



Sustainable  
**SUCCESS**

# Stakeholder Advisory Panel

Fourth 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 fourth panel meeting took place on 16<sup>th</sup> December 2021 and focused on **Climate Change**. The first three 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
3. Diversity, Equity and Inclusion (DEI)

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

- **Linda Marston-Weston**, Non-Executive Director
- **John Krumins**, Non-Executive Director
- **Mor Weizer**, CEO
- **James Newman**, Director of Corporate Affairs
- **Lauren Iannarone**, Director of Public Affairs and Sustainability
- **Irene Markitani**, Sustainability Manager

Also, in attendance was Christian Toennesen, Group Director of Sustainability at Selfridges Group, who facilitated the discussion. Stephanie Attal-Juncqua (Senior Partner), Paul Burke (Senior Partner) and Daniel Witte (Partner Manager), at Carnstone Partners Limited, attended as observers and note takers.

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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 October. Key areas of progress included :

- ESG Governance: Playtech officially held its first Sustainability and Public Policy Board Committee meeting in November where Diversity, Equity and Inclusion strategy and targets were tabled. The main discussion topics included a comprehensive view of data, scenarios for setting targets and plans for increasing female representation as well as increasing cultural and ethnic representation amongst leadership.
- Safer Gambling and Playtech Protect: The Playtech Protect team is taking into account the Panel's recommendations to review different operating models as well as progressing with establishing its principles for research.

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

- A Business Case for climate change - why should climate change matter to Playtech?
- Playtech's environmental journey and opportunities for the next phase of its strategy

## Climate Change -Discussion points

The session began with a presentation outlining the importance for Playtech to tackle climate change. As a global technology business, pressure to act on climate come from many different corners, from investors to governments and regulators to peers and licensees. The presentation included an overview of Playtech's environmental strategy and journey over the last 5 years. The company's environment strategy began with measurement of Greenhouse Gas (GHG) emissions for Playtech's own operations (Scope 1 & 2), which informed its 2025 GHG reduction target launched as part of its broader Sustainable Success strategy. Playtech has continued to strengthen its governance on climate change with the launch of its Environment Forum and establishment of its dedicated Sustainability and Public Policy Board Committee in 2021. The Group also participated in the Carbon Disclosure Project (CDP). The Company has completed two CDP submissions; receiving a 'C' score in the first submission and a 'B' score' in the second submission. In addition, the company initiated an analysis of climate scenarios to identify climate related risks and opportunities in the short, medium and long term and through the lens of its customers, operations (including people) and supply chain. Most recently, the company conducted a full value chain (Scope 3) GHG footprint. This will enable the company to understand, prioritise and reduce its supply chain emissions in the categories that are most material to the business.

Playtech has identified a series of actions on climate which will be reviewed and implemented in the upcoming year. Details were shared with the panel and include:

- Updating GHG reduction targets (both near and long-term targets) in line with the latest science and committing to set science-based targets under the Science Based Targets Initiative (SBTi)
- Developing implementation plans for the new targets
- Reporting a Scope 2 market-based figure for the first time and continuing to incentivise switch to renewable energy in key markets
- Increasing robustness of Scope 3 methodology and improving the accuracy of year-on-year reporting
- Reporting in closer alignment with TCFD in Playtech's second year statement, including a detailed description of the climate scenario analysis utilized to inform the review and disclosures

The panel raised a number of questions and observations related to Playtech's strategy and approach to tackling the climate crisis, including:

- **Overarching objective and collaboration: Overall the panel responded positively to the current strategy and plans as well as all the activities already undertaken by Playtech and the leadership structure in place. The panel asked about the overarching objective and ambition for Playtech, the key areas of opportunities, the specific opportunities to collaborate and galvanize the industry as a leader in this field and opportunities for how Playtech could use its products and services to advance the climate agenda. The panel also asked about areas where Playtech excel and how its strengths could be put to use in the global climate transition?**

### **Playtech's response:**

*Playtech clarified that its strategy, until recently, has been to reduce operational GHG emissions and comply with disclosure requirements. The company recognizes that changing stakeholder expectations means that the 'status quo' strategy is not sufficient. In addition, future talent and current employees see environment as an important factor in determining whether to work for any company, including Playtech. As part of its ambition to evolve and strengthen its strategy, Playtech would like to set more ambitious targets, utilize external engagement and collaboration to inform this ambition and use data more effectively to prioritise areas where the business needs to focus on. In some key markets, such as Estonia, Playtech has progressed with the transition to renewable energy, using its engagement with 3<sup>rd</sup> parties to influence the landlord to switch to renewable energy across the entire campus. The company has also initiated discussions with specific business unit teams, such as technology infrastructure, to identify opportunities to procure energy efficient technology and data centers.*

*This is the start of the journey for Playtech and so we have yet to be engage with other initiatives or with sector specific industry bodies. This is where the biggest opportunities lie.*

- **Scope 3: How will the data affect your procurement?**

**Playtech's response:**

To date, environmental considerations have been part of the due diligence process for third parties. However, energy efficiency and GHG emission reduction strategies have not been part of the decision or selection criteria for suppliers. However, the sustainability team is currently working with the Head of Procurement on a climate-specific questionnaire to be added in the procurement process. Playtech would like to explore how to further integrated climate criteria into the current procurement process.

- **Digital impact: Where do you need to engage to have a greater impact? Are you exploring the digital footprint of your business and industry?**

**Playtech's response:**

There is an opportunity for Playtech to engage with its licensees and their consumers to optimise and reduce carbon emissions from the downstream value chain; specifically related to streaming content and reducing the digital impact of online gambling. There may also be an opportunity to provide data and insights to licensees related to the actual carbon footprint of online games and content. This may offer a unique proposition to our licensees given they are also considering how to reduce their scope 3 emissions. It was noted that there are related, innovative collaboration projects happening in the media and entertainment sector. One example is DIMPACT, which is a collaboration project with 18 media and technology companies. The project aims to develop an online tool to calculate the carbon emissions of the downstream value chain of digital media content. It was noted that Netflix is one company progressing on this front.

The Playtech team raised a few questions to the panel, including:

- **Scope 3 and Board engagement: How can the Board most effectively analyse and prioritise action on Scope 3 emissions?**

**Panel's response:**

Playtech should use the data provided, split by main categories, to examine hotspots to focus on the opportunities for reduction. One approach to consider would be to model the impact on the carbon price. The price of polluting and resulting price of carbon is increasing quickly, especially in the European Union. It will also be important to benchmarking the company's approach against industry peers in technology to continuously assess Playtech's position against its peers.

- **Net Zero: What are your views on the net zero agenda?**

**Panel's response:**

Playtech needs to make a start on this journey. Any commitments need to be supported by concrete implementation plans and data. The reality is that the world needs to get to net zero and limit global warming, so it is important for all businesses to consider how they will contribute to this goal. The external signals are very clear -- investors and regulators are pushing everyone in the same direction. If a business is not seen as having strong environmental ambition and/or making strides towards emissions reduction performance, there is a high risk to capital access and talent retention/attraction. There is a strong expectation for the Board to be climate literate, as well as support in that low carbon transition to make sure businesses are taking the appropriate actions. Playtech needs to understand where it can make a significant contribution to the climate crisis and clearly define the scope of what the company wants to do and the roadmap for achieving its goals. Whilst Playtech's footprint is not as high compared to other sectors, the scrutiny from investors, regulators, licensees, as well as prospective and current employees requires the company to set ambitious goals and a supporting programme of action, accountability and year-on-year

- **Internal communication: How would the Panel recommend Playtech communications around its climate goals and information, as this is a complex field? How can we make it tangible for internal audiences?**

**Panel's response:**

*The first thing to do is outline your position and rationale on climate. You cannot pick and choose which elements of ESG you address and so the business needs to have a comprehensive and coherent strategy on how to engage with different stakeholders, from investors to employees, and clearly communicate your position. If employees are a key focus area, then prioritise internal awareness and engagement via training, webinars, partnerships, etc.*

*It was noted that one of the most effective ways of engaging employees is to use tangible examples of how climate change impacts their everyday lives. In addition, it is useful to share tools to help employees measure their own carbon footprint. In addition, it may be useful to showcase and recognise areas of the business that are making significant strides in managing and mitigating climate impacts. It was also noted that empowering employees to take action is a key factor in effective engagement.*

## Summary of key points

1. Defining Playtech's ambition on climate –ensuring the ambition is aligned with the company's purpose.
2. Setting new targets to align with the latest science, both near- and long-term targets, and consider setting an SBTi-validated science-based target.
3. Partnerships – collaboration with NGOs as well as value chain stakeholders is a key success factor for accelerating the transition advocated for.
4. Positive Framing is key. It is important to ensure that climate is positioned as an opportunity and a positive step as opposed to a tedious, risk management task. Switching to a more positive narrative to help galvanize action and supporting amongst employees customers and suppliers.
5. Internal engagement – colleagues are Playtech's biggest drivers of climate action so, internal engagement and empowerment will be important going forward. Playtech should consider how the business can harness that energy in a positive way to achieve its climate targets.

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 further explore including:

Stakeholder Advisory Panel observation	Playtech response
<p>Overall, the panel responded positively to the current strategy and plans as well as all the activities already undertaken by Playtech and the leadership structure in place. The panel asked what is the overarching objective for Playtech? Where does Playtech see the opportunities? As this is one area where there is very little competitive advantage, what is Playtech's ambition more broadly to collaborate and galvanize the industry as a leader in this field? How could its products and services, where Playtech excels, be put to use in the global climate transition?</p>	<p><i>Playtech will:</i></p> <ul style="list-style-type: none"> <li>• <i>Build a clear overarching objective into the current strategy;</i></li> <li>• <i>Continue with Board level training on climate change;</i></li> <li>• <i>Bring the strategy to the next level, building external engagement and collaboration into it and looking at areas where the business needs to focus on;</i></li> <li>• <i>Investigate engagement opportunities with other initiatives or with sector specific industry bodies; and</i></li> <li>• <i>Implement a systemic process to embed energy efficiency and GHG emission reduction strategies into our procurement onboarding and relationships.</i></li> </ul>
<p>Playtech needs to make a start on the carbon net zero journey. The company's commitments need to be supported by concrete implementation plans and data. Playtech needs to understand where it can make a significant contribution to the climate crisis and therefore needs to clearly define the scope of what the company wants to do and how.</p> <p>External signals are very clear, investors and regulators are pushing everyone in the same direction. If a business is not perceived as having strong environmental performance, this might increase the risk of that business seeing investments and talented employees moving away. There is a strong expectation for Board level support in that low carbon transition to make sure businesses are</p>	<p><i>Playtech will:</i></p> <ul style="list-style-type: none"> <li>• <i>Map out a Climate/Net Zero Transition Plan by 2050 at the latest, which will include switching to renewable energy across all our operations whenever possible;</i></li> <li>• <i>Set new targets to align with the latest science, both near- and long-term targets;</i></li> <li>• <i>Set an SBTi-validated science-based target;</i></li> <li>• <i>Map out a clear implementation plan to meet those targets;</i></li> <li>• <i>Draft a carbon offsetting strategy;</i></li> <li>• <i>Consider partners who can help increase the pace of the transition within the sector</i></li> </ul>

taking the appropriate actions, thus protection themselves against volatility and retaining talent.

*and be part of the solution advocated for by regulators, investors and other stakeholders; and*

- *Improve internal communication to galvanise colleagues and drive climate action.*