

Social responsibility

Svenska Spel must work actively to minimise the negative social consequences of gaming operations. This endeavour has high priority in all operational decisions and leads to specific measures to develop a strong sense of responsible gaming.

Svenska Spel's social responsibility is to provide gaming in a responsible and secure manner and minimise the negative consequences of the Company's operations and products. Svenska Spel's mandate includes:

- prioritising social welfare in the development of games and in the business as a whole,
- adopting a precautionary approach to new games and markets,
- and having a responsible focus in the Company's marketing that also reflects social commitment to ensure that it is not perceived as over-assertive.

Svenska Spel's responsible gaming policy describes the guidelines for responsible gaming. The policy states how the Company shall meet the above requirements. Svenska Spel's aim is to pursue responsible gaming programmes through effective, responsible gaming efforts and thus distinguish itself from other gaming companies on the Swedish market.

Responsibility is also highlighted in Svenska Spel's corporate values, the internal guide that underlines the value of accessible, considerate and committed employees.

Objectives of responsible gaming

Svenska Spel shall be perceived as a responsible company. This means that people shall enjoy playing on Svenska Spel's games. They shall perceive that Svenska Spel is reliable and secure, offering them the means to maintain control of their gaming.

Responsible gaming strategies

- Svenska Spel shall aim at identifying and producing a net social value that exceeds the costs arising by the Company's operations.
- Responsible gaming shall be integrated with the business and have a distinct and relevant control system.
- Make responsible gaming part of the gaming experience.
- Increase public awareness of Svenska Spel's mandate and responsibility.

Responsibility in developing games

The precautionary principle is applied in the development of new games and in the composition of the overall gaming offering. The principle entails, for example, that Svenska Spel does not develop games that are considered risky unless such games are already available in the market.



Help Line

Svenska Spel marks all its coupons and lottery tickets with the telephone number that offers professional advice and assistance concerning gambling addiction or gaming problems. The number to the Help Line is also displayed at all gaming venues.

Extra caution in high-risk gaming

Svenska Spel's products are always subjected to a risk assessment before being developed. The process is more extensive in the case of games with a high risk of problem gaming or gambling addiction.



Svenska Spel uses the GAM-GaRD tool, which was developed by researchers and is compulsory in the product development process. This tool is used to identify risk components in a game and to classify and document each product. Games with higher risk are altered or provided with enhanced consumer protection and/or preventive tools.

Responsible gaming in all channels

Svenska Spel works with responsible gaming programmes at the overall level and with measures focused on and customised for the various sales channels. Examples of this approach include the outreach dialogues that staff at Casino Cosmopol have with their guests, and the specific requirements that Internet poker players must meet before they can start playing, as well as the identity requirements imposed by retailers and business partners.

Responsible gaming – Internet

Svenska Spel utilises the Playscan™ tool on svenskaspel.se, which draws the attention of the players to potentially risky changes in behaviour in their gaming. It offers recommendations and tools – such as a gaming budget and time limits – which can help players to change their behaviour and maintain their gaming in a sound way. By December 2011, 53,844 customers had activated Playscan™, an increase of 6,800 people compared with 2010.

Responsible gaming – Casino Cosmopol

If they experience their gaming as a problem, Casino Cosmopol's guests can sign a voluntary agreement to limit their casino visits to a maximum of eight per month, or request to be banned completely for at least six months. These agreements can be signed remotely or on the casino premises.

During 2011, 2,350 players (2,282) chose to sign voluntary agreements or to be banned from playing at any of Casino Cosmopol's casinos. At year-end 2011, 4,149 people had active agreements.

During 2011, 4,151 (3,923) outreach dialogues were held with guests who showed signs of unhealthy gaming or belonged to the 20–24 age group, a group with an increasing share of gambling problems.





STAKEHOLDER: THE NATIONAL INSTITUTE OF PUBLIC HEALTH

“Svenska Spel could provide more information”

The National Institute of Public Health receives an annual grant of SEK 28 million for developing programmes to reduce the negative effects of gaming. Marie Risbeck, acting head of the Drug Prevention and Gaming department, is responsible for coordinating efforts that include dialogues with licensed gaming companies in Sweden.

How big a problem is gaming?

“It’s generally said that 2% of the population have gambling problems, while 98% are happy players. But that is not the whole truth. Firstly, the entire population does not gamble. Secondly, an additional 5% show a risk of developing a gaming problem and are already aware of some negative consequences of their gaming. We’ve also noted in our regular surveys that there is a redistribution within these 2%, even if the overall percentage level remains the same. Some overcome their problems, while others develop problems. However, once you’ve had a problem, there is a major risk of recurrence.”

How do you think that Svenska Spel handles its responsibility?

“Svenska Spel works admirably in this area. They are very conscious and have integrated the social responsibility. They are also pioneers in

programmes involving age limits, guidelines and other measures. But they could improve their information on the relation between a certain share of their customers that provide a certain share of their sales. This is crucial information. They could also improve their information to their customers, for example clarify what it actually costs when you press a button on a gaming machine.”

What risks do you see in the future?

“Increasing gaming problems among young men. Currently almost 10% of men between 18 and 24 have a problem with gaming for money. Since the access has increased, and fast games with a short interval between staking and winning are in demand, I see a risk of more problem gaming. As a result, one must be very careful when developing new games. Also, one must work more effectively with targeted efforts aimed at young people, such as setting up gaming-free zones in places frequented by youths, such as schools and sport arenas.”

Read more about our stakeholder dialogues on page 101.

A new guest registration and incident-management system was procured, in addition to more effective camera surveillance of casino operations.

Responsible gaming – Vegas

Svenska Spel makes efforts in order to strengthen its responsibility for Vegas in making an agreement to purchase responsible gaming tools. These tools will be available via the Spelkortet loyalty card and enable the customers to set voluntary gaming limits in terms of time and money spent, as well as making it possible to ban themselves from Vegas gaming. The test will commence at the end of 2012 and the responsible gaming tools are estimated to be available for all Vegas customers in summer 2013.

By means of test purchases, Svenska Spel continually ensures that the age limit is observed. In 2011, 2,473 test purchases were completed. The number of approved test purchases increased in comparison with 2010. The business area also trained some 2,000 business partners in a new responsible gaming training programme.

Responsible Gaming – Retailers

During 2011, customer security at retailers was enhanced with the introduction of identity controls for payouts over SEK 1,000. For winnings of SEK 20,000 or more, the retailer terminal is blocked and the winner must directly contact Svenska Spel before collecting the winning.

By using test purchases, Svenska Spel ensures that the age limit is observed at retailers. 84% of the retailers were approved in test purchases. ID control became a new routine for lottery retailers just over a year ago, which is why their results are lower. An average of 73% of all retailers were approved in test purchases, as shown in the table on page 110.

Training in responsible gaming

Svenska Spel continuously trains employees, retailers and business partners in responsible gaming. All new retailers undergo responsible gaming training that, among other things, includes information on the risks of gaming, available of responsible gaming tools and the importance of age controls.

2011 Svenska Spel implemented a new responsible gaming training for managers. The purpose was to offer managers deeper insight into Svenska Spel's responsible gaming

programmes, thereby improving the integration of responsible gaming into the company's entire operations.

Marketing

Svenska Spel has its own marketing guidelines, but also follows the guidelines from SPER (Ethical council of the Gaming Industry) and the standard set by European Lotteries. Guidelines state that marketing must be responsible and minimise the risk of excessive gaming. It must not be perceived as too assertive. Read more about Svenska Spel's view on responsible marketing in the interview with Annika Ferm on page 107.

In December 2011, the Government extended Svenska Spel's gaming licences, and included in the documents the age limits and marketing restrictions for the various games.

Security and risk management

Svenska Spel seeks to discover and prevent unethical behaviour, both internally and externally. The Company is explicit that its operations must not be used for money laundering or other criminal activities. The development of competitive products and distribution channels with integrated responsible gaming and gaming security is thus an important part of the business.

Svenska Spel's mandate includes:

- Observing consumer interest as a reliable alternative to illegal gaming operations.
- Taking due consideration of the risk of fraud and illegal gaming.
- Maximal security in gaming.

During 2011, Svenska Spel conducted its first Group security conference. Among other things, the aim was to provide a better overview of the Group's overall security programmes, identify future challenges and competency requirements, and create the conditions for the development of the Group's security activities.

Incidents

In November 2011, following a decision of the public prosecutor, eight people were arrested and detained on suspicion of gross embezzlement. Seven of those detained were employees at Casino Cosmopol in Gothenburg.



Annika Ferm, Communication Manager: “Social security considerations are part of our mandate”

Annika Ferm took up her position as Communication Manager at Svenska Spel during 2011 and was also appointed Chairman of the Ethical Council of the Gaming Industry (SPER). She emphasizes the fact that Svenska Spel’s mandate includes responsibility and that stakeholders expect this.

What does responsible marketing imply for Svenska Spel?

“Our mandate is based on social security considerations, namely, that we take a responsible approach in our relations with customers and other stakeholders. An overall principle is that our marketing must not be perceived too assertive. And, needless to say, we don’t focus on young people. Moderation is a key component in our advertising, since we wish to encourage customers to play in a healthy way so that they experience the thrill of gaming while avoiding that gaming becomes a problem.”

Can you mention some concrete examples of how you assume responsibility?

“We don’t do any direct advertising to customer card holders who may be in a risk zone for problem gaming to judge from their gaming behaviour. Also, the chance of winning must not be exaggerated. We are also much more restrictive in our marketing of games with a higher risk of causing problems.”

How do you ensure that guidelines are observed by everybody?

“We have strict policies and guidelines in this area. All employees concerned are trained and must observe the guidelines – i.e. our own and those of SPER. If there is any doubt, employees are compelled to seek advice from our CSR unit. In order to ensure that we will achieve our goals we will also train the advertising agencies we cooperate with.”



Media spend

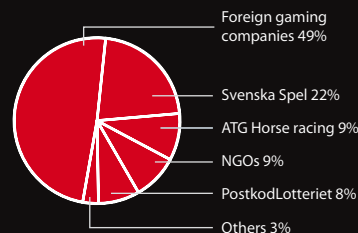
During 2011, the gaming industry increased its advertising spend by about SEK 149 million to some SEK 1,330 million.

Compared with 2010, Svenska Spel’s gross advertising spend rose by about SEK 19 million to a total of about SEK 299 million.

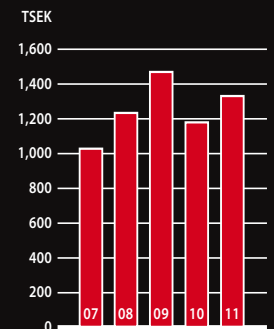
Since 2004, Svenska Spel’s share of the total media spend (share of voice) in the known gaming market has decreased from 46% to 22%.

Source: Svenska Spel’s Market analysis unit, based on SIFO Market Research advertising ratings.

Share of voice 2011
Media spend in the
Swedish market



Share of voice
Trend 2007–2011





STAKEHOLDER: THE SWEDISH GAMING BOARD

“Development is one step ahead of legislation”

Håkan Hallstedt is the Director General of the Swedish Gaming Board, the central supervisor of the Swedish gaming market. He believes that the dialogue with Svenska Spel functions well, but that gaming legislation needs to be updated and adjusted to fit reality.

How is your dialogue with Svenska Spel?

“Our dialogue with Svenska Spel takes place on many levels and it functions very well. Our officials are in constant contact with Svenska Spel for many reasons and have regular briefing meetings. We frequently need to discuss the market status and Svenska Spel’s observations in respect to illegal gaming machines and technical developments.”

How well do you think Svenska Spel fulfils its responsibility?

“Svenska Spel has a difficult role. On one hand, it is supposed to make money. On the other hand, the Company has a social responsibility

beyond that of other companies. This is a difficult trade-off, but I think that Svenska Spel, under the complex circumstances, takes their responsibility. However, they could improve the information about their contribution to society, for example their significance for the sports.”

How do you work to counteract illegal gaming machines?

“We’re working intensely with this and have received a special grant from the Government of SEK 8 million annually for this work. In particular, it is all about the control of illegal gaming machines, and training police and prosecutors in what is to be viewed as illegal gaming. Unfortunately, we have had protracted, ongoing legal proceedings in order to establish the origin of gaming, for example when a gaming machine is linked to a server abroad. The Supreme Court has now decided that such gaming machines are illegal. Legislation must be adjusted to reality.”

Read more about our stakeholder dialogues on page 101.

The casino's surveillance unit discovered irregularities and observed the suspects over a period of time before calling the police. No guests were harmed by the alleged crime. A labour dispute arose in conjunction with the incident.

Money laundering

The risk of and attempts at money laundering arise in contexts involving substantial cash flows, such as casinos. However, the measures the casinos take are considered effective, and the cooperation with the authorities concerned has been effective.

In 2011, Casino Cosmopol reported 284 incidents (311) to the Financial Police in accordance with the money laundering law.

Illegal gaming machines

Svenska Spel continuously reports illegal gaming machines, i.e. machines that do not belong to Svenska Spel. Reporting is made to the authorities concerned, primarily the Swedish Gaming Board. Svenska Spel conducts regular controls at retailers and business partners and, when discovering illegal gaming machines, terminates the contract if they are not removed. In 2011, eight retailers (nine) were terminated due to having illegal gaming machines in their venues.

Fraud

Svenska Spel shall counteract fraud and cooperates with the police, banks and card companies in matters relating to stolen or counterfeit credit cards at retailers, business partners and on the Internet. During 2011, Svenska Spel adapted to the card companies' PCI certification – an extensive programme aimed at increasing data security and which is a prerequisite for handling card-based transactions. Svenska Spel strengthened its fraud procedures in 2010 and the banks improved their routines for card-based payments in 2011. Therefore, fraud is no longer considered a major problem.

Gaming on credit

Controls are made when something indicates that gaming on credit may occur at retailers or business partners. Where there is enough evidence, the contract with the retailer or business partner is immediately terminated. Contracts with two retailers (one) were terminated in 2010 as they had accepted gaming on credit.

Swedish National Audit Office review social consideration

In March 2011, the Swedish National Audit Office decided to conduct a review of the State's role on the gaming market. The review is to be finalised in May 2012. The purpose is to examine the Government's adjustment of current gaming regulations and the organisation of the State undertakings, so that Parliament's goal of a sound and secure gaming market can be reached in an effective way. A review is also to be made concerning the Government's control and monitoring of Svenska Spel's operations and its work to ensure a safe and sound gaming market.

Activities and results, 2011

- Stage 2 of the responsible gaming training for managers was implemented.
- Implementation of a new central system for Vegas VLTs, permitting the introduction of responsible gaming tools.
- Test purchases at lottery agents were introduced to ensure observance of the 18-year old age limit on buying and collecting winnings on lottery tickets.
- Customer security in the payout of winnings was enhanced.
- Launch of a new version of Playscan™ with a new potential to monitor and analyse gaming behaviour.
- Launch of new responsible gaming training for Vegas business partners.

Focus for 2012

- Increase stakeholders' awareness of Svenska Spel's sustainable development programmes.
- Testing the new responsible gaming tools for Vegas will start in the end of 2012 and the responsible gaming tools are supposed to be available for all Vegas customers in summer 2013.
- Develop responsible gaming for mobile phones and secure a presence in new, emerging digital platforms.
- Casino Cosmopol will focus on identifying and reporting suspected cases of money laundering.
- Further integrate security programmes and risk management with business operations.
- Training courses to raise the security awareness throughout the organisation.





Key indicators for responsible gaming

Svenska Spel has worked with key indicators for responsible gaming since 2005. The indicators show the responsibilities of business partners, retailers and employees.

	2011	2010	2009
Social responsibility			
Players with problems, % ¹	1–2	1–2	1–2
Number of voluntary agreements with casino guests ²	2,350	2,282	2,098
Number of dialogues with casino guests about their gaming habits	4,151	3,923	3,546
Svenska Spel takes its responsibility for counteracting gambling addiction – is this correct? ³ , %	37	42	33
Business partner and retailer responsibility			
Certified retailers, %	82	78	74
Certified business partners, %	95	73	73
Test purchases	5,663	5,704	5,945
Approved test purchases, retailers %	73	86	80
Approved test purchases, business partners, %	85	80	81
Observation checks ⁴	—	1,959	1,950
Suspended as a result of test purchases ⁵	182	69	63
Employee responsibility⁶			
Employees who think that Svenska Spel accepts its responsibility for counteracting gambling addiction, %	80	79	—
Aware of Svenska Spel's responsible gaming, %	96	94	—

- Information from Svenska Spel's gaming survey. The purpose of the survey is to examine the adult population's awareness of and attitudes to gaming and gaming behaviour. The survey was conducted via a postal questionnaire to randomly selected Swedish residents between the age of 16 and 75 (address source: DAFA SPAR). The number of filled-in questionnaires amounted to 5,131, which constitutes a representative sample of the Swedish population. The gaming survey shows that gambling problems in recent years are at an unchanged level of 1–2%.
- Casino guests who consider they have difficulty controlling their gaming are invited to sign an agreement of voluntary suspension or a limit of eight visits per month at all casinos. The period of suspension or restricted visits is no less than six months.
- New key data for this year, Image Tracking
 - Data input via Norstat's web panel, with 3,000 respondents. Report compiles quarterly by Market Analysis Department.
 - Target group comprises all Swedes aged 16–75 years.
- In previous years, the Vegas business area applied two methods for age control: observation controls and test purchases. As of 2011, only test purchases were conducted.
- Includes business partners (restaurants and bingo halls) and retailers.
- According to Svenska Spel's employee survey 2011.

Methods for facilitating responsible gaming

Svenska Spel is certified in line with the responsible gaming standards of the European Lotteries (EL) and the World Lottery Association. Standards. The standards are based on a framework comprising ten areas.

Area	Criteria
1 Research	<ul style="list-style-type: none"> • Svenska Spel shall help to raise social understanding of gambling problems. • Svenska Spel shall use research findings in the development and monitoring of responsible gaming measures, business development and strategies.
2 Responsible gaming training for business partners and retailers	<ul style="list-style-type: none"> • Svenska Spel shall have a responsible gaming message that is regularly communicated to employees, at least once a year. • Svenska Spel shall have identified key activities in the field of responsible gaming that require special training to ensure consumer protection. • Svenska Spel shall have a method to track levels of understanding for and implementation of responsible gaming.
3 Responsible gaming training for business partners and retailers	<ul style="list-style-type: none"> • Svenska Spel shall highlight responsible gaming for its business partners, and their obligations in terms of responsible gaming measures and requirements. • Svenska Spel shall assist with adequate responsible gaming training. • Svenska Spel shall have an effective method to monitor and evaluate processes/performance of retailers and business partners.
4 Gaming development	<ul style="list-style-type: none"> • Svenska Spel shall use reliable tools to evaluate the social implications of the development of products, situations and organisations. • Svenska Spel shall develop reliable tools for all games and channels whenever possible and shall behave responsibly by minimising, removing or modifying high-risk products.
5 Remote channels (Internet, gaming via mobile phone and Vegas)	<ul style="list-style-type: none"> • Svenska Spel shall have implemented the appropriate preventive measures listed in the European Lotteries standard and shall ensure that the above is also observed in new development of these channels. • Svenska Spel shall be able to justify reasons for any absence of measures, e.g. self-imposed suspension and Playscan™.
6 Advertising and marketing	<ul style="list-style-type: none"> • Svenska Spel shall meet the requirements of national legislation, regulations and restrictions according to the European Lotteries standard. • Svenska Spel must have functioning systems to assure ethical marketing
7 Treatment referrals	<ul style="list-style-type: none"> • In line with current directives, Svenska Spel shall refer players to recommended treatment coordinators (the Swedish National Institute of Public Health has referred to the Help Line).
8 Responsible gaming measures for the protection of players and consumers	<ul style="list-style-type: none"> • Svenska Spel shall take initiatives for training, communicating to and informing players in the areas identified in the EL standard (information on products, age limits, help and responsible gaming tools). • Svenska Spel shall have an adequate policy and control to ensure effective implementation and periodic monitoring.
9 Stakeholder dialogues	<ul style="list-style-type: none"> • Svenska Spel shall have regular formal and informal stakeholder dialogues and include them in its reporting. • Svenska Spel shall integrate the results of the stakeholder dialogues in strategic decision processes and feedback mechanisms.
10 Reporting, measurement and certification	<ul style="list-style-type: none"> • Svenska Spel shall publish a formal report or series of communications that measure the requirements of the European Lotteries Responsible Gaming Standard.

The auditing company Deloitte AB conducted a verification of Svenska Spel's responsible gaming programmes in 2011.