, Director of Public Affairs and Sustainability
- **Irene Markitani**, Sustainability Manager

Also, in attendance were Paul Burke and Stephanie Attal-Juncqua, Senior Partners at Camstone Partners Limited, who facilitated the discussion and provided support.

* "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. Sustainability Progress and Priorities Update since last year

The session started with an update from Playtech's Chief Compliance Officer on the steps taken by the Company to support its employees located in Ukraine and their families during the Ukraine crisis. This includes relocation of employees to neighboring countries as well as providing support to its employees. The panel was impressed with the measures taken by Playtech in these difficult times and emphasised how this was a testament to Playtech's culture and to its values.

Playtech's Sustainability Manager then provided an update on the progress made since the last meeting in December 2021. Key areas of progress included:

- **ESG Governance:** Playtech officially formed its first Sustainability and Public Policy Board Committee in 2021, who held its first meeting in November 2021 where Diversity, Equity and Inclusion (DEI) strategy and targets were tabled. Since then, this Committee has carried out its commitment to Playtech's Sustainable Success strategy, ensuring the right measures are in place to implement ambitious and achievable targets and actions to meet the Company's overall Sustainable Success goals. This Committee has met four times since the start of 2022, to discuss progress made on DEI, climate change, procurement, human rights, and linking ESG performance to remuneration.
- **Climate Change:** Playtech has continued to strengthen its data disclosure and reporting for the year-end reporting 2021, having published its Scope 3 emissions following the GHG Protocol guidelines. Playtech also submitted its commitment letter to the Science Based Target Initiative (SBTi) to set both near-term and net zero targets. Playtech will be working on submitting its targets to the SBTi and preparing its net zero road map to show efforts and activities needed to reach this target.
- **DEI:** Playtech has set a new target of 35% female representation in leadership roles by 2025 with a 2021 baseline year.
- **Safer Gambling and Playtech Protect:** Playtech has continued its investments and resourcing around safer gambling tools and integration.

The panel raised a number of questions and observations related to Playtech's sustainability strategy and progress update, including:

- **DEI gender target: The EU recently agreed that by 2026 listed companies will be required to have 40% female representation at non-executives' level and 33% female at Board level. Does Playtech think 35% is an ambitious enough target considering the way this agenda is moving forward? Related to this question what is Playtech's definition for its leadership group, which is the universe covered by the current target?**

Playtech's response:

This is an interesting point! We are acutely aware of the rapidity with which things are advancing in this field, it is important for Playtech to ensure it remains up to date with the latest developments and regulations, ready to review and adapt targets when/if needed. Last year, whilst working on setting this new target (35% female representation in leadership roles), the Company had many internal discussions to make sure the target was both ambitious and achievable. This target was also set before the recent new developments both from the EU, but also the UK.

There are two aspects to this, the Board is one of them and the other aspect is the wider employee population and the talent the Company has in the pipeline to better understand what is achievable. Of course, our ambition is to have more than 35% female representation in leadership roles and what we tried to do here is set a target that was a stretch for Playtech whilst being achievable.

The leadership roles are defined by Playtech's leadership development tool and comprise the executive management committee and senior management, which includes managers with multiple departments or departments with complex and more highly technical responsibilities. The population size totals to around 200 individuals and does not include non-executive directors.

- **DEI – going beyond gender: is there an opportunity to look beyond gender such as looking at disability/neurodiversity or ethnicity? How close is Playtech in setting representative targets on ethnicity and race?**

Playtech's conversation with the panel:

In relation to the question around setting an ethnicity/race target, Playtech asked the panel how feasible it was for a global company, scattered across the globe with a wide range of ethnicities and races, to approach this.

The panel acknowledged that it was a challenge and what good looks like will inevitably vary by country. The Company needs to define for each country what is expected and what good looks like as well as better understand, using data, what the global picture is and identify top groups (e.g., top earners) to set targets.

The panel also noted that getting a clear read of the Company's employees and their expectations is important. Do they feel it is an inclusive company? Do different "minorities" in Playtech's employee base have different experiences that the Company needs to be aware of? Ethnic minorities will have different needs and experiences than LGBTQ+ people, as will people with disabilities, etc.

The panel flagged that there are external tools to map the ethnic diversity where Playtech offices are located and to help set appropriate geographical targets. Considering that Playtech also operates in the Middle East there may be a benefit in considering sectarian and/or religious differences in representation, given that dividing lines often fall there.

Finally, the panel reminded Playtech that although underrepresented groups are different in each market and thus adding to the complexity of a common approach, disability is much less variable so there may be an opportunity there.

Playtech will be working in the coming months to clearly define underrepresented groups at country levels and set targets towards the end of the year.

- **Just Transition: is this something Playtech has started to think of yet?**

Playtech's response:

The Company is working on the road map to net zero and therefore this is most likely a concept that we will need to consider when supporting all our markets to transition to low carbon activities.

Playtech Protect and Safer Gambling - Discussion points

This section began with a presentation outlining the progress made around Playtech Protect and the Company's safer gambling strategy. Over the last year, Playtech has:

- Onboarded six BetBuddy licensees
- Switched to new infrastructure to ensure more resilience
- Integrated Playtech Protect more widely with the rest of the business

The Company has been looking at the next steps for Playtech Protect and how that fits in with what regulators and licensees are demanding. Some of the key points that have been looked at are:

- Identification of players at-risk: understanding who the players are, what level of risk those players are showing, and more importantly once identified what should be done with those players. It is important to interact with them, and it is also key to understand if those interactions are effective or not. This is a growing focus area for regulators over the last year, pushing for better analytics and more effective interactions. More and more jurisdictions are implementing these requirements and Playtech has been engaging with regulators on this. This has been a primary focus area for Playtech, using more sophisticated data analytics and using those results more effectively. As a result of these requirements coming into place, Playtech has seen an increase in operators asking for Playtech Protect services (BetBuddy, player engagement tools etc.).
- Real-time at-risk detection versus long term risk management: It was noted that regulators are increasingly asking for tools that provide real-time risk assessment. Playtech is exploring how it can supplement its suite of safer gambling tools to address this evolving need.
- Engagement with players at risk: Playtech is working on a range of approaches to make customer interactions more effective. This includes reviewing technology solutions (e.g., automations, in-play messaging, artificial intelligence chat bots etc.) that can be used to deliver more targeted and/or automated interactions.

To conclude, the trend the industry is currently observing is really what Playtech would like to see more of, with regulations driving the necessity to improve in these tools.

The panel raised a number of questions and observations related to this progress update, including:

- **Engagement with customers: The recent 'Patterns of Play' report published by the University of Liverpool called, which is a study of a large dataset of UK gambling operators. One of the key findings of that study is that customer interactions are effective however not many interactions do take place. Telephone interactions seem most effective but of course when you have a large-scale business those are difficult to run at scale which is a big challenge for the industry.**

Playtech's response:

Regarding the telephone interactions, Playtech's experience is that around 80% people called do not pick up the phone and that is also a big barrier. This is why Playtech is now exploring how to use chat bots to engage with players in order to arrange telephone appointments; thus, in turn increasing the number of telephone interactions. In addition, we are looking at how we can carry out some automated interactions using chat bots, as research suggests that customer can feel judged when engaging with a customer service agent, therefore some interactions might be more effective if they are automated.

On the in-play messages, many operators do not have this capability on their platform.

- **Engagement with customer and a shift in stigma: When other industries like the hospitality industry use customer interactions, it seems to be well regarded, however when it comes to gambling interactions it is suddenly a pejorative word. It would be a good challenge for the industry as a whole to engage with all customers (not just at-risk players) to shift the stigma where engagement only happens when something is wrong.**

Playtech's response:

We agree and this observation and matches some of the discussions we have had with academics and charities. We recognize the importance of normalising safer gambling communication with customers as this may ensure they are more receptive when their behaviour is showing signs of risk.

- **Clarity on the ambition: Overall how does Playtech see its role in this field? From the presentation, it was suggested that Playtech positions itself as a technology facilitator of regulatory change. In the past, the panel got more a sense that Playtech wanted to lead change, proving, and making the case that safer gambling is genuinely possible - not just follow regulatory trends.**

Playtech's response:

Playtech has been leading change by developing and testing safer gambling solutions that use AI for behavioural analysis and early detection of players at risk, as well as tools that enable in-play RG interactions based on the individual risk profiles. Playtech is actively engaging with policymakers and regulators from around 30 jurisdictions to discuss the possibilities offered by technology to ensure a higher – and more personalised – level of player protection. 10 of them have introduced, or are about to introduce, specific regulatory requirements on the use of behavioural analytics to identify players at risk of suffering gambling-related harm. It is a long process. Playtech needs to approach safer gambling from different angles and engagement with regulators is an important component.

- **Key Performance Indicators (KPIs) to assess safer gambling: What all industries have learnt from DEI, managing climate change and all other non-financial issues, is that at some point you need to crystallise a metric/KPI to measure what good looks like (e.g., gender pay gap, Scope 1, 2 and 3 emissions etc.). When it comes to safer gambling no such KPIs exist despite this being a perennial discussion in the sector. Is the industry getting nearer to having KPIs for the sector to assess safer gambling? How many of Playtech clients/operators are using BetBuddy? Does Playtech have a measure on how deep the engagement with BetBuddy is (e.g., % of operators using Bet Buddy? And what is the depth of services they dig into)?**

Playtech's conversation with the panel:

On the point raised around having a KPI to measure what good looks like, the UK Gambling Commission is looking at collecting more data to assess whether regulations and operator activity are effective at minimising gambling-related harms. There also are reviews being built in newly regulated markets. But overall, finding those metrics is difficult, particularly for B2B. The BetBuddy tool is one, but it is a voluntary tool that operators choose to implement as in most jurisdictions there is no mandatory requirement for this type of solution. That means we don't think use of BetBuddy, is a good metric. Playtech is also looking at the use of tools, but this can be complicated by the fact that operators can use a variety of different providers, and typically they will use the supplier of their platform, which is often not Playtech. Playtech is exploring how we can strengthen our KPIs internally.

The panel doesn't believe that these metrics will come from the gambling regulators. As a company, Playtech has to report directly to them as part of its compliance returns but in terms of communicating with the ESG community and investors the KPIs will not come from them. In addition, the point around the difficulty of setting those metrics is understandable but not unique to safer gambling. It is difficult to eliminate a gender pay gap or to reduce a carbon footprint for example. It was never about finding KPIs that are achievable but it's more about finding a yard stick with some agreed metrics and ambitious goals and targets.

Playtech discussed the lack of agreed metrics across the industry to measure success around safer gambling. It was noted by Playtech that very few regulators push on metrics requirements, and overall, the gambling industry continues to consider safer gambling as a competitive advantage.

Playtech sees the opportunity to work on solutions to remove the commercial challenge out of the equation by adding an independent voice into the mix. Playtech could support this and trial it with its own customers or find ways to encourage other operators to join this.

Playtech also recognised that there is more that needs to be done internally to really promote the Company's ambition, approach, and position on safer gambling. This is an area of improvement for the Company.

- **Engagement with the close circle of gamblers at-risk: Just like for any other social issues, one of the most effective ways to reach a player at risk is to reach the people around that individual. Does Playtech or anyone else have something similar to a 'buddy' system to reach players?**

Playtech's response:

Playtech has heard of this 'buddy' system being raised in industry conversation but there is very little development on this. Playtech will explore what opportunities exist on this.

Linking sustainability to remuneration - Discussion points

This section began with a short context setting introduction from Playtech. In past stakeholder panel discussions, the group talked about how to create the incentives and rewards/performance systems to incentivise the organisation to drive the right behaviours. When it comes to non-financial performance and sustainability, many companies have started to tie remuneration at the executive level and below. Playtech has been thinking about what this would look like for the Company.

The Company is still in the early stages of conversations around this topic. Some of the areas Playtech are exploring are around having a modifier to the overall bonus pot for the whole business, a percentage of individual bonuses that are related to achieving ESG targets, and perhaps introducing an ESG related LTIPS down the line. Playtech is interested to hear the panel's thoughts on what other companies are doing? What are the lessons learnt and/or the pitfalls to avoid?

Playtech's conversation with the panel:

The panel believes overall that linking sustainability to remuneration works well in organisations that have implemented it but only when done correctly and it is not too detached from what the executive team can control. There is definitely a movement toward this approach for listed companies with the 'Say on Climate' just like there was around 'Say on Pay'.

An approach where a percentage of LTIPS and bonus paid is linked to a balanced scorecard, which includes elements of sustainability, seems like the most compelling and successful approach in the panel's experience. The metrics included in the balanced scorecard should be measured regularly to track progress via strategic and operational dashboards. One thing to be aware of when linking sustainability to remuneration, is that not all measures are equal and/or will have the same timescale. Indeed, Playtech will have some qualitative one-off operational measures and some more long-term strategic quantitative ones that are repeated year on year. This approach can be adopted across the business, with a function (e.g., finance) leading on the performance dashboard to calculate the final percentages. It often helps to have both operational owners and executive sponsors for each measure.

The discussion then moved on to how a business can decide what to include in their balanced scorecard. The panel agreed that this needs to be based on the business' materiality assessment. For each material issue identified, the business needs to identify the relevant measures to track performance. It is also important to regularly check on the progress made against those metrics in the performance dashboards.

Playtech will continue to formulate its proposal to the Board on how this will work for the Company.

Summary of key points

1. Ukraine crisis: it's been impressive to hear what Playtech has been doing for its employees in Ukraine. On one hand it is employee-related but on the other hand it is a Diversity, Equity and Inclusion (DEI) topic as well. When looking at DEI, there is always the risk of focusing on the most common denominator forgetting about areas where a business can have the most positive impact. With this Ukraine crisis, it is an area where Playtech has an incredible impact and so the more the company can do the better.
2. Definitions: making sure to be granular and detailed when defining concepts and words (e.g., defining underrepresent groups).
3. Safer gambling: the trend the industry is currently observing is really what Playtech would like to see more of, with regulations driving the necessity to improve in these tools. More needs to be achieved at industry level and this starts with defining KPIs at industry level and start setting ambitious targets against them.
4. Sustainability and remuneration: there are clear guidelines about having a balanced approach to this and tying it in to the most material issues. From a credibility point of view, a business needs to make sure that what is being rewarded is truly important.