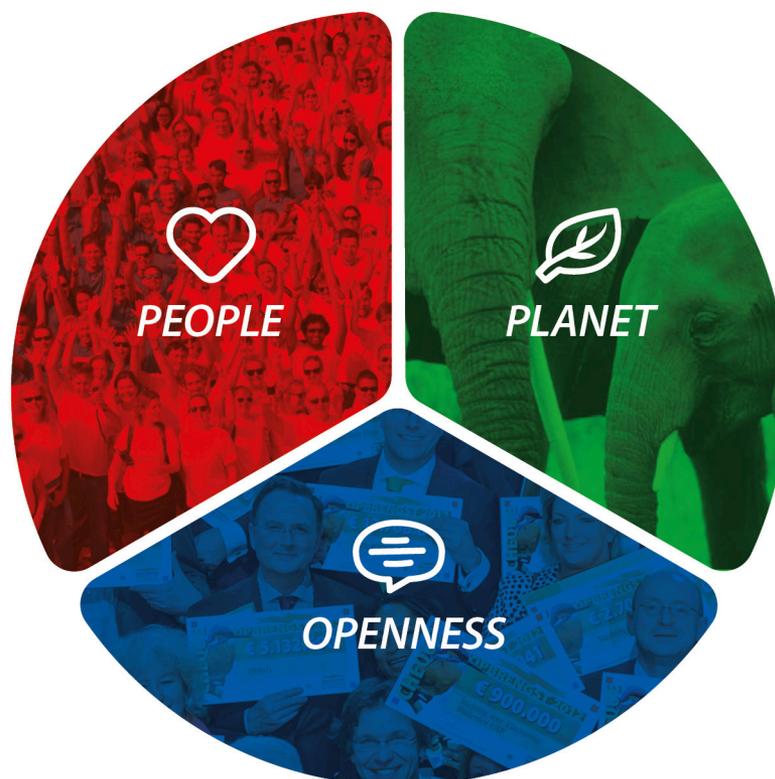


# Good Operations 2017

How we live our mission



*Novamedia*

Novamedia Sverige AB

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## Scope and boundaries of the report and guidance for reading

This sustainability report is about Novamedia Sverige AB (company registration no. 556375-6328), a company operating on Sweden's regulated gaming market. Novamedia Sverige AB develops and operates charity lotteries under the Swedish Postcode Lottery brand, on behalf of the Swedish Postcode Association (company registration no. 802416-1146). Novamedia Sverige AB is a wholly owned subsidiary of Novamedia B.V. (registered company no. 33293056) based in Amsterdam (NL) and, together with other subsidiaries, is part of the Novamedia group.

In the report, Novamedia Sverige AB is referred to as "Novamedia Sverige" or "the company"; the Novamedia group as "Novamedia" or "the group"; Novamedia B.V. as "the parent company", and the Swedish Postcode Association as "the association".

The relationship between Novamedia Sverige and the Swedish Postcode Association is very much one of mutual dependence. Novamedia Sverige has granted the Swedish Postcode Association an exclusive licence to use the Postcode Lottery product format and brand on the Swedish gaming market. The Swedish Postcode Association holds lottery-operator permits and Novamedia Sverige is the operating company that handles business development and the operation of the Swedish Postcode Lottery on behalf of the association. A significant part of the impact that the company's activities have on society are caused by the donations from the lottery that is generated by the Swedish Postcode Lottery and distributed by the Swedish Postcode Association. Guided by discussions with stakeholders and the materiality analysis, Novamedia Sverige has therefore concluded that the sustainability report should include parts of the Swedish Postcode Association's operations, in order to give a fair picture of Novamedia Sverige's operations.

# 1 A message from the Managing Directors

Sustainability is part of Novamedia Sverige's DNA. Its operations, which are based on four core values - courageous, fun, sharing and sustainable – is driven by the firm belief that the world needs a strong civil society.

Strong and independent non-profit organisations can drive the development of society in a positive direction. Their work is essential if we are to achieve the aspirations of UN:s Agenda 2030 for sustainable development.

Novamedia Sverige develops and runs charity lotteries. The players are core to us as without them we cannot deliver on our vision. As a result, our sustainability work – Good Operations – is closely linked to the needs and expectations of those who buy tickets, and include the following areas;

## The environment

We want to contribute to a positive development of society and that includes a healthy planet. To strive to minimize the negative climate impact of the business is therefore a priority for Novamedia Sverige. The largest carbon footprint from the business arise from the purchases of prizes that is provided to winners of the lottery. In order to counteract this negative impact, Novamedia Sverige climate offsets for its carbon footprint of its entire value chain. The next step for us is to work innovatively with the prize plan to ensure a lower carbon footprint while simultaneously maintaining a high level of satisfaction amongst our players.

\* Source: The Swedish Public Health Agency's Swelogs Prevalence Study 2015.

## Sustainable supply chain

For us it is very important to have good knowledge about our suppliers and partners, not least because we want to offer our winners prizes that are produced sustainably and in compliance with human rights. We therefore work with a code of conduct for suppliers and partners. This is an important starting point when engaging in dialogues with them on how to bring the development forward in our respective supply chains.

## Business ethics

Novamedia Sverige should always act responsibly. For us it is essential to run our business in accordance with laws, regulations and applicable ethical guidelines. We are required to follow the Lottery Act, the stipulations in the lottery permits and a number of other applicable laws in Sweden. One example is the General Data Protection Regulation (GDPR) that will enter into force in May 2018. We have worked hard during 2017 to ensure compliance with the new law. This is an important step forward to ensure that we safeguard the integrity of our player's personal information.

## Responsible gaming

Gambling is associated with a risk. About two percent of the adult population in Sweden suffer from gambling problems\*. We work with preventive measures to create a safe gaming environment for our players to counter any adverse consequences of gaming. Among other things, we educate all our staff in responsible gaming and provide our players with responsible gaming tools. In 2018, we will take additional steps within this area as high consumer protection is very important to us.

## Employee engagement

Without our engaged and competent employees, we will not be able to develop and run successful lotteries. A central priority for us is therefore to offer our employees a good and non-discriminatory work environment characterized by diversity and gender equality. Unfortunately, the Swedish gaming market is currently quite unequal from a gender perspective. We find it our responsibility not only to ensure that we as a company provide equal opportunities, but also to try to push the entire industry in the right direction. As a result, we have reached out to other gaming operators in an effort to jointly work on this important issue. It will take time, but we are convinced that together we can make progress and eventually make the entire industry more equal.

Agenda 2030 is everyone's business. Year 2030 may feel far away, but time is short if we are to achieve the seventeen Sustainable Development Goals that define the world's aspirations for the future. For us this entails continuing to run the lottery that thanks to our players can generate charitable donations to the non-profit sector as well as to run our business in respect to people and the planet across the entire value chain. But we cannot do this in isolation. We therefore look forward to yet another year of engagements with our player and other stakeholders so that we can jointly contribute to putting the world on a sustainable path.

*Anders Årbrandt and Cecilia Bergendahl  
Managing Directors, Novamedia Sverige*



## 2 About Novamedia Sverige

**Novamedia Sverige believes that the world is better off with a strong civil society. This belief is at the heart of the company's business model. Novamedia Sverige operates the Swedish Postcode Lottery on behalf of the Swedish Postcode Association with the aim of offering an entertaining lottery that generates funds for charity.**

### **The vision and history behind Novamedia**

Novamedia Sverige is a wholly-owned subsidiary of Novamedia B.V. The parent company Novamedia B.V. was established in 1983 with the vision and the belief that the world is better off with a strong civil society. The purpose of Novamedia B.V.'s and Novamedia Sverige's operations is to act as an enabler for civil society by operating business in a way that is sustainable in the long term. Business that in turn generates money

for the non-profit sector and increases awareness of the important work of non-profit organisations.

From the start, Novamedia B.V. has been a media organisation that aimed to generate revenue for the non-profit sector. A few years after it was established, Novamedia B.V. developed the Postcode Lottery format and in 1989 the first Postcode Lottery was launched in the Netherlands, which enhanced the parent company's ability to provide financial support to non-profit organisations. Given the success of the Dutch Postcode Lottery, Novamedia B.V. later established Postcode Lotteries in the UK, Germany and Sweden. In 2018, a Postcode Lottery will be established in Norway. Novamedia B.V. is the creator and owner of the product format and the Postcode Lottery brand. The idea behind the Postcode Lotteries is illustrated on page 7.

### **Vision – the Why**

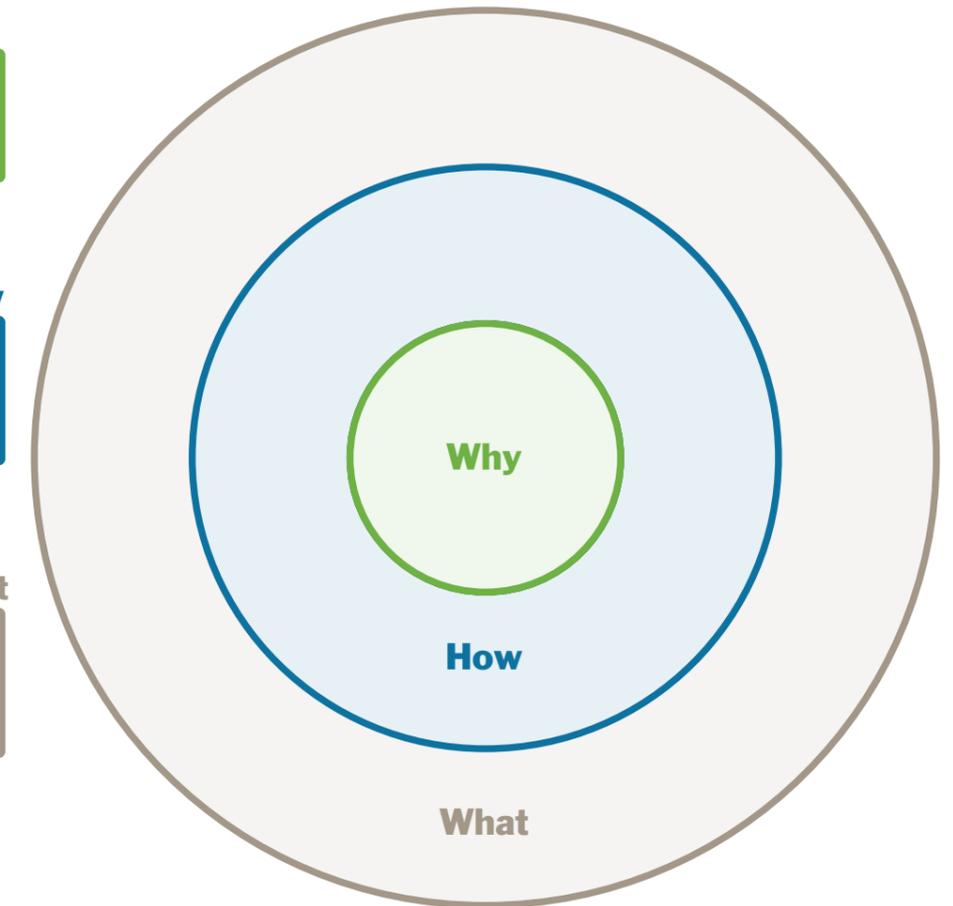
We believe the world is better off with strong social organisations. There can be no change without them.

### **Mission – the How**

To raise funds for social organisations worldwide, increase awareness of their work and to promote their new initiatives.

### **Activity – the What**

We operate charity lotteries to raise funds for social organisations and good causes and make good citizenship fun.



**Novamedia Sverige and the Swedish Postcode Association**

To enable Novamedia to launch the Postcode Lottery in Sweden, the Swedish Postcode Association was set up in 2005. This was because Sweden has a gambling monopoly, meaning that the state-owned company Svenska Spel is currently the only company that can carry out gambling operations in Sweden. A precondition for operating independent lotteries in Sweden is that it must contribute to the public good. It is the Swedish Gambling Authority that grants lottery permits and the convention is that permits are granted only to non-profit organisations and foundations.

The Childhood Cancer Foundation (Barncancerfonden), Save the Children (Rädda Barnen), the World Wildlife Fund (Världsnaturfonden WWF) and the Swedish Postcode Foundation (Svenska Postkodstiftelsen) have been members of the association from the start. Novamedia Sverige has granted an exclusive licence to the Swedish Postcode Association to use the product format and the Postcode Lottery brand on the Swedish gaming market. The Swedish Postcode Association holds the permits to operate a lottery and Novamedia Sverige is the operator company that, on behalf of the association, handles business development, operations, and the production of TV programmes and lottery products that go under the Swedish Postcode Lottery brand. Novamedia Sverige is responsible for all employees and has its office in Stockholm.

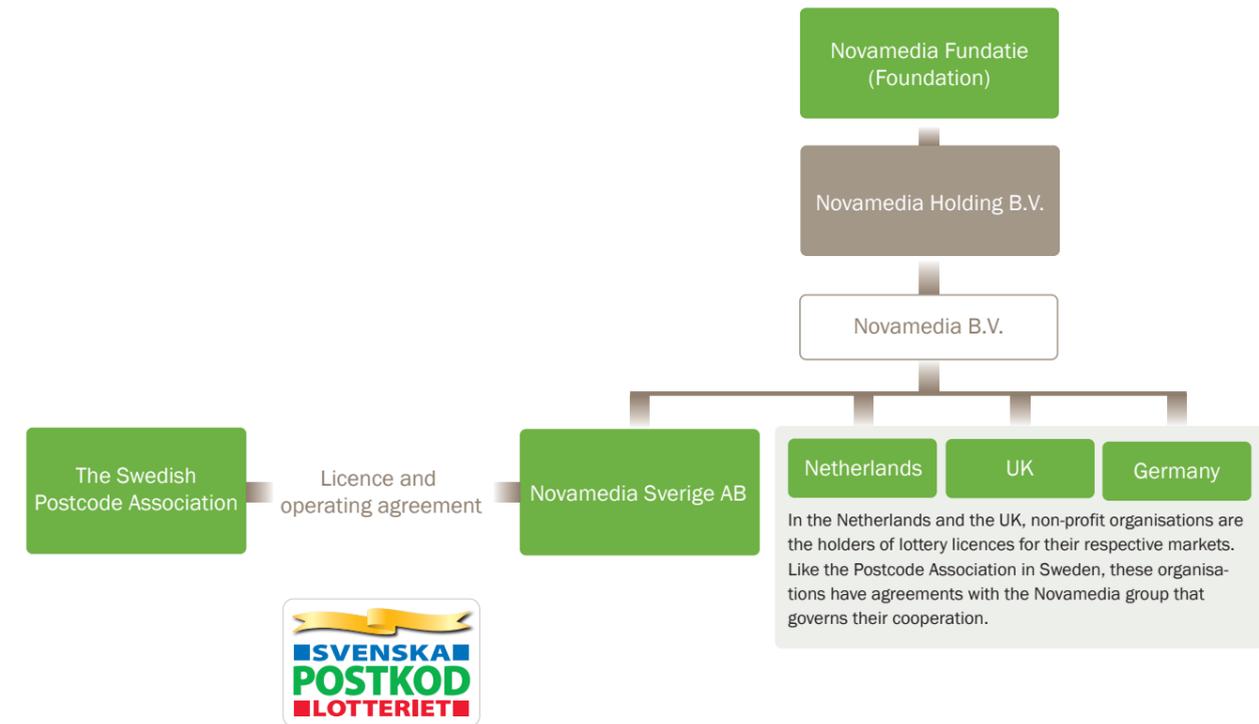
The Swedish Postcode Association has an independent board and 57 members. The members are nonprofit organisations, 55 of which are

beneficiaries of the donations from the lottery. The Swedish Postcode Association decides who may be a member and distributes the donations to its members. The Swedish Gambling Authority oversees and checks the lottery operations of the Swedish Postcode Association on an ongoing basis, and checks and approves the donations generated by the Swedish Postcode Association for the public good.

The organisational structure of the Novamedia group and the relationship between Novamedia Sverige and the Swedish Postcode Association are illustrated on pages 9 and 11.

**The current state of the Swedish gambling market**

The Swedish gambling market consist partly of a regulated market operating under the Swedish Gambling Authority's supervision and partly of an unregulated market with actors without a permit to operate in Sweden. These actors are based and operate from abroad. The actors operating in the unregulated market are increasingly gaining market share. These new market conditions have spurred the government to put forth an Inquiry of a Re-regulated Gambling Market. A proposal of the inquiry was presented in March 2017. Novamedia Sverige has been part of the referral rounds and the company's main message in the discussions has been to underline the importance of securing revenues for a strong, independent non-profit sector by exempting charity lotteries from taxes. The Government will submit the bill to the Parliament in March 2018 and the decision in Parliament is expected to take place in May 2018. A new law is expected to enter into force 1 January 2019.



### An entertaining lottery

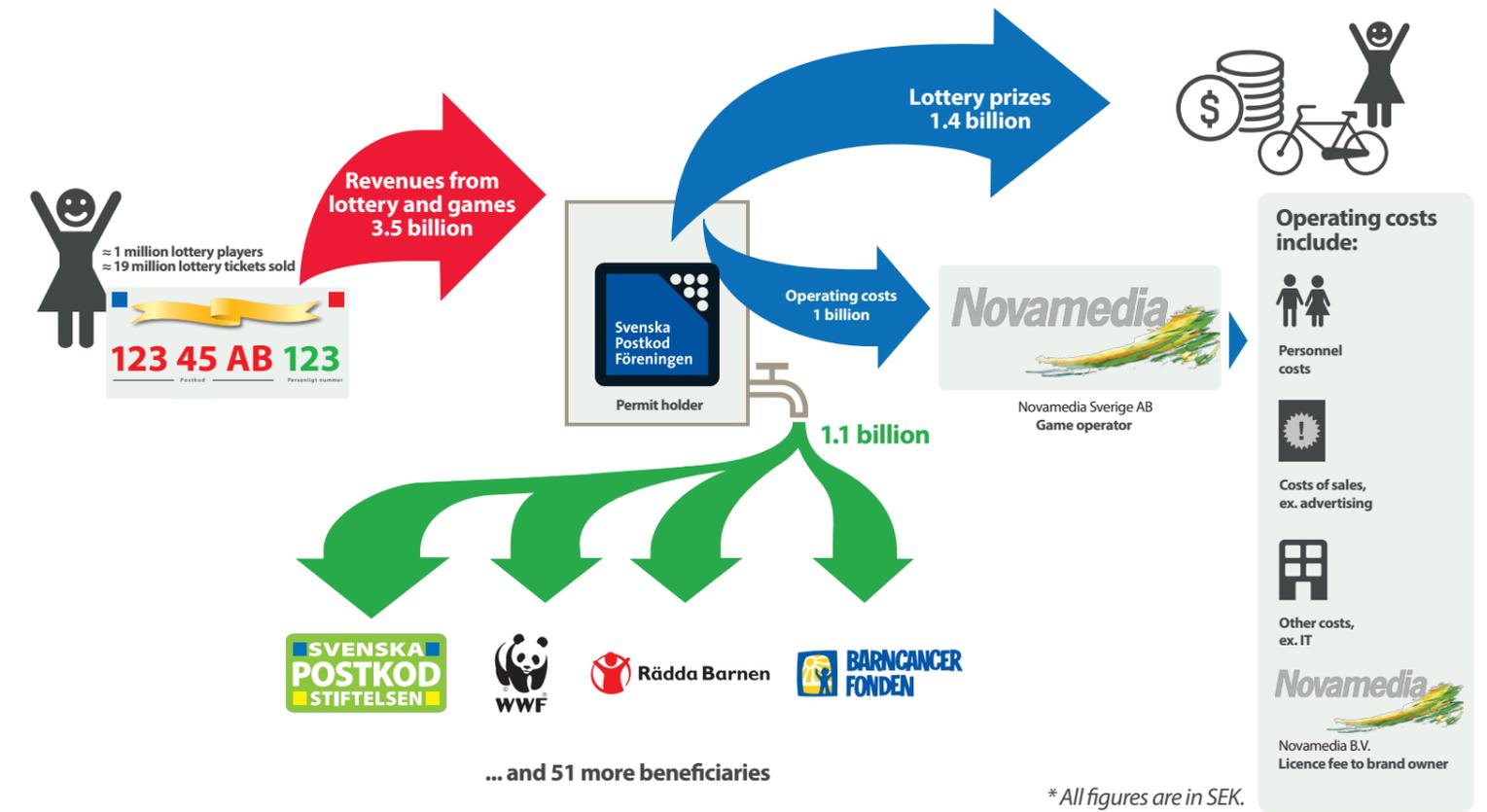
In 2017, Novamedia Sverige operated six lotteries on behalf of the Swedish Postcode Association, for which the association had six active lottery permits. The main product – the Swedish Postcode Lottery – is a subscription lottery that is based on the idea of one player winning with his or her neighbours. In addition to the subscription lottery, an online portfolio with bingo and scratch card games are offered. Entertainment is also an important element of the Swedish Postcode Lottery. TV programmes include PostkodMiljonären (Postcode Millionaire), En ska bort (Odd One Out) and Drömpyramiden (Dream Pyramid).

### Lottery economics in a nutshell

The Swedish Postcode Association reimburses Novamedia Sverige for the costs incurred in developing and operating the lotteries and producing the TV programmes. Around 40% of the total proceeds from lotteries and gaming go back to the players in the form of lottery prizes. The donation is what remains after costs and lottery prizes have been deducted. The donation is distributed by the Swedish Postcode Association to the non-profit organisations and foundations that are members of the association and beneficiaries to the lottery donations. In 2017, the total income from lotteries and games was SEK 3.5 billion, lottery prizes amounted to SEK 1.4 billion and the lottery donation was SEK 1.1 billion. Since it started twelve years ago, the Swedish Postcode Lottery has generated just over SEK 9.4 billion to charities.

### Novamedia Sverige's core values

Novamedia Sverige's operations are based on four core values – courageous, fun, sharing and sustainable. These values are shared by all entities within the Novamedia group and are intended to inspire and unite all the employees. The values should inform all the company's day-to-day operations and guide activities and decisions within Novamedia Sverige.



# 3 Good Operations – agenda & governance

**Novamedia Sverige was founded on the basis of a desire and ambition to contribute to a positive development of society. It is therefore natural that the company integrates a sustainability perspective in its daily operations.**

## Good Operations agenda

The Novamedia group is a values-driven company that since its inception has worked on sustainability by operating a business with a clear social mission. In 2009, Novamedia broadened the concept of sustainability and developed a sustainability vision – Planet First. It was based on the fundamental idea that a healthy planet is an essential precondition for both social and economic growth. Since then the concept of sustainability for Novamedia has broadened even further and today the group’s operations are guided by a sustainability vision that goes under the name Planet & People. Based on this new vision, the group has developed a Good Operations agenda that is based on three pillars – Planet,

**PEOPLE:**  
Resilient societies and people form the basis for further development and growth.

**PLANET:**  
Only by conserving and protecting the earth’s resources and ecosystems can we ensure a sustainable and fair use of our natural resources.

**OPENNESS:**  
Our mission commits us to organising our charity lotteries in a responsible way and communicating in an open and balanced manner, providing stakeholders with an unbiased picture of our performance and societal impact.

People and Openness. These pillars form the foundation of the group’s sustainability priorities and implies that the business shall be operated transparently and with respect to people and the environment across the entire value chain. Novamedia Sverige’s prioritized areas include:

- **Strong civil society:** To enable the Swedish Postcode Association to generate donations from the lottery for charities, so that these charities can carry out their important work.
- **Responsible gaming:** To actively promote responsible gaming with a focus on prevention and responsible campaigning in order to reduce the adverse consequences of gaming.
- **Business ethics:** To operate the business in a responsible and ethical way in close dialogue with stakeholders.
- **Sustainable supply chain:** To work with responsible suppliers with sustainable value chains to ensure that purchases are made at the "right price" with social and environmental costs factored in.
- **Climate and environment:** To operate the business with the aim of minimising the negative impact in the short term and in the long term having a positive impact on the climate and the environment.
- **Attractive employer:** To engage in good employment practices and offer a good and non-discriminatory working environment that is characterised by equality and diversity.

## Novamedia Sverige’s objectives

- |                                 |   |
|---------------------------------|---|
| <b>Strong civil society</b>     | <ul style="list-style-type: none"> <li>• We communicate and are transparent in regards to how and on what basis the charitable donations are distributed.</li> </ul>  |
| <b>Responsible gaming</b>       | <ul style="list-style-type: none"> <li>• We create a safe gaming environment for lottery players to counter any adverse consequences of gaming.</li> <li>• We aim for zero upheld complaints regarding commercial communications.</li> <li>• We transparently disclose any upheld complaints.</li> </ul>  |
| <b>Business ethics</b>          | <ul style="list-style-type: none"> <li>• We have zero tolerance for bribery, kickbacks and corruption.</li> <li>• We tolerate zero errors in draws and payment of prizes.</li> <li>• We minimise risks to customer privacy by implementing technological innovations.</li> <li>• We train staff in relevant laws and regulations.</li> <li>• We communicate openly in case of incidents.</li> </ul> |
| <b>Sustainable supply chain</b> | <ul style="list-style-type: none"> <li>• We strive to purchase non-cash prizes from suppliers that run sustainable, socially responsible operations.</li> <li>• We strive to work with local suppliers.</li> <li>• We request our significant suppliers to commit to our code of conduct.</li> </ul>  |
| <b>Climate and environment</b>  | <ul style="list-style-type: none"> <li>• We strive to reduce our CO2 emissions.</li> <li>• We purchase green electricity produced locally.</li> <li>• We strive to generate our own renewable energy.</li> </ul>  |
| <b>Attractive employer</b>      | <ul style="list-style-type: none"> <li>• We aim for an equal gender balance at the top.</li> <li>• We aim for a diverse workforce throughout the company.</li> <li>• We advocate equal treatment regardless of age, ethnicity, gender, sexual orientation or disability.</li> <li>• We consult our employees on how they perceive the company as an employer.</li> </ul>                            |

### Sustainability governance

The sustainability agenda Good Operations is set centrally by Novamedia B.V. in co-operation with the national entities. There is an international Good Operations team with representatives from each country, which functions as a working group. The Good Operations agenda is then applied within the framework for each country's operations, allowing for local adaptation to meet respective country's circumstances.

Since 2015, Novamedia Sverige has been run by two Managing Directors – Cecilia Bergendahl and Anders Årbrandt. Cecilia Bergendahl also holds the position as the lottery director at the Swedish Postcode Association. The lottery director is responsible for ensuring that the lottery operations are carried out in accordance with applicable permits, conditions and provisions. To provide support for the implementation of the Swedish Postcode Lottery's lottery-specific processes, Novamedia Sverige has an administrative support unit known as the lottery office.

It is the management of Novamedia Sverige that is ultimately responsible for governing Novamedia Sverige's sustainability work. The company's CSR department has the operational responsibility for adapting the group's sustainability agenda to the Swedish context and to ensure that the agenda is integrated into the company's day-to-day operations.

Novamedia Sverige's sustainability work is also governed by the company's sustainability policy.

### Strong civil society – part of Novamedia Sverige's vision, sustainability agenda and mandate

Since Novamedia Sverige's vision of a strong civil society is central to its operations, it is naturally also a prioritised sustainability area. It is through the mandate from the Swedish Postcode Association, which holds the permits to run the lottery, that Novamedia Sverige realises its vision. Therefore, the majority of policy documents that originate from the Swedish Postcode Association also guide and control the work of Novamedia Sverige. The table on page 15 provides an overview of the governance for Novamedia Sverige's sustainability work.

Governance	Monitoring	Responsibility
<p><b>Strong civil society</b></p> <ul style="list-style-type: none"> <li>The Lottery Act</li> <li>Guidelines of the Swedish Fundraising Council (FRII) on impact reports</li> <li>Business process – Monitoring of the association's beneficiaries</li> <li>Business process – Admission of the association's beneficiaries</li> <li>Business process – Special projects</li> <li>Voluntary work policy</li> </ul> <p>The Swedish Postcode Association's governance documents:</p> <ul style="list-style-type: none"> <li>Lottery permits</li> <li>Distribution policy and distribution model</li> </ul>	<ul style="list-style-type: none"> <li>Annual evaluation of beneficiaries and special projects</li> <li>Beneficiary forum (twice a year)</li> <li>Regular contact and dialogue with beneficiaries</li> <li>Regular contact with the Swedish Gambling Authority</li> </ul>	<p>The lottery director has the overarching responsibility for governance and reports to the Swedish Gambling Authority. The Charity department has operational responsibility for monitoring beneficiaries.</p> <p>The board of the Swedish Postcode Association has the ultimate responsibility for taking decisions concerning the which beneficiaries and special projects should be supported. The Swedish Postcode Association's board decides how the charitable donations generated by the Postcode Lottery should be distributed between the beneficiaries.</p>
<p><b>Responsible gaming</b></p> <ul style="list-style-type: none"> <li>The Lottery Act and the Swedish Gambling Authority's regulations for the protection of social interests</li> <li>The guidelines of SPER</li> <li>The Swedish Marketing Act</li> <li>The International Chamber of Commerce rules on advertising and marketing communications</li> <li>The Swedish Direct Marketing Association's business and ethics guidelines</li> <li>Kontakta's ethical rules for sales and marketing by telephone to consumers</li> </ul>	<ul style="list-style-type: none"> <li>Annual situational analysis based on legal requirements and SPER's guidelines</li> <li>Annual GamGard risk analysis on the product portfolio</li> <li>Regular quality checks of customer service</li> <li>Responsible gaming education</li> </ul>	<p>The CSR department has the overarching responsibility for the governance and monitoring of responsible gaming. Operational responsibility is an integral part of day-to-day activities, as well as being the responsibility of the manager in charge.</p>
<p><b>Business ethics</b></p> <ul style="list-style-type: none"> <li>The Lottery Act and other legislation</li> <li>Policy for Risk Management</li> <li>Authorisation policy</li> <li>Guidelines governing the acceptance of gifts to reduce the risk of bribes</li> </ul>	<ul style="list-style-type: none"> <li>External audit of financial accounts</li> <li>External assurance report describing the entire lottery process for players</li> </ul>	<p>The Risk Management &amp; Legal department and the CSR department supports the company's employees and external stakeholders and helps them to take responsible, ethical and well-founded decisions. Operational responsibility is an integral part of day-to-day activities, as well as being the responsibility of the manager in charge.</p>
<p><b>Sustainable supply chain</b></p> <ul style="list-style-type: none"> <li>Contract policy</li> <li>Code of conduct for suppliers</li> <li>Risk analysis</li> </ul>	<ul style="list-style-type: none"> <li>Contract review</li> <li>Regular reconciliations in the contract database to ensure that code of conduct targets are being achieved</li> <li>Annual self-assessment by selected suppliers based on the risk analysis</li> <li>Review of external audit reports from production sites of selected products</li> </ul>	<p>The CSR department has the coordinating responsibility for minimising any adverse effects that the supply chain may cause. The department also fulfils a supporting role for staff making purchase decisions, and is responsible for monitoring suppliers. Those with responsibility for purchasing have operational responsibility to ensure the company works with suppliers who meet its sustainability requirements.</p>
<p><b>Climate and environment</b></p> <ul style="list-style-type: none"> <li>Contract policy</li> <li>Code of conduct for suppliers</li> <li>Travel policy</li> </ul>	<ul style="list-style-type: none"> <li>Contract review</li> <li>Emissions calculations according to the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard</li> <li>Investments in emissions-reducing projects certified by Gold Standard</li> </ul>	<p>The CSR department has the overarching responsibility for emissions calculations and offsetting, and supports those responsible for purchasing in reducing the climate impact. Those with responsibility for purchasing have operational responsibility for taking well-informed purchasing decisions from an environmental perspective.</p>
<p><b>Attractive employer</b></p> <ul style="list-style-type: none"> <li>Equality and diversity plan</li> <li>Work environment policy and work environment plan</li> <li>Guidelines concerning harassment and abusive behaviour</li> <li>Recruitment policy</li> <li>Wages policy</li> </ul>	<ul style="list-style-type: none"> <li>Employee survey – Great Place to Work</li> <li>Annual salary survey</li> <li>Regular manager/employee dialogue</li> </ul>	<p>The Human Resources department has the overarching responsibility for the governance and monitoring of workplace issues and management relating to equality and diversity. The CSR department plays a supporting role and a coordinating function. Operational responsibility is integrated into the day-to-day activities and all managers have responsibility for ensuring compliance with policies and guidelines.</p>

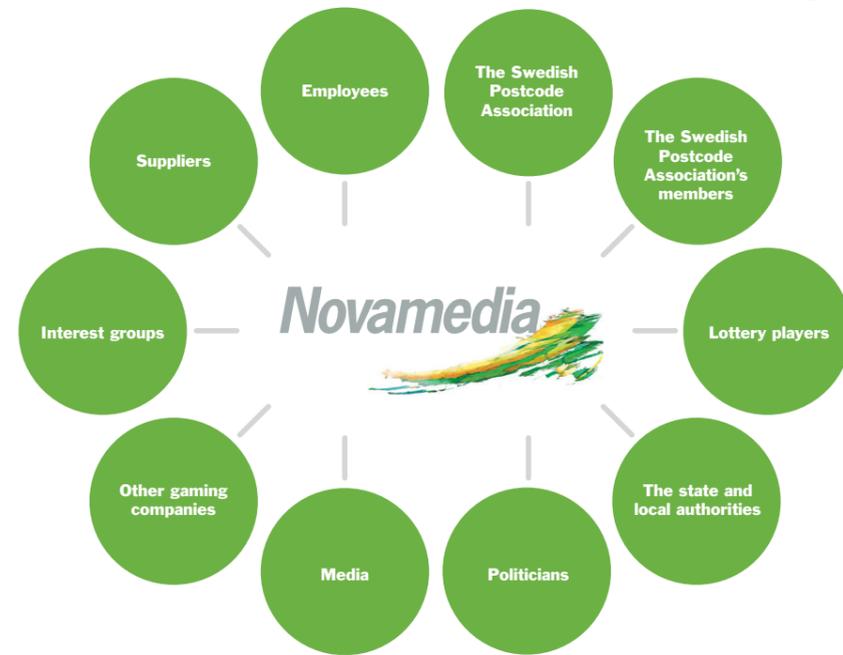
# 4 Stakeholder engagement

**The stakeholder perspective is a starting point for Novamedia Sverige's Good Operations. A transparent dialogue with stakeholders is integral for the development of the operations as well as for defining the company's responsibility.**

Novamedia Sverige's stakeholders include all actors and individuals that in one way or another are affected by or have an effect on the company's operations. For instance, the operator mandate includes responsibility towards the lottery players, i.e. the Swedish Postcode Association's customers. This stakeholder group is of vital importance as the lottery players are key actors in enabling the donations from the lottery to be generated for the association's members. It

is Novamedia Sverige that, on behalf of the Swedish Postcode Association, is responsible for all customer communication and for ensuring that the prize draws are carried out correctly. The Swedish Postcode Association's members are equally important, as they are affected by how effectively Novamedia Sverige carries out its operator mandate from the association. The diagram below illustrates all interest groups of relevance to Novamedia Sverige.

A close and transparent dialogue is important for increasing transparency within the company and raising awareness about the company among relevant groups. Page 17 contains a table of key issues and the results of the dialogues conducted with identified stakeholders during 2017.



Key questions	Examples of dialogues & activities	Results
<b>The Swedish Postcode Association</b> <ul style="list-style-type: none"> <li>• Selection process of new members</li> <li>• Evaluation of fulfilment of membership criteria</li> <li>• The distribution model and distribution of funds</li> </ul>	<ul style="list-style-type: none"> <li>• Revision of the beneficiary application process</li> <li>• Distribution of funds to the beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>• New beneficiary application process</li> <li>• Two new members – Mind and Raoul Wallenberg Academy</li> <li>• Two approved reviews to ensure adequate membership of two existing beneficiaries</li> <li>• Approval by the Swedish Gambling Authority of the distribution of funds to the beneficiaries</li> </ul>
<b>The Swedish Postcode Association's members</b> <ul style="list-style-type: none"> <li>• Gambling license inquiry</li> <li>• Evaluation of eligibility</li> <li>• The frame work of Agenda 2030/the Sustainable Development Goals (SDGs)</li> <li>• Challenges and needs in the world</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings with a working group with representatives from selected beneficiaries concerning the gambling inquiry</li> <li>• Regular follow-up and monitoring meetings with existing beneficiaries</li> <li>• Beneficiary forums and participation in beneficiaries' events as part of needs assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Better understanding among beneficiaries of the gambling license inquiry's potential impact on funding and grants</li> <li>• Announcement of two special projects funds</li> </ul>
<b>Lottery players (The Swedish Postcode Association's customers)</b> <ul style="list-style-type: none"> <li>• Customer satisfaction and attitudes towards the Swedish Postcode Lottery</li> <li>• Customers' perception of the chances of winning</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction and experience surveys</li> <li>• Qualitative interviews</li> <li>• Easily accessible customer support</li> </ul>	<ul style="list-style-type: none"> <li>• Launch of a new customer centric strategy</li> </ul>
<b>Employees</b> <ul style="list-style-type: none"> <li>• Employee perception of the company as an employer</li> </ul>	<ul style="list-style-type: none"> <li>• Great Place to Work survey</li> </ul>	<ul style="list-style-type: none"> <li>• The result of the GPTW survey was a Trust index of 73%</li> </ul>
<b>Suppliers</b> <ul style="list-style-type: none"> <li>• Quality and sustainability requirements for purchasing</li> </ul>	<ul style="list-style-type: none"> <li>• Regular contact between suppliers and staff responsible for purchasing</li> <li>• Self-assessment of a number of selected suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• A small scale-up of the new process of monitoring suppliers that was launched in 2016</li> </ul>
<b>Public authorities and politicians</b> <ul style="list-style-type: none"> <li>• Gambling licence inquiry</li> <li>• Monthly supplementary applications to the Swedish Gambling Authority for the Swedish Postcode Association's lottery permits</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in the gambling licence inquiry's reference group</li> <li>• Regular dialogue with the Swedish Gambling Authority and the Public Health Agency</li> <li>• Production of the podcast #speleffekten that focuses on the gaming market and the gambling inquiry</li> </ul>	<ul style="list-style-type: none"> <li>• The result of the gambling inquiry. Novamedia Sverige has pursued the following issues: i) continued tax exemption for non-profit organisations, ii) technology-neutral law, iii) strong consumer protection</li> </ul>
<b>Interest groups and other gaming companies</b> <ul style="list-style-type: none"> <li>• Gambling licence inquiry</li> <li>• Responsible gaming</li> <li>• Ethical and responsible marketing</li> </ul>	<ul style="list-style-type: none"> <li>• Regular dialogue and meetings with other gaming companies with permission to operate on the Swedish gaming market and organisations supporting gaming addicts, through the membership of the Swedish Gambling Association (SPER) and the Independent Gambling Collaboration (OSS)</li> </ul>	<ul style="list-style-type: none"> <li>• Joint position on the gambling licence inquiry</li> </ul>
<b>Media</b> <ul style="list-style-type: none"> <li>• Product and company matters</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous dialogue with media to enhance engagement and brand recognition</li> </ul>	<ul style="list-style-type: none"> <li>• Regular flow of articles concerning Novamedia Sverige and the Swedish Postcode Lottery</li> </ul>

# 5 Materiality analysis

**In order to create value in a changing world, Novamedia Sverige has opted to take a proactive approach where the sustainability agenda is continuously developed in collaboration with its stakeholders.**

In 2015, the Novamedia group carried out an extensive materiality analysis, which shone a spotlight on the expectations of the group's stakeholders. The purpose of the analysis was to identify the group's most material sustainability areas based on the actual impact of its activities on society, and the relevance for the group's stakeholders. The analysis involved interest groups from all countries where the Novamedia group operates, including Sweden. The group result of the analysis provided the basis for the Good Operations agenda. The result from the dialogue with Novamedia Sverige's stakeholders is presented on page 19 and forms the basis for determining the content of this as well as last year's sustainability report.

The materiality analysis was conducted in a three-stage process as follows:

### Step 1: Identification of material aspects

Novamedia defined material aspects as the areas where Novamedia has or may have an impact – internally, in the value chain or in society. To gain an overview of all material areas linked to Novamedia's operations, a summary was drawn up based on input from GRI's guidelines, stakeholder dialogues, trendspotting and media monitoring. This resulted in a list of thirty areas linked to Novamedia's operations that were identified as having a potential material impact.

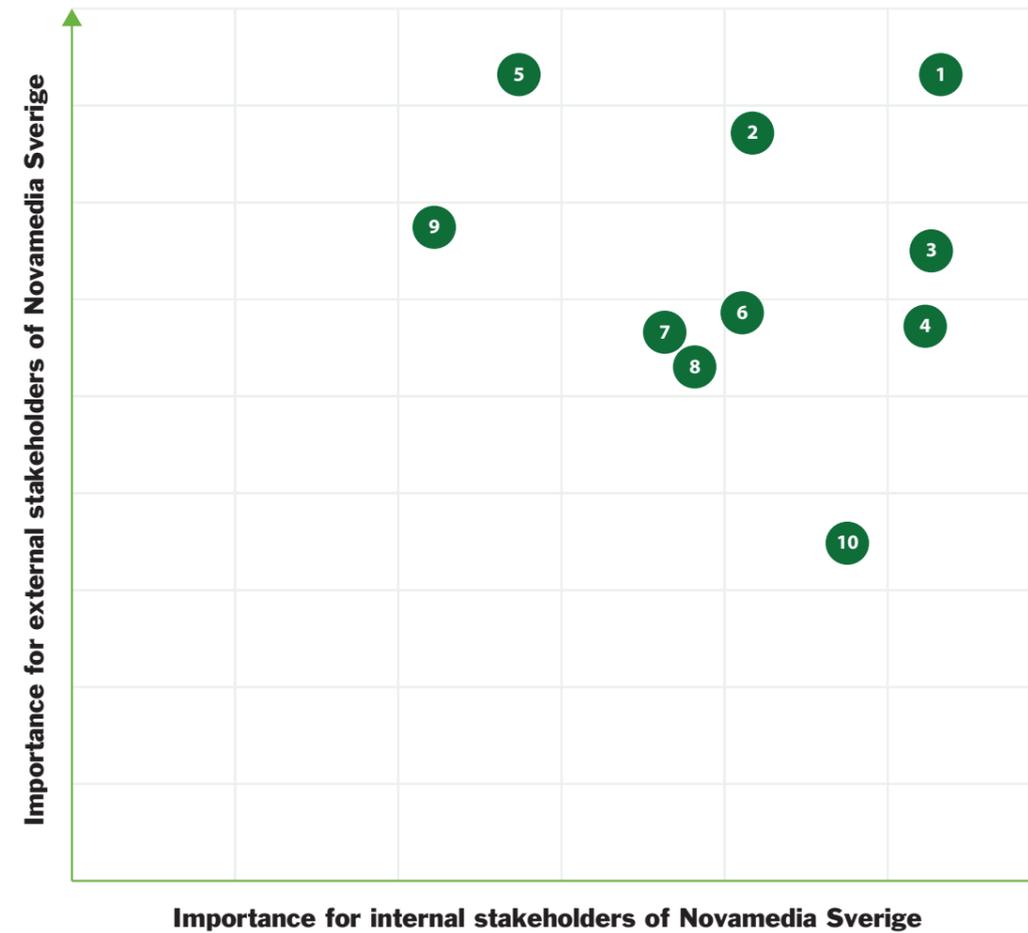
### Step 2: Prioritisation of material aspects

The Novamedia group used two parameters to pick out priorities from the material aspects identified in step 1: 1) the significance for Novamedia's internal stakeholders, i.e. employees, and 2) the significance for Novamedia's external stakeholders. A comprehensive survey asking Novamedia's stakeholders to prioritise and rank identified areas then provided the basis for the subsequent prioritisation by Novamedia.

### Step 3: Implementation

The ten aspects ranked highest by Novamedia Sverige's stakeholders are the ones that are included in this sustainability report. In section 6, the work carried out within these aspects is presented.

Material sustainability aspects



- 1 Community engagement
- 2 Beneficiaries' work made possible by charitable donations
- 3 Diversity and equality
- 4 Emissions and environmental management
- 5 Regulatory compliance
- 6 Responsible gaming
- 7 Responsible and ethical marketing
- 8 Transparency when distributing charitable donations
- 9 Competitive practices
- 10 Supplier monitoring

# 6 Good Operations in 2017

In 2017, the sustainability work continued to be characterised by a combination of the company’s vision, core values and the requirements and expectations of the company’s stakeholders.

Novamedia Sverige works on a number of different aspects within its six sustainability areas – strong civil society, responsible gaming, business

ethics, sustainable supply chain, climate and environment, and attractive employer. This report includes those aspects identified as most material by the company’s stakeholders, according to the materiality analysis carried out in 2015. The table below provides an overview of the most material aspects, followed by a more detailed description of each aspect framed within the company’s six sustainability areas.

Sustainability areas	Material sustainability aspects
<b>STRONG CIVIL SOCIETY</b>	<p><b>1 Community engagement</b> Implementing activities that improve living conditions in the communities where the company operates.</p> <p><b>2 Beneficiaries’ work made possible by charitable donations</b> The enabling effect of the charitable donations from the work of the members of the Swedish Postcode Association.</p> <p><b>8 Transparency when distributing charitable donations</b> Transparency as regards to how and on what basis the charitable donations are distributed between the members of the Swedish Postcode Association.</p>
<b>RESPONSIBLE GAMING</b>	<p><b>6 Responsible gaming</b> Measures that allow lottery players to play responsibly.</p> <p><b>7 Responsible and ethical marketing</b> Production of marketing that is fact-based and moderate, in order to minimise misunderstanding.</p>
<b>BUSINESS ETHICS</b>	<p><b>5 Regulatory compliance</b> Compliance with laws and regulations that the company is bound to follow and compliance with guidelines adopted voluntarily.</p> <p><b>9 Competitive practices</b> Affirmation of the company’s competitiveness without acting in an anti-competitive manner.</p>
<b>SUSTAINABLE SUPPLY CHAIN</b>	<p><b>10 Supplier monitoring</b> Monitoring of suppliers’ compliance with the company’s code of conduct.</p>
<b>CLIMATE AND ENVIRONMENT</b>	<p><b>4 Emissions and environmental management</b> The volume of emissions (measured in carbon dioxide equivalents) that the operations directly and indirectly generate. Environmental management refers to how the company directs, leads and develops its environmental work.</p>
<b>ATTRACTIVE EMPLOYER</b>	<p><b>3 Diversity and equality</b> Proactive work to counter discrimination and promote equal rights and opportunities regardless of gender, transgender identity or expression, ethnic group, religion or other beliefs, disability, sexual orientation or age.</p>

## STRONG CIVIL SOCIETY

### Community engagement | Beneficiaries’ work made possible by charitable donations | Transparency when distributing charitable donations

Through its operator mandate, Novamedia Sverige makes it possible for the Swedish Postcode Association to generate and distribute the funds from the lottery to its members. As part of the mandate, Novamedia Sverige engages in active monitoring and evaluation of all the beneficiaries to ensure that the donations are used for the public good. This work serves the purpose of maximizing the positive impact of the donations as well as to ensure continued trust from the association and thereby a continued operating mandate.

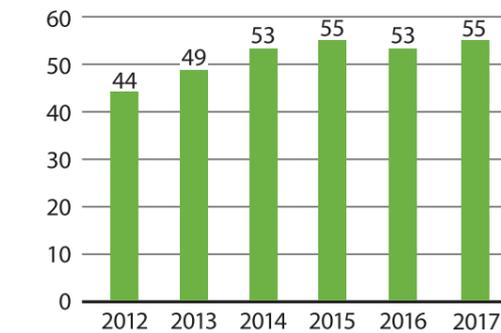
### Members of the Swedish Postcode Association

At the end of 2017, the Swedish Postcode Association had 57 members. Of the association’s 57 members, 54 are non-profit organisations with fundraising operations in Sweden that are active both in Sweden and internationally within areas such as the rights of the child, environment and climate, health and research, vulnerable people, cooperation across borders and education. In addition, Novamedia Sverige has established three foundations which, up until the distribution of the 2016 funds, were beneficiaries of the Swedish Postcode Lottery: Svenska Postkodstiftelsen (the Swedish Postcode Foundation), Postkodlotteriets Kulturstiftelse (the Swedish Postcode Lottery’s Cultural Foundation) and Postkodlotteriets Idrottsstiftelse (the Swedish Postcode Lottery’s Sports Foundation). Starting from

2017, the funds that were previously distributed between the three foundations are concentrated to the Swedish Postcode Foundation (the 2016 funds were distributed in March 2017). Therefore out of the 57 members, 55 organisations are currently beneficiaries.

During 2017, no members ended its membership and two new members were elected to the association – Mind and Raoul Wallenberg Academy. Mind is an organisation that aims to promote a society where everyone with a mental health issue gets the respect and support they need. The Raoul Wallenberg Academy is acting in the spirit of Raoul Wallenberg, by supporting young people to find the courage to make a difference.

The Swedish Postcode Association  
Number of beneficiaries 2012 - 2017



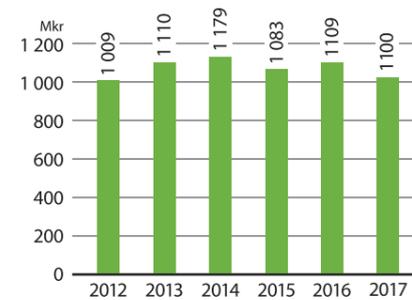
### Charitable donations

Overall since 2005 the lottery operations have generated SEK 9.4 billion in charitable donations, which has subsequently been distributed by the Swedish Postcode Association to its members. In 2017, the charitable donations amounted to SEK 1.1 billion. The donations are

distributed as follows: Un-earmarked donations around 65%, project support via the Swedish Postcode Foundation max. 25%, and special projects around 10%. The distribution of the 2017 donations is shown in the diagram below and is described in more detail on the following pages.

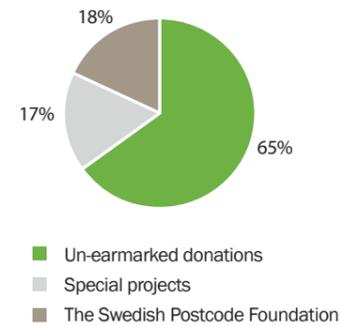
The Swedish Postcode Association

Total donations 2012–2017



The Swedish Postcode Association

Distribution of total donations 2017



### Un-earmarked donations

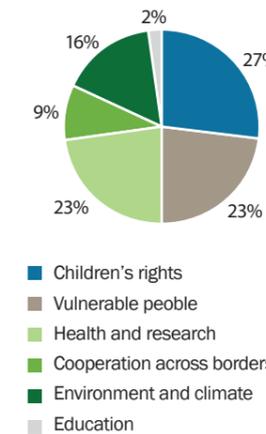
In order for the non-profit sector to make an impact, it is essential that the organisations themselves are allowed to decide where the funds are most needed. The majority of the support to the Swedish Postcode Association's beneficiaries is therefore un-earmarked, which means that the organisations themselves decide what activities the money is used for. Un-earmarked

funds of the level generated by the Swedish Postcode Lottery are unusual in the non-profit sector.

In 2017, the un-earmarked donations amounted to around SEK 719 million, which corresponds to 65% of the total donations. The diagram below shows how the un-earmarked donations are distributed within the Swedish Postcode Association's focus areas.

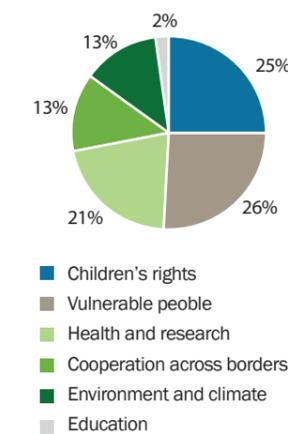
The Swedish Postcode Association

Distributions of un-earmarked donations 2006–2017



The Swedish Postcode Association

Distributions of un-earmarked donations 2017



All of the charitable donations are distributed to organisations within the Swedish Postcode Association's focus areas. This also applies to the special projects and the projects that receive support via the Swedish Postcode Foundation.

### Project support via foundations

With the charitable donations generated in 2017, the Swedish Postcode Foundation will provide support to projects working in the areas of nature, the environment, culture, sport and people's living conditions. The task of the foundation is to channel support to organisations and projects that are active both in Sweden and abroad. The Swedish Gambling Authority reviews and approves each of these projects. The Cultural Foundation and the Sports Foundation will continue to be members of the Swedish Postcode Association and will remain active until their existing funds have been distributed and final reporting to the Swedish Gambling Authority for all the projects has taken place.

### Special projects

In addition to the un-earmarked funds passed on to the Swedish Postcode Lottery's beneficiaries, the beneficiaries can obtain financial support for specific projects from a number of special project funds. The aim of the special project funds is to inspire the beneficiaries to develop and contribute new knowledge on relevant issues. Two calls for proposals of a total amount of SEK 160 million were announced via special project funds in 2017. The first fund focuses on the following Sustainable Development Goals – 10 (reduced inequalities), 13 (climate action) and 14 (life below water). The other fund focuses on the following Sustainable Development Goals – 5 (gender equality), 12 (responsible consumption and production) and 15 (life on land).

### Local community engagement

The beneficiaries run projects both in Sweden and internationally. The Swedish Postcode Foundation also supports projects that benefit both the local and global community. In 2017, 47% of the funds granted by the foundation was granted to projects that benefit the local, i.e. the Swedish community. As part of increasing the employees' community engagement, Novamedia Sverige decided in 2015 that all employees should have opportunity to carry out voluntary work during working hours for two working days per year. In 2017, 15% of all employees took advantage of this benefit and engaged in volunteer work.



### Transparency

Openness and transparency are key issues for Novamedia Sverige. Transparency is of particular importance in regards to the charitable donations generated by the lottery and how it is distributed by the Swedish Postcode Association. The distribution of the donations is reported in the Swedish Postcode Association's annual report and at [postkodlotteriet.se](http://postkodlotteriet.se).

In 2015, a new distribution model was introduced, since the Swedish Gambling Authority was of the opinion that the earlier model was not sufficiently transparent and predictable. The new model is based on each beneficiary's own ability to finance its operations. The purpose of the new model is to reduce subjectivity and increase predictability in the distribution process, allowing the beneficiaries greater opportunity for forward planning of their activities. However, the final distribution depends on the amount of funds generated by the lottery as well as the total number of beneficiaries. The model was applied for the first time in 2016 for the 2015 donations. The Swedish Gambling Authority carried out a follow-up of the distribution model in 2016 and concluded that it is now both predictable and more transparent.

### Monitoring and evaluation of beneficiaries

As part of the operator mandate, Novamedia Sverige conducts monitoring of the beneficiaries to ensure compliance with all applicable laws and regulations as well as the statutes of the Swedish Postcode Association, and hence, are eligible to be granted funds. There is a formal

process in place to allow for annual monitoring and evaluation. The monitoring is based on, among other things, the effect reporting developed and used by the Swedish Fundraising Council (Frivilligorganisationernas Insamlingsråd or FRIL). In addition, there is an ongoing close dialogue with the beneficiaries, with the aim to maximise the positive impact of the charitable donations. The monitoring and evaluation is managed by Novamedia Sverige.

In order for an organisation to be considered as a potential beneficiary, it must meet a number of criteria. These criteria include, but are not limited to, that the organisation must be a non-profit organisation or foundation, have fundraising activities in Sweden and contribute to the public good. An organisation will be examined by a number of bodies before possibly being approved. The decision of new memberships is taken by the board of the Swedish Postcode Association. The organisation must also be approved as a beneficiary by the Swedish Gambling Authority.

## RESPONSIBLE GAMING

### Responsible gaming | Responsible and ethical marketing

The lottery and games that Novamedia Sverige develops and operates must be entertaining and fun, as well as offering chances of winnings. However, gaming is associated with a risk. About two percent of the adult population in Sweden suffer from gambling problems. Novamedia Sverige takes its role as a gaming operator seriously. Therefore, it carries on active work in the area of responsible gaming, focusing on preventive efforts, in order to minimise the negative consequences of gaming.

The initiatives related to responsible gaming is based primarily on the ambition that no individual shall be adversely affected. However, the legislation also makes requirements concerning work on responsible gaming. Working actively and seriously with responsible gaming is therefore also a compliance issue, i.e. a prerequisite for the association's lottery permits and subsequently Novamedia Sverige's operating mandate.

### Membership of SPER

Novamedia Sverige has been a member of SPER since 2014. In December 2016, the board of SPER decided that the organization should be reshaped from the Ethics Council of the Swedish Gambling Industry into a trade organisation for the gambling industry. The reformation was completed in April of 2017, and the organisation became the Swedish Gambling Association or SPER (Spelbranschens Riksorganisation). The members of SPER currently consist of operators

in the regulated Swedish gambling market.

SPER works for a responsible gambling industry with a high level of consumer protection. Novamedia Sverige's Managing Director Anders Årbrandt was a board member of the Ethics Council of the Swedish Gaming Industry and was elected deputy chairman of the Swedish Gambling Association in conjunction with its reformation.

As a member, Novamedia Sverige undertakes to abide by the organisation's guidelines on marketing and sales of games, and to make responsible gaming an integral part of its daily operations. The membership also provides an opportunity for Novamedia Sverige to regularly evaluate its responsible gaming efforts, as this is one of the requirements of a membership.

### Participation in the Independent Gaming Collaboration

Since 2015, Novamedia Sverige has been part of the Independent Gaming Collaboration (Oberende Spelsamverkan or OSS), a voluntary independent collaboration between operators in the regulated Swedish gaming market, relevant authorities such as the Public Health Agency of Sweden (Folkhälsomyndigheten) and the Swedish Gambling Authority, as well as voluntary organisations that provide support to gaming-addicted people and their relatives.

The shared ambition of the stakeholders in OSS is the aim that gaming for money and lotteries should be developed in a healthy and responsible way, with a focus on responsible gaming and social protection aspects. The participants in OSS all carry out preventive work on gaming-related

problems in order to reduce the risks of gaming problems arising, and communicate the fact that gaming problems are a public health issue. OSS provides a good platform for dialogue and for sharing knowledge with other organisations that, along with Novamedia Sverige, are working to ensure a high level of consumer protection.

### Responsible and ethical marketing

Responsible gaming efforts are central to the company's operations. One particularly important area is marketing. Novamedia Sverige strives to only produce marketing that is responsible and ethical, with the starting point that all legal requirements as well as SPER's guidelines on marketing must be complied with. Training of both personnel and partners involved in marketing and sales is one example of how the company works to ensure that all the rules and ethical guidelines are followed. Novamedia Sverige safeguards lottery players' privacy and does not contact people who have opted out of communication via Nix, a national barring system, or have registered with the company's own barring system.

Novamedia Sverige encourages examination of its marketing. There are a number of bodies, including the Patent and Market Court (Patent- och Marknadsdomstolen), the Swedish Consumer Agency (Konsumentverket) and the National Board for Consumer Disputes (Allmänna Reklamationsnämnden) to which lottery players or the public can turn to report the lottery's marketing. In fact, during the year the company decided to report two of its own marketing activities to SEEM, in an effort to create clarity in the interpretation of SPER's guidelines. This is one way

for the company to continue to push the agenda of high consumer protection forward. In 2017, there were two incidents of non-compliance with voluntary codes concerning marketing communications, compared to zero in 2016.

### Responsible gaming measures

A large part of Novamedia Sverige's responsible gaming efforts are preventive efforts aimed at players. Responsible gaming measures include:

- A strict minimum age of 18 years.
- Maximum stakes of SEK 3,400 per month (20 subscription tickets).
- A limit of SEK 10,000 per gaming account/month on funds placed in accounts for online gaming. Players are only allowed to have one gaming account.
- The website postkodlotteriet.se offers tools for restricting deposits, losses and gaming time per month.
- Free and anonymous self-testing at postkodlotteriet.se, that provides an opportunity to gain knowledge about one's own gaming habits.
- Information about the helpline – Stödlinjen – can be found on the website and in marketing communications. The helpline is a national support facility financed by the Public Health Agency of Sweden with the task of providing advice and support to individuals with gaming problems and their relatives.

In 2015, Novamedia Sverige developed a digital training concept, as part of the ambition to educate the staff and relevant partners that have contact with lottery players on gaming problems and responsible gaming. The aim is for all employees to have completed the training as

soon as they are employed and thereafter once every second year.

At the end of 2017, 98% of employees had completed the training, (including those that started their employment at the very end of 2017), up from 84% in 2016.

Novamedia Sverige develops new bingo products and scratch cards every year. During the product development process the tool Gamgard is used to identify the risk components in the game. This tool, which is used by many other operators in the gaming industry both in Sweden and internationally, makes it possible to identify how risky a game is. This is an important part of Novamedia Sverige's responsible gaming efforts, since the company aim is to not offer any high-risk games.

Although Novamedia Sverige has taken a number of responsible gaming measures in recent years, the work continues. The gambling regulation that is expected to enter into force 1 January 2019 will raise the bar in the responsible gaming area. Novamedia Sverige will take additional measures in the forthcoming year to be fully compliant.

## BUSINESS ETHICS

### Regulatory compliance | Competitive practices

Compliance with laws and regulations is a prerequisite for any business that wants to be sustainable in the long run. Running a business in a responsible and ethical way, in close dialogue with stakeholders, is of highest priority to Novamedia Sverige and is essential to deliver on the mandate from the Swedish Postcode Association. If Novamedia Sverige fails to run the operations of the lottery in accordance with regulations and ethical guidelines, there is a risk that the Swedish Postcode Association will get reprehended by The Swedish Gambling Authority. The authority has the power to withdraw a lottery permit if it finds the operator to be non-compliant.

The Swedish gaming market is a strictly regulated market that is under the supervision of the Swedish Gambling Authority. The Swedish Gambling Authority is led by a board appointed by the government and ensures that the Swedish gaming market is lawful, safe and reliable.

In 2014, Novamedia Sverige became a member of SPER. SPER works to increase knowledge concerning ethical issues related to gaming. Novamedia Sverige has also chosen to become a member of the Swedish Direct Marketing Association (SWEDMA) and of Kontakta, memberships that entail that the company has signed up to certain ethical rules relating to marketing and sales. New marketing and sales campaigns are examined by Novamedia Sverige's corporate lawyers to ensure that they comply with laws

and ethical guidelines and principles.

To ensure regulatory compliance, the company has a number of policies and systems in place to minimise the risk of infringements. Starting from the General Terms and Conditions of the Swedish Postcode Lottery and the company's policy on data security, among others, a large number of checkpoints are examined both internally and by external parties. The checks are in place to ensure the lottery player's route through the lottery and to guarantee correct processing, from customer registration to payout of lottery prizes. The checks are also designed to ensure correct authorisation and access to data and premises. As an operator company, Novamedia Sverige works actively to report and follow up incidents, in order to discover shortcomings and improve the company's processes. Novamedia Sverige's policy on risk management involves increased focus on the work of following up and improving processes, and systematically building in relevant checkpoints relating to regulatory compliance.

Novamedia Sverige has an anti-corruption policy that describes the company's guidelines in regards to accepting gifts from external parties. Additionally, the company has an authorization schedule in place to minimize the risk of corruption by ensuring that the signing of contracts and approval of invoices involve several check points at different levels in the organisation.

Issues concerning competition and any anti-competitive practices are important to Novamedia Sverige. These issues are dealt with on an ongoing basis as they arise, e.g. in

conjunction with the drawing up of contracts. The company has been subject to an investigation by the Swedish Competition Authority regarding potential misuse of a dominant position. In November 2017, the Swedish Competition Authority decided to close the case.

In 2017, as in the previous year, the company met its objective of zero tolerance; in other words, no legal actions or sanctions were brought against Novamedia Sverige during the year in respect to the failure of complying with laws and regulations or in regards to anti-competitive practices.

## SUSTAINABLE SUPPLY CHAIN

### Supplier monitoring

Novamedia Sverige wants to contribute to a positive development of society. This requires the company to take responsibility for its supply chain. One of Novamedia's prioritized sustainability areas is to collaborate with responsible suppliers in order to ensure that the company's operations respect the people and the planet throughout its supply chain.

### Supply chain

Novamedia Sverige does not have any production of its own, but effects people and the planet through its supplier relations and purchasing practices. Many of the purchases consist of prizes for lottery players and other offerings that are used in the sale of lottery tickets. The majority of Novamedia Sverige's suppliers are based in Sweden. However, the products purchased have often been produced in other countries, including countries that are associated with increased risks in respect to the environment and human rights.

Novamedia Sverige works with a code of conduct for its suppliers in order to minimize the risk that the company's supply chains have a negative impact on people and the planet.

### Code of conduct

By making conscious purchasing decisions, Novamedia Sverige is able to influence the impact of its procurement activities. Novamedia Sverige has a code of conduct for suppliers and partners, that demands that the products and services are produced responsibly. The code of conduct addresses

areas such as working conditions and human rights, health and safety, environmental impact and business ethics. It aims to encourage and challenge the company's suppliers to act responsibly. Suppliers that sign up to the code of conduct are also expected to pass on the requirements to their own partners and subcontractors.

At present, the code of conduct covers those suppliers from which Novamedia Sverige makes annual purchases exceeding SEK 300,000. In 2017, the company made purchases from around 800 suppliers, of which 17% were significant based on this materiality criterion. In 2017, 73% of the significant suppliers signed the code of conduct, the same level as in 2016. The objective is for 100% of significant suppliers to sign the code of conduct. Hence, some work still needs to be done in order to achieve this goal.

### Supplier monitoring

In 2016, Novamedia Sverige changed the process of monitoring its suppliers in regards to compliance with the company's code of conduct. The purpose is to create a more proactive and far-reaching dialogue with its suppliers with the intention of increasing the total effect of the code of conduct. The monitoring process includes a risk analysis and a self-audit as the first steps. The self-audit is then analysed by Novamedia Sverige and forms the basis for any next steps, which may involve a third-party audit if deemed necessary. The new process was tested on a small scale in 2016 and scaled up slightly in 2017. In 2017, nine additional companies were being asked to fill out a self-audit, and thereby entered into the monitoring process that will continue in 2018.

## CLIMATE AND ENVIRONMENT

### Emissions and environmental management

Novamedia Sveriges ambition is to contribute to the well-being of people and the planet. To strive to minimise the negative impact on the environment of the business operations is therefore a priority for Novamedia Sverige, as failing to do so would otherwise risk to harm the planet and thereby counteract the company's overall vision. This could subsequently hurt the company's brand reputation.

### Climate impact

Novamedia Sverige strives to minimise the environmental impact of its operations at the purchasing stage by making conscious purchase decisions. When choosing prizes for the lottery players, consideration is given to both the customer perspective as well as the environmental perspective. The customer perspective is important since satisfied lottery players are essential if the Swedish Postcode Lottery is to be able to generate funds for the non-profit sector. Finding the balance between these perspectives is however not entirely obvious, since they do not always go hand in hand.

To counter the negative environmental impact to which the operations contribute, Novamedia Sverige is working to become climate-neutral

through climate investments, which are described in more detail below.

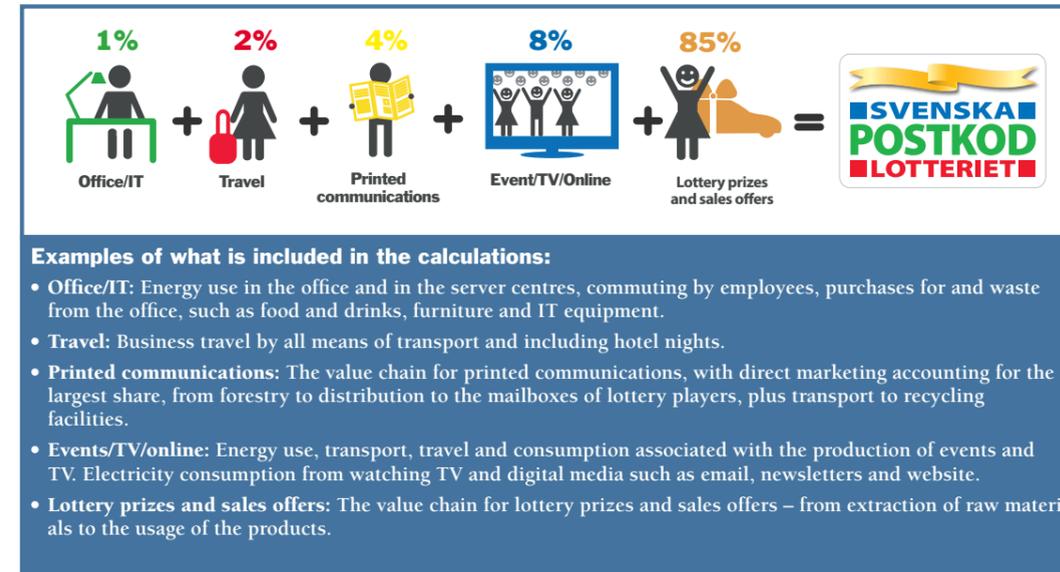
### Climate footprint and climate offset

Since Novamedia Sverige does not have any production of its own, the bulk of the company's climate impact arises outside the organisation. Novamedia Sverige calculates and reports its climate footprint throughout the value chain based on the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The table on page 32 provides an overview of the company's climate footprint.

In 2017, the climate footprint in the value chain was 23,713 tonnes of carbon dioxide equivalents, which represents an increase of 5% from 2016. The primary reason for the increase in the climate footprint is the changes in the prize plan, with more product prizes being offered as a step to increase customer satisfaction. The increased climate footprint of the new prize plan has partly been offset by a reduction in the usage of sales premiums.

The climate footprint can be broken down into five areas, as shown in the bottom chart on the following page. As the chart shows, the company's greatest negative environmental impact (85%) is from purchases of prizes and welcome offers that are won by and provided to lottery players.

**Breakdown of climate footprint in 2017**



Emissions	Unit	2017	2016
Total emissions within Scope 1	tonnes CO2e	0	0
Total emissions within Scope 2	tonnes CO2e	10	11
Total emissions within Scope 3	tonnes CO2e	23 703	22 478
District heating (non-renewable)	kWh	17 234	18 959
District heating (renewable)	kWh	139 437	107 436
Purchased electricity (non-renewable)	kWh	0	0
Purchased electricity (renewable)	kWh	424 707	430 212

Novamedia Sverige's climate calculations are based on the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard and include Scope 1 (direct emissions), Scope 2 (indirect emissions from electricity, heating and cooling) and Scope 3 (other indirect emissions). Scope 3 includes emissions from purchased goods and services, fuel and energy-related activities, equipment, upstream transport and distribution, waste, business travel, commuting, leased assets, use of products sold and end-disposal of products sold. The climate impact is reported in carbon dioxide equivalents (CO2e) and

includes the impact from fossil CO2, N2O, CH4, PFC, HFC and SF6 where relevant. When converting to carbon dioxide equivalents the Swedish Environmental Protection Agency's values for heat potential (GWP100) are used. Sources of emission factors on which the climate calculations are based are extensive and include documentation from KPMG, scientific reports from sources such as KTH and Chalmers, web tools for emissions calculations from, for example, Tri-corona, calculations from the supplier concerned, and other sources.

Novamedia Sverige's objective is to minimise its climate impact in the short term and in the long term to have a positive impact on the environment. As part of this ambition, Novamedia Sverige has since 2011 offset the climate footprint from its operations throughout the value chain. Climate offsetting throughout the value chain means that Novamedia Sverige offsets for the impact of its business all the way from suppliers' production to the lottery players' consumption and in certain cases also recycling, i.e. both direct and indirect impact. More specifically, it means for instance that the company offsets for the emissions that arise in conjunction with the travel won by lottery players through travel gift cards. See the figures on page 32 for more

examples of what is included in the company's climate calculations. Climate offsetting is then carried out by investing in emissions-reducing projects that are certified by Gold Standard.

In 2017, Novamedia Sverige invested in a hydro power project in Vietnam in order to offset the emissions that arose in the operations during the year. Novamedia Sverige is, however, aware that engaging in climate offsetting is not sufficient if it aims to have a positive impact on the environment in the long-run. In the coming years the company will therefore continue to work to take additional responsibility within this sustainability area.

**Clean hydro power project on the Dak Pone river in Vietnam**

Hydropower is a form of energy that is generated by the conversion of free-falling water into electricity. It generates no emissions or waste. By providing the rural Dak Pone region with clean, reliable and sustainable energy, the project has a positive effect on the climate. The project also displaces diesel generators and wood-fired heating and lighting, which leads to better indoor/outdoor air quality and reduces respiratory and eye diseases.

## ATTRACTIVE EMPLOYER

### Diversity and equality

Novamedia Sverige needs engaged and competent employees in order to successfully deliver on the gaming operator mandate from the Swedish Postcode Association. Diversity in the workforce enhances the company's creative and innovative capacity. To provide an equal and non-discriminatory work environment characterized by diversity and equality is therefore a pre-requisite to continue to attract competent talents, a pre-requisite to survive in an increasingly competitive gaming market. Naturally, this is also an important step as failure to ensure equality in the company's own workplace could risk to hurt the company's brand reputation.

### Values and work environment

Novamedia Sverige's values and operations shall be characterised by an equality and diversity perspective. Work on equality and diversity is based on the group's core values: courageous, fun, sharing and sustainable. The company works actively to make sure that everyone feels happy about going to work. A good atmosphere and consideration for each other reduces the risks of harassments and discrimination to arise. The company has a policy, as well as guidelines and procedures, that states what should be done in case of harassments or discrimination. The guidelines include, among other things, how and where the person affected can receive support. During the year two cases of humiliating and degrading treatment was reported. These two cases were handled in accordance with the guidelines. There are also clear guidelines and

procedures on other matters related to the work environment. For instance, the company has a work environment plan as well as a work environment committee that conducts an annual work environment review and carries out ongoing work environment efforts when needed.

Novamedia Sverige conducts an employee survey on a regularly basis, using the Great Place to Work (GPTW) method. The results of the survey create an understanding of how the employees perceive their workplace from different perspectives. The survey is a way for Novamedia Sverige to monitor and evaluate its leadership, culture and work environment efforts. The last survey was carried out in the autumn of 2017 with an overall Trust-index result of 73%, compared to 74% in 2015. The aim is to become one of the best employers in Sweden with a GPTW Trust-index of 90% year 2020. Action plans are now being developed and will be implemented in 2018 to meet our goal.

### Diversity and equality

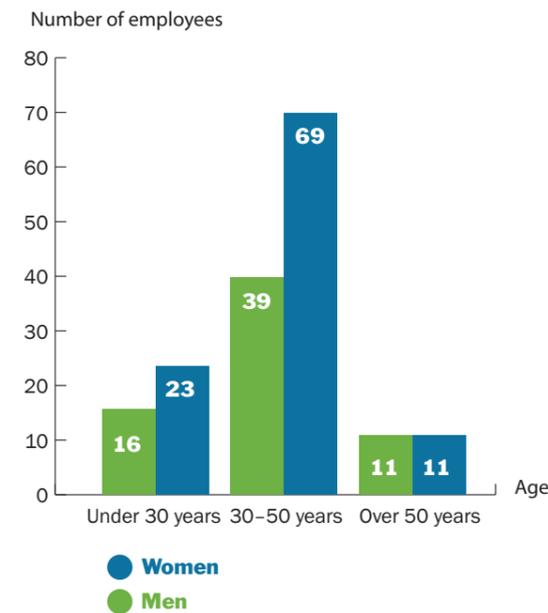
Novamedia Sverige considers it important that women and men are given equal opportunities. The objective is to have gender balance in senior positions within the company, i.e. a gender balance that is representative of other positions in the company. At the end of 2017, Novamedia Sverige had 169 employees, of which 61% were women and 39% men. In senior positions, 58% were women. Of the company's employees, 15% worked part-time; 24% of the women worked part-time and for men the figure was 8%. The age distribution in the company is shown in the chart below. In 2017, the average age was 38 years. Of 169 positions, 167 are covered by

collective agreements. Only the company's two Managing Directors are not covered by collective agreements.

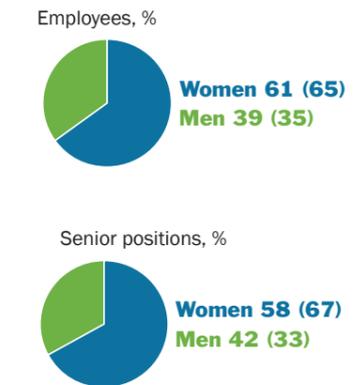
Every year Novamedia Sverige surveys its salaries to ensure that there are no unfair pay differentials. The analysis carried out in 2017 reinforces the picture of an equal company. The survey, which included 89 positions that were evaluated according to the BAS work evaluation system, did not identify any unfair pay differentials between men and women.

For a number of years, diversity work has been a prioritized sustainability area for Novamedia Sverige. As part of increasing the diversity in the company, recruitment guidelines and procedures have been developed in order to ensure that a diversity perspective permeates the entire recruitment process. In 2017, the company began a partnership with Matchedin, in an attempt to support people in Sweden that are far removed from the job market by offering them a meaningful position within the company. The first person was employed at the end of 2017.

### Age distribution



### Gender distribution



Numbers in brackets refer to 2016.

## 7 Reporting principles

### Scope and boundaries of the report

The Novamedia group has produced a consolidated sustainability report since 2010, with the purpose to inform stakeholders of the group's role and impact in society in relation to its overall vision and objectives. In order to make the sustainability reporting more relevant for its stakeholders, a decision was made in 2016 that each entity should produce its own sustainability report. Hence, similar to last year, this year's report only relates to Novamedia Sverige. This report covers the period of 1 January 2017 to 31 December 2017.

The relationship between Novamedia Sverige and the Swedish Postcode Association is very much one of mutual dependence. Novamedia Sverige has granted the Swedish Postcode Association an exclusive licence to use the Postcode Lottery product format and brand on the Swedish gaming market. The Swedish Postcode Association holds lottery-operator permits and Novamedia Sverige is the operating company that handles business development and the operation of the Swedish Postcode Lottery on behalf of the association. A significant part of the impact that the company's activities have on society are caused by the funds that is generated by the Swedish Postcode Lottery and distributed by the Swedish Postcode Association. Guided by discussions with stakeholders and the materiality analysis, Novamedia Sverige has therefore concluded that the sustainability report should include parts of the Swedish Postcode Association's operations, in order to give a fair picture of Novamedia Sverige's operations.

The report follows the Global Reporting Initiative (GRI) guidelines G4 at Core level. The process undertaken in order to identify the material sustainability areas included in the report is described in more detail in section 5.

### Review and audit

Novamedia Sverige's CSR department was responsible for compiling the report. The data collection as well as the review and validation of the quantitative data and the key performance indicators have been conducted by an external party. The report in its entirety has been reviewed and validated internally by relevant key individuals as well as by the company's executive management.

## 8 GRI index

### GENERAL STANDARD DISCLOSURES

#### DMA = Disclosures on Management Approach

Strategy and analysis	Page	Comments
G4-1 Statement by Managing Directors	4–5	
<b>Organisational profile</b>		
G4-3 Name of the organisation	3	
G4-4 Brands, products and services	10	
G4-5 Location of head office	8	
G4-6 Countries where the organisation operates	6	
G4-7 Nature of ownership and legal form	6–9	See also Novamedia Sverige AB's and the Swedish Postcode Association's respective annual reports.
G4-8 Markets served	10	
G4-9 Scale of the organisation	11	See also Novamedia Sverige AB's and the Swedish Postcode Association's respective annual reports.
G4-10 Employee data	34–35	
G4-11 Number of total employees covered by collective bargaining agreements	34–35	
G4-12 The organisation's supply chain	30	
G4-13 Significant changes in the organisation during the reporting period		In 2017, Novamedia group received a lottery licence in Norway. As a result, a subsidiary to the group was set up in Norway and a Postcode Lottery is anticipated to launch in the Norwegian market in 2018. Some of the employees of Novamedia Sverige is currently involved in the operations during the establishing phase.
G4-14 Approach to the precautionary principle		In respect to the operations conducted by Novamedia Sverige, the direct impact on the environment is limited. However, there may be an indirect impact, particularly through the purchases made for the business. Novamedia Sverige therefore strives to risk-assess purchases in order to evaluate the impact of the purchases on both people and the planet. When developing new products and marketing, these are assessed from the perspective of responsible gaming in order to reduce the risk of lottery products having harmful social effects. Novamedia Sverige strives to have no products that are assessed as being associated with a high risk to the players.
G4-15 Membership of sustainability initiatives		<b>NMC (Network for a sustainable private sector):</b> Member since 2017.
G4-16 Engagement in organisations	26 & 28	<b>SPER:</b> Member since 2014. Novamedia Sverige's Managing Director is the deputy chairman. <b>Independent Gaming Collaboration (OSS):</b> Member since 2015. <b>Swedish Direct Marketing Association (SWEDMA):</b> Member since 2010. <b>Kontakta:</b> Aspiring members since December 2016.

## 8 GRI index

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G4-18 Process for defining the report content	18	
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G4-21 Aspect boundaries outside the organisation	39	
G4-22 Effect of and reasons for any re-statements of information provided in previous reports		
G4-23 Significant changes from previous reporting periods in the scope and aspect boundaries		
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G4-24 Stakeholder engagement	16	
G4-25 Identification and selection of stakeholders	16	
G4-26 Dialogue and activities with stakeholders	17	
G4-27 Key topics that have been raised through stakeholder engagement	17	
Report profile		
G4-28 Reporting period	36	
G4-29 Date of most recent previous report	36	
G4-30 Reporting cycle	36	
G4-31 Contact person for the report		Jessika Kjellgren: jessika.kjellgren@postkodlotteriet.se
G4-32 Reporting principle and GRI content index	36–39	
G4-33 Policy with regard to external assurance for the report	36	
Governance		
G4-34 Corporate governance	12–15	
Ethics and integrity		
G4-56 Values, principles, standards and norms of behaviour	6–7, 10, 12–13	

## SPECIFIC STANDARD DISCLOSURES

### DMA = Disclosures on Management Approach

Sustainability area & material sustainability aspects	Boundaries	Indicator	Page
<b>STRONG CIVIL SOCIETY</b> <b>Community engagement</b>	This aspect has been reported both within and outside of the company boundaries; within by reporting on the company's volunteer work policy, and outside by reporting on how the Swedish Postcode Association distributes the charitable donations to the association's beneficiaries.	Company-specific qualitative and quantitative indicator. This aspect is included in "Beneficiaries' work made by charitable contributions".	21–25 DMA: 12–15, 21–25
<b>Beneficiaries' work made possible by charitable contributions</b>	This aspect has been reported both within and outside of the company boundaries; within by reporting on how the company achieves its vision of a better world with a strong civil society, which is achieved through the operator mandate from the Swedish Postcode Association, and outside by reporting on the size of the donations and how the Swedish Postcode Association distributes the funds to the association's beneficiaries.	Company-specific quantitative indicator – charitable donations in Swedish kronor (SEK) and distribution based on the six different focus areas.	21–25 DMA: 12–15, 21–25
<b>Transparency when distributing charitable donations</b>	This aspect has been reported both within and outside of the company boundaries; within by reporting on how the company enables transparency concerning the charitable donations and how it is distributed, and outside by reporting on how the Swedish Postcode Association distributes the charitable donations to the Association's beneficiaries.	Company-specific qualitative indicator.	21–25 DMA: 12–15, 21–25
<b>RESPONSIBLE GAMING</b> <b>Responsible gaming</b>	This aspect has been reported within the company boundaries, by reporting on the responsible gaming measures that the company has taken.	Company-specific indicator – Training in responsible gaming for employees.	26–28 DMA: 12–15, 26–28
<b>Responsible and ethical marketing</b>	This aspect has been reported within the company boundaries, by reporting on how the company works to produce responsible and ethical marketing.	G4-PR7 – Incidents concerning marketing communications resulting in a fine, penalty or warning.	26–28 DMA: 12–15, 26–28
<b>BUSINESS ETHICS</b> <b>Regulatory compliance</b>	This aspect has been reported within the company boundaries, by reporting on how the company manages the aspect in its operations.	G4-SO8 – Monetary value of significant fines and total number of sanctions for non-compliance with laws and regulations.	28–29 DMA: 12–15, 28–29
<b>Competitive practices</b>	This aspect has been reported within the company boundaries, by reporting on how the company manages the aspect in its operations.	G4-SO7 – Number of legal actions brought against the organisation for anti-competitive behaviour, and their outcomes.	28–29 DMA: 12–15, 28–29
<b>SUSTAINABLE SUPPLY CHAIN</b> <b>Supplier monitoring</b>	This aspect has been reported within the company boundaries, by reporting on how the company manages the aspect in its operations.	Company-specific indicator – Number of suppliers that have adopted the company's code of conduct and number of suppliers audited during the reporting period.	30 DMA: 12–15, 30
<b>CLIMATE AND ENVIRONMENT</b> <b>Emissions and environmental management</b>	This aspect has been reported both within and outside of the company boundaries, by reporting on the company's emissions all the way through the value chain. I.e. by reporting both direct emissions from the operations (Scope 1) and indirect emissions from the operations (Scope 2 and Scope 3).	G4-EN15 – Direct greenhouse gas (GHG) emissions (Scope 1). G4-EN 16 – Indirect greenhouse gas (GHG) emissions (Scope 2). G4-EN 17 – Other indirect greenhouse gas (GHG) emissions (Scope 3).	31–33 DMA: 12–15, 31–33
<b>ATTRACTIVE EMPLOYER</b> <b>Diversity and equality</b>	This aspect has been reported on within the company boundaries, by reporting on aspects associated with the personnel.	G4-LA12 – Composition of governance bodies and breakdown of employees according to gender.	34–35 DMA: 12–15, 34–35

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