

Sector Guidelines: Gambling

Scope and purpose

The overall objective of these sector guidelines is to promote a sustainable performance in our business relations with corporate clients, portfolio companies and suppliers in all jurisdictions where Swedbank group operates. The sector guidelines are applicable to all companies within the sector and in all stages of the value chain. By “gambling sector” we refer to operators that offer gambling services e.g. lottery, casino and betting provided both offline and online. These guidelines do not apply to game-developing companies.

Sustainability impact

The most material Environmental, Social and Governance (ESG) risks and impacts in the sector relate to player safety and responsible business practices. Areas of specific concern are pathological gambling and associated social impacts, effects of aggressive marketing practices on vulnerable groups and individuals legal compliance, data privacy and security as well as secure payments, anti-money laundering and fraud prevention.

Expectations and recommendations

Swedbank expects clients, portfolio companies and suppliers to operate in accordance with relevant norms, as well as laws, regulations and permits. We expect our business partners to assess and manage material sustainability issues with regards to human rights, labour rights, climate and environment and business ethics. We recommend companies in this sector:

- Ensure compliance with current licenses and relevant legislation;
- Apply a code of conduct for ethical business practices;
- Identify material sustainability aspects and adopt relevant policies, objectives and targets;
- Strive for best practice regarding standards for responsible gambling;
- Have policy commitments that meet responsibilities with regard to human rights, labour rights, environmental protection, health & safety at work and anti-corruption;
- Hold a gambling license issued by a relevant authority in an EU/EES country;
- Have a clear and transparent ownership structure;
- Have solid strategies for:
 - anti-corruption,
 - anti-money laundering and counter terrorist financing,
 - financial sanctions,
 - responsible marketing including vulnerable groups;
- Have high security for payments transactions and solid KYC process;
- Ensure a sound data protection culture and use of personal data that is fully in line with the applicable data protection rules (GDPR);
- Ensure management of negative behavioral patterns and act upon signs of pathological gambling;
- Provide players with tools for gambling limits and self-exclusion;
- Report transparently on tax payments at group and country level in line with established global initiatives;
- Conduct due diligence that include sustainability aspects for suppliers and large affiliate partners, and verify compliance with company standards on a regular basis;
- Report regularly on material sustainability issues in line with established reporting framework standards, such as GRI.

Relevant norms, guiding principles & standards

- ✓ The 10 principles of the United Nations Global Compactⁱ
- ✓ UN Guiding principles on Business and Human Rightsⁱⁱ
- ✓ International Labour Organization (ILO) standards, conventions and recommendations on work environment and labour standardⁱⁱⁱ
- ✓ FATF Recommendations^{iv}
- ✓ The World Lottery Association^v
- ✓ European Gaming standards^{vi}
- ✓ European Betting & Gaming Association standards^{vii}

- Collaborate with third-party professional Corporate Sustainability experts and establish dialogue with counterparties on environmental and social matters;
- Report transparently on sustainability performance.

Implementation

Sustainability risk assessment is an integral part of Swedbank Group's risk assessment within corporate lending, investment and procurement. Sector guidelines set the context for risk assessment. In order to comply with our existing sustainability framework Swedbank shall:

- Ensure understanding of existing and potential clients' and portfolio companies' activities and risks. This means that Swedbank may require relevant documentation such as certificates and policies in order to understand sustainability governance and performance;
- Evaluate suppliers' sustainability performance and integrate sustainability requirements as a mandatory part of supplier agreements. This means that Swedbank may terminate supplier relationships in the event of non-compliance with our supplier code of conduct;
- Continuously educate relevant Swedbank staff on general and specific Corporate Sustainability trends, issues and opportunities;
- Monitor our portfolios to mitigate risks including sustainability risks;

ⁱ The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

<https://www.unglobalcompact.org/about>

ⁱⁱ The United Nations Guiding Principles on Business and Human Rights were endorsed in June 2011 by the United Nations Human Rights Council. The principles are based on six years of work by the former Special Representative John Ruggie. They are based on the "Protect, Respect and Remedy" framework.

<http://business-humanrights.org/en/un-guiding-principles>

ⁱⁱⁱ International labour standards refer to conventions agreed upon by international actors to protect basic worker rights, enhance workers' job security, and improve their terms of employment on a global scale. The intention of such standards is to establish a worldwide minimum level of protection from inhumane labour practices through the adoption and implementation of said measures.

<http://www.ilo.org/dyn/normlex/en/f?p=1000:12030:0::NO>

^{iv} The FATF Recommendations are the internationally endorsed global standards against money laundering and terrorist financing: they increase transparency and enable countries to successfully take action against illicit use of their financial system.

[http://www.fatf-gafi.org/publications/fatfrecommendations/?hf=10&b=0&s=desc\(fatf_releasedate\)](http://www.fatf-gafi.org/publications/fatfrecommendations/?hf=10&b=0&s=desc(fatf_releasedate))

^{iv} The World Lottery Association (WLA) is a member-based organization to advance the interests of state-authorized lotteries. The vision of WLA is to be recognized as the global authority on the lottery business, to uphold the highest ethical principles, and to support our members in achieving their vision for their own communities.

<https://www.world-lotteries.org/about-us/about-the-wla>

^v European Lotteries are committed to address illegal gambling and related criminal activities while at the same time minimising any potential harm on society and vulnerable groups, in particular by means of a controlled expansion of gaming education and prevention.

<https://www.european-lotteries.org/european-gaming-standards>

^{vii} EGBA is the Brussels-based industry body representing the leading online gaming and betting operators. A key objective of EGBA is to ensure its consumers can enjoy playing on members' websites in a safe, secure and reliable environment. That's why EGBA members have developed a set of ambitious self-imposed standards. The EGBA standards complement the licensing requirements imposed by online gaming regulators in different jurisdictions in the EU.

<http://www.eqba.eu/responsability/eqba-standards/>