



Sustainable
SUCCESS

Stakeholder Advisory Panel

Second Meeting
June 2021

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.

The second panel meeting took place on 17th June 2021 and focused on ***the future of safer gambling, improving product safety and game design as well as research and innovation***. The first session, which took place earlier this year, focused on Playtech's recent analysis of material Environment, Social and Governance (ESG) issues and sustainability strategy. Two further meetings have been scheduled for 2021.

Progress since February

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

- **Sustainability Governance:** The establishment of a new Board committee focusing on ESG issues. This committee will be launched in H2.
- **Additional and Refreshed Targets:** Playtech has started to look at establishing quantitative targets to be more ambitious and specific across its whole sustainability strategy, with a particular focus on diversity and inclusion (D&I). These new D&I targets will be presented at the next stakeholder advisory panel session later this year. In addition, work is underway on revising Playtech's carbon targets to align with science and the pathway to net zero.
- **Materiality:** Playtech has formalised an approach to systematically review its material issues on a regular basis. Following feedback from the panel, Playtech adjusted its materiality assessment so that employee wellbeing was further prioritised relative to other issues.
- **Innovation in Safer Gambling:** Playtech will actively engage its employees to generate new ideas to strengthen its safer gambling products and services for its licensees (B2B operators). In May, the company launched a pilot innovation initiative; asking colleagues in the product and platform business units for ideas on how the company can use its existing assets and knowledge to improve its safer gambling offering to B2B customers. Playtech also commissioned the Responsible Gambling Council of Canada (RGC) to explore terminologies currently being used in different markets and by different stakeholders.

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

- Product design and Consumer Protection
- Research and innovation

This was followed by introductory remarks from the CEO, who introduced the four key areas of focus for Playtech on safer gambling (Player Protection, Use of data, Safer Game Design and Collaboration).

KEY THEMES:

Product design and consumer protection

Simo Dragicevic, Richard Bayliss and Francesco Rodano began the safer gambling session with a presentation explaining the evolution of online gambling and examples of how markets have developed and their relationship to stakeholder concerns. This includes topics such as advertising, affordability, and duty of care. The Playtech team introduced the company's suite of tools and capabilities, which form Playtech Protect. The presenters noted that Playtech is working to integrate safer gambling into its core business model. Unlike some organisations, Playtech is not treating safer gambling as merely an initiative' or operational compliance issue. Playtech Protect is now a standalone business division that brings together the overarching safer and responsible gambling culture, technology, tools, and services as well as research.

Game and product design, and consumer protection are two material areas where Playtech can play a role in raising safer gambling standards across the industry.

Progress and Actions to date include:

- Leading industry code on Game Design: Playtech provided an overview of its engagement with stakeholders on product and game risk. This includes helping to lead a working group, sponsored by the Gambling Commission of Great Britain, to develop a code of conduct for the industry.
- Establishing a standalone business division – Playtech Protect
- Safer Gambling Accreditation: The team also noted Playtech's recent accreditation by GamCare's Business-to-Business safer gambling standard.

Key Insights and learning from work so far include:

- More collaboration is needed with other actors in the industry to drive progress and raise standards.
- Given Playtech's role in the sector, it needs both other suppliers and operators to join us to drive change
- Need to actively create and promote a number of pilot projects to offer a platform for collaborating e.g., game labelling, research to understand product risk – this could be done in or outside the trade body discussions
- There is a need to look to other industries for identify examples of how they have incentivised collaboration and apply these successful models to the gambling sector

The panel raised a number of questions and points related to Playtech's approach and suite of tools including:

- **At Risk Behaviours: What happens when at-risk behaviours are identified?**

Playtech's response:

Machine learning and artificial intelligence are used to identify those behaviours, then behavioural intelligence expertise is/can be used to deliver tailored interventions based on the risk type identified. Customer service employees will have received relevant training to communicate and ask the 'right' questions of and interact with players. Having said that, with online gambling, Playtech provides the tools and technology to capture player behaviour more generally as well as providing the tools to licensees which can automate real time interactions. The operators then use these tools to engage with customers and supplement their usual customer service interactions.

- **Employee views: What are Playtech's employees views on safer gambling and Playtech Protect?**

Playtech's response: There is a real appetite from colleagues to get involved with developing new ideas about safer gambling

In 2019, Playtech formally surveyed its employees about their views on the company's commitment to safer gambling as part of face to face and e-learning training. Findings from the results of the 2019 analysis were positive and, revealed that the great majority of Face-to-Face Training respondents felt well equipped to deal with issues covered in the curriculum and able to implement knowledge into daily activities. Moreover, belief in the positive impact of Playtech product innovation on end-users was strongly held across managerial respondents and jurisdictions. The recommendations from the survey included a focus on additional learning and development opportunities for non-managerial staff, improvements to increase the perceived utility of training knowledge for daily work and the use of formal recognition of achievements in RG

In addition, Playtech has found that there is a real appetite from employees to engage on safer gambling as part of strengthening player protections in our products and platform offering. Playtech recently launched an internal innovation challenge (using a similar format to Dragon's Den). There has been a high level of engagement from the product and platform teams with over 50 people participating in these sessions. Playtech's business division is also running engagement sessions with B2B customers to explore how Playtech can further develop and offer next generation safer gambling tools and services. This survey will be replicated in 2021

- **Engagement from the Industry: Why does there seem to be a lack of engagement from some of the broader industry on voluntary and proactive action?**

Playtech's response: Partnership and collaboration can be hindered by the regulatory environment

Regulation sets minimum requirements which do not generally incentivise industry to innovate as much as it should. Rather, the regulatory framework encourages a [reactive] compliance-based approach.

- **The Impact of Safer Gambling on revenue:** What are the actions that Playtech will take to understand the impact (if any) on profitability of games when applying safer game and product design changes?

Playtech's response:

Any commercial considerations are balanced by the company's desire to do the right thing. Playtech recognises the need to analyse the effect of product changes. One way we can do this is by conducting A/B trials where appropriate measures are identified b) how to calculate more indirect costs and benefits the more intangible benefits including employee and societal benefits. In the long-term, the human, social and commercial benefits offset any financial impact. This is because the promotion of safer gambling and use of tools drives trust and retention whilst helping customers to moderate their behaviour so they stay in the social or entertainment

- The panel noted that it would be powerful to be able to evidence that claim with metrics and thereby build a compelling business case that others in the sector would then follow. This would also reinforce Playtech's leadership role and provide tangible evidence of it.
- It was noted that the nature of being a B2B is very different from being a single brand wanting to lead its sector in one area. Playtech needs to consider where it would make sense for it to lead, exactly what it is trying to accomplish, and how does it link to other brands. It was also noted the company might want to step back and looking at their direct competitors, i.e., other large B2B suppliers, would trigger the engagement needed, instead of focusing solely on licensees and Playtech's influence on them. It was noted that the International Council on Mining and Metals ('ICMM') is a good example. ICMM is an organisation representing the mining sector that has been able to achieve collaboration through this approach.
- The panel recognised that Playtech's key motivation is around gaining and increasing trust and pushing the safer game design agenda forward with regulators to equip them with as much information as possible with which to make evidence-based policy decisions. It was noted that a challenge appears to exist in relation to the significant knowledge gap between what the industry can achieve and what regulators regard as important. Moreover, while many licensees are also expressing a desire to become leaders in safer gambling there is a risk that solutions are developed piecemeal and in isolation. Collaboration appears to be the exception rather than the rule. Consequently, there is a need for Playtech to stay at the forefront of this debate, be an active contributor to enhance understanding, and use its influence to catalyse effective collaboration and responses that involve its peers and customers.
- It was noted that in terms of terminology, 'harm' has been replacing 'problem gambling' which the panel feels might not be the right approach. If 'harm' is being used, then there is a need to be more specific about what this means in practice.
- With the UK starting to look at specific disorders linked to other products, e.g., alcohol, there may be an opportunity to engage with other sectors and work together to address these systemic risk issues. This could be a very impactful strategy if successful.
- Although BetBuddy is Playtech's IP, the panel feel it would be an exciting idea to open source the IP to demonstrate the important position safer gambling has within Playtech's values.
- The group discussed the challenges around regaining trust that other sectors experience, such as banking and finance. The key steps taken by this industry were around building metrics to measure progress, being more transparent by publicising goals and objectives, and increasing interactions with customers.

Research and Innovation

The main discussion point around research and innovation was how to ensure research supported by industry is seen as credible. It was noted that 'independence' is a red herring and does not really exist when referring to academic research. Furthermore, securing credible academic partners and/or other research partners can be a challenge given perceptions of the industry and the possibility that involvement opens partners to criticism by some stakeholders.

Consequently, the aim should be to publish credible research the integrity of which is transparent and difficult to challenge. In this regard, openness and clarity around research standards are of paramount importance. This will ensure the results are able to withstand robust external scrutiny. It was noted that some researchers have already published on this topic for Playtech's consideration. (e.g., *Gambling Research and Industry Funding* Peter Collins, Howard J. Shafer, Robert Ladouceur, Alex Blaszczyński, Davis Fong)

Claire Milne closed the meeting with final words on the value the panel provided by introducing Playtech to different points of view and external viewpoints.

Summary of key points

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 and the Playtech Protect team will further explore including:

- **Employee Engagement** – how can our employees play a meaningful role in advancing the safer gambling agenda and what do we need to put into place to ensure we make the most of their insights and involvement?
- **Research** – Given concerns about the role of industry in research, what protocols can be put into place to generate credible research? How and what can we learn from existing research protocols and codes of conduct in and outside of our sector?
- **Strengthening and scaling technology solutions** – What are the different options and opportunities to broaden the use of our expertise across the industry (with online B2C operators as well as other suppliers) as well as strengthen our current offering?
- **Collaboration** – What can we learn from other sectors to catalyse greater collaboration within our sector? What are the conditions that are necessary to enable and support effective and impactful collaboration in our sector?

Stakeholder Advisory Panel comment	Playtech response
What is the intent of Playtech's sustainable product design and approach?	Playtech is: <ul style="list-style-type: none"> • Committing its expertise and resources to ensure gambling is safer and more sustainable. • Identifying how products can be designed and offered in a safer, more sustainable way. • identifying metrics that can be used to show how a sustainable approach to developing and offering products can also be commercially successful. This will be important for engaging with B2C customers.
How will Playtech support research that contributes to raising standards in safer gambling and informing effective regulation?	<ul style="list-style-type: none"> • Developing a research code of conduct that will set out the intent to support research on relevant topics for suppliers in this sector. • The code of conduct will establish the principles by which we will conduct different types of research and ensure we are always transparent about the type of research being conducted and our involvement in it. • Establishing an updated Safer Gambling research programme with a range of partners
What can Playtech do to encourage and support more effective Industry collaboration?	<ul style="list-style-type: none"> • Continuing to work with other industry stakeholders to share and increase knowledge and seek to drive an increase in standards. Two initial opportunities are: <ol style="list-style-type: none"> 1. Stakeholder roundtables on product design with diverse stakeholder participation. 2. Providing support and expertise to industry initiatives on product labelling

<p>How can we engage with our employees to ensure we maximise their insights and expertise to develop new ideas for embedding safer gambling into our culture and product and service offering?</p>	<p>Playtech will:</p> <ul style="list-style-type: none"> • Collect and review feedback from the innovation pilot • Collect and review feedback on Playtech Protect / Sustainability Academy sessions • Collect and review feedback from colleagues as part of annual compliance and safer gambling training • Add new and existing Playtech Protect content to the new Academy X system in order to provide further information to colleagues and licensees about our safer gambling products and services. Use this content to generate feedback with a view to identifying gaps in knowledge and new opportunities for products, services, and training • Use feedback from all aspects of colleague engagement to develop training material for colleagues
<p>How can Playtech use the most appropriate terminology to set out its objectives?</p>	<ul style="list-style-type: none"> • Playtech will conduct a review of terminology, particularly around 'harm' and 'problem gambling' and ensure that it aligns with our objectives.
<p>What can Playtech and the gambling industry learn from stakeholders in other sectors</p>	<ul style="list-style-type: none"> • Gambling has its own unique challenges, but it can also learn from other industries that have faced similar issues. • Playtech will continue to identify and build relationships with relevant stakeholders in other sectors that have faced similar topical challenges. For instance, the alcohol and mining sectors, to understand how they have engaged with policy makers and other stakeholders to develop effective regulation that is based on robust research. We will aim to learn from their experiences.
<p>How can we increase the use of BetBuddy, our data analytics capability, by the industry? How can we engage our customers, technology partners, academics, and other subject matter experts to continually improve our Playtech Protect suite of services and capabilities</p>	<ul style="list-style-type: none"> • Exploring product and service options that will make data analytics tools easier for licensees to adopt either directly (BetBuddy Flex which will enable licensees to use BetBuddy without full adoption of Playtech's platform) or by integrating into the platforms already used by licensees.
<p>What can Playtech do to most effectively contribute its insights, and expertise to inform a progressive approach to safer gambling policy and regulation?</p>	<ul style="list-style-type: none"> • This is an ongoing objective for us, and we regularly meet with regulators and policymakers to provide our expertise and give feedback on their proposals. • This will be supported by the company's commitment to research which could provide regulators with far more knowledge and evidence upon which to base their policy decisions.