

CORPORATE SOCIAL RESPONSIBILITY

FISCAL YEAR 2019

The mission of the Hoosier Lottery is to return maximum net income to the state in a socially responsible manner.

In fiscal year (FY) 2019, the Hoosier Lottery achieved more than \$1.3 billion in total sales, and more than \$312 million was returned to the State of Indiana to fund good causes in each Indiana county.

This past year, we focused on continuous improvement in our four impact areas: Positive Play, Business Impact, Community Impact, and Environmental Impact. Below we have highlighted some of our achievements in FY 2019.

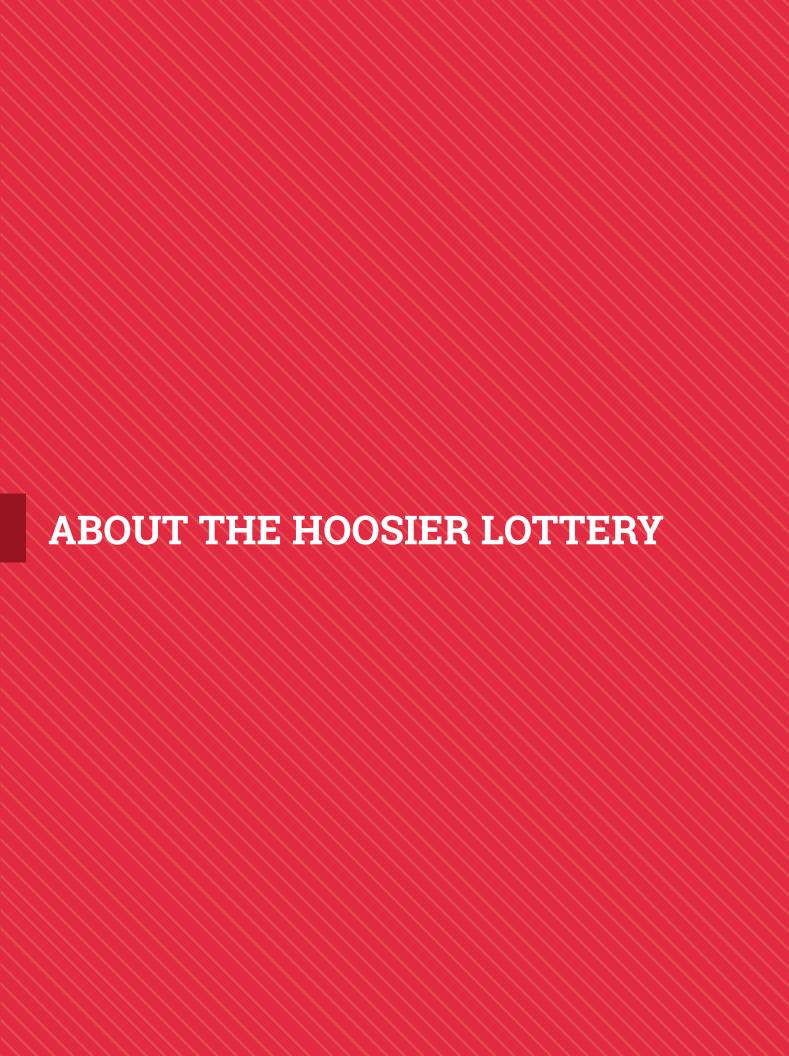
Positive Play: We consistently look to our game development and marketing efforts to ensure our products are well positioned as fun entertainment. For the past three years, we have measured the amount of Positive Play exhibited by our players, resulting in a scoring benchmark. We design initiatives to help increase positive scores against this benchmark. In FY 2019, we created video vignettes that were shared on our digital channels to help players improve their understanding of how odds work. We created small educational videos to educate players on gambling literacy. We continued to offer a Terminal Referral Button on all Hoosier Lottery terminals supported with training on how to use it. This allows our licensed retailers to provide a printed referral to the Problem Gambling Helpline to Hoosier Lottery players displaying problem gambling symptoms. The button was used by nearly 2000 retailers in FY 2019.

Business Impact: Our business impacts Hoosiers in every Indiana county. We continue to provide a county by county breakdown of the positive impact from the Hoosier Lottery. Additionally, we support local businesses, our retail partners, who earned over **\$91 million** in commissions in FY 2019. Local impact also comes in the form of prizes awarded to Lottery players, who won nearly **\$860 million** in prizes. We partnered with local, certified Indiana businesses and purchased **\$13 million** in products and services while also spending over **\$1 million** with women-owned companies. 56% of our independent retailers were minority or women-owned businesses.

Community Impact: We continued to offer a free financial literacy course in FY 2019 in partnership with Ivy Tech Community College. Of those who took the course, 93% stated the course was good or excellent. Also, in FY 2019, we had an impact of nearly \$1.28 million with non-profit organizations in the form of sponsorships, contributions, and memberships. Our employees have embraced a culture of volunteering; they contributed almost 261 hours of service.

Environmental Impact: As a step towards achieving game sustainability, the Lottery supported a first of its kind research into the environmental impacts of Scratch-off tickets and e-instant tickets. The study was in the form of an environmental lifecycle analysis, and it will be available on Harvard University's Digital Access to Scholarship system later this year.

We hope this document brings greater transparency to our operations, demonstrates how we passionately give back, and shows how we believe in Positive Play.



ABOUT THE HOOSIER LOTTERY

The Hoosier Lottery is the official State Lottery of Indiana based in the State capital of Indianapolis, with regional offices in Mishawaka and Evansville.

The Hoosier Lottery consists of two organizations that work together to ensure optimal performance of Lottery operations. Our structure is unique because we operate under an integrated services agreement between the State Lottery Commission of Indiana (Commission) and IGT Indiana. The Commission maintains control and oversight over all lottery operations and is responsible for accounting, prize payment, security, retailer payment, and retailer licensing. IGT Indiana is responsible for sales, marketing, distribution, and corporate social responsibility.

ORGANIZATIONAL STRUCTURE

State Lottery Commission of Indiana

- Created by Indiana law to oversee the operation of the Hoosier Lottery
- Five Commissioners are appointed by the Governor of Indiana

Executive Director

State Lottery Commission of Indiana

Chief Operating Officer & General Manager

· IGT Indiana

Commission Employees

 Provide control and oversight over all Hoosier Lottery operations

IGT Indiana Employees

- Work on behalf of the State **Lottery Commission of Indiana**
- Responsible for implementing certain day-to-day functions of the Hoosier Lottery





In compliance with State law, we sell lottery products to adults 18 years of age or older in just over **4,300 licensed retailers** in all 92 Indiana counties. The Hoosier Lottery offers an array of Draw, Scratch-off, and Fast Play games. Information about all games, including odds and the number of prizes claimed, is located on the Hoosier Lottery website at www.hoosierlottery.com.























CORPORATE SOCIAL RESPONSIBILITY PROGRAM

We have woven corporate social responsibility into every aspect of our organization's vision, policies, and practices. Our CSR program consists of four concentration areas: Positive Play, Business Impact, Community Impact, and Environmental Impact. A CSR Advisory Board, comprised of subject matter experts and executive leadership, supports and implements the efforts and initiatives in these four areas.

Corporate Social Responsibility Advisory Board

Executive Leadership • Executive Director • Chief Operating Officer & Compliance Program Management • Manager of CSR • Director of Business Analytics & Research • Director of Operations • Director of Operations

Vice President of Sales

Director of Public Relations

Director of Legal Affairs & Compliance



Sr. Director of Marketing

Sr. Manager of People

Chief Financial Officer

& Transformation





The Hoosier Lottery was the first U.S. lottery to include Positive Play messaging as its core positioning strategy for responsible gaming efforts. The Positive Play strategy aims to reduce gambling-related harms by helping our players maintain their Positive Play behaviors.

We learned that we had an educational opportunity to focus efforts on gambling literacy as a result of our annual Positive Play survey.

As part of this effort, the Lottery has created player resources outlining odds that also teach about chasing losses. In addition, we provide a free financial literacy course developed in partnership with Ivy Tech Community College.



CERTIFIED
WLA RESPONSIBLE GAMING
FRAMEWORK
LEVEL 4 / VALID UNTIL 2021

We are one of 8 U.S. lotteries that have received the highest level of responsible gaming certification by the World Lottery Association (Level 4).



Treatment Referral

The Treatment Referral program is focused on improving retailer and employee comfort with referring players to the Problem Gambling Helpline. The Consumer Protection Policy guides employees and certain vendors regarding when to make a referral to the Problem Gambling Helpline. We reinforce this policy through training, testing, and stakeholder feedback. We have developed tools and provided training on how to refer a player when warranted.

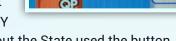


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We equip our retailer terminals with a Terminal Referral Button. This tool allows retailers to discreetly provide a printed referral to the Problem Gambling Helpline from the terminal.



When pressed, a slip will print out that reads, "If you or someone you know would like more information about problem gambling, help is available 24 hours a day. Call 1-800-994-8448." In FY



2019, close to 2,000 retailers throughout the State used the button.

The Problem Gambling Helpline number is a part of our responsible gaming logo, which we use in player-facing and retailer-facing communication channels. Additionally, our customer service helpline offers a direct transfer capability to the Problem Gambling Helpline.

The Hoosier Lottery works closely with external stakeholders such as the Indiana Council on Problem Gambling (ICPG) and the local treatment community to strengthen our Treatment Referral program.





Research

Our Research Program is comprised of four core initiatives: market research, Positive Play Scale (PPS), the Research Grants Program, and applied research. Each type of research contributes to the overall Positive Play Program by providing insight and expanding the body of knowledge in Indiana.

We started administering the Positive Play Scale (PPS) Survey in 2017 and have since made this an annual activity. A group of researchers developed the PPS, and it has been peer-reviewed and published. The original idea of the PPS was to acknowledge and help the majority of gamblers who do not have a problem with gambling, in hopes of keeping them in the habit of Positive Play.

The scale measures players' self-reported behaviors and beliefs on gambling and assesses these behaviors.

- Over the past three years, our players scored 93% and above on three out of the four PPS sub-scales irrespective of age and gender
- 93% of players are honest about time and money spent on gambling and have control over their gambling behavior
- 93% of players take into consideration the amount of time and money they will spend on gambling and spend only what they can afford
- 97% of players believe they should set time and money limits for gambling and should be able to walk away once this limit is reached
- 87% of players understand what the odds of winning are and do not consider gambling as a source of income

We annually distribute the survey to our players through an online survey platform. Over three years, we've had a total of **1,126 players** participate in the survey.

These results indicate the presence of Positive Play behavior and beliefs in those surveyed.

High scores also imply that Hoosier Lottery's approach to responsible gaming resonates well with players and encourages them to embrace Positive Play.



INVESTMENT IN RESEARCH:

The Hoosier Lottery Research Grant Program was launched in 2017 to enhance the capacity for problem gambling research in Indiana. Under this program, we first released Conference and Training Grants, followed by a Student Grant and a Small Research Grant in 2018. Since the inception of the Grant Program, the Lottery has invested **\$260,000** towards the program. We awarded our first scholarship to a Ph.D. student at Indiana University in 2018. Additionally, we awarded six conference grants in FY 2019 to help members of the treatment community receive training needed to continue to offer services in the state.



Retailer Program

Retailers are on the front line of our sales efforts and are uniquely positioned to support our responsible gaming initiatives. We are committed to providing all retailers with the information and tools they need to respond to concerns about problem gambling. We provide responsible gaming training to our retailers every three years and an annual refresher on the two off-years.

The Retailer Policy Manual includes a Retailer Code of Conduct,

which sets forth clear expectations on responsible gaming, Positive Play, and Self-Service vending machine compliance requirements. We prohibit retail employees under the age of 18 from selling lottery products. Additionally, no retailer employees can purchase lottery products from the store in which they work.



Retailer Policy Manual

A.RETAILER CODE OF CONDUCT

Advertising and Marketing Communications

The Marketing Code of Conduct (Code) is the foundation for policies, training, and compliance initiatives related to advertising & marketing communications. The Code incorporates the advertising standards of the North American Association of State and Provincial Lotteries (NASPL) and WLA. This document explains our principles of not targeting our marketing efforts to individuals under the age of 18 and our commitment to providing accurate and truthful information.

In addition to the Code, we have developed several internal policies and procedures. These include the Marketing Self-Assessment, Media channel Guidelines, Mascot Guidelines, jackpot trigger messaging, and the CSR style guide.



Responsible Gaming Marketing Self-Assessment

Now & Later: Black Pearl

riteria	Description	Example	Example mitigation strat	25 Like	COCO
isual Appeal & Aesthetics of Campaign Tone, Sound	s, Imagery, and Text			Dise	Con
Is dignified, clear, correct, legal, truthful, respectful, inclusive, and conveys the utmost integrity, consistent with the State's principles.	Campaign does not imply or make assertions that can be construed as overpromising or misleading.	"It's your time to win" "Easier to win"; "East to win"	"could" or "chance" Display or emphasize of Other:	n as "will". Use words su odds of winning Instant, Draw & Ove	
Maintains respect for the individual without degrading persons based on gender, sexual preference, age, race, religion, military status or socioeconomics.	Campaign does not engage in favoritism or disparate treatment of any of the groups mentioned.	 Uses slang that could be harmful to a particular group Promotes group isolation and elitism. "Don't be like xx group" 	Avoid using slang Avoid using language Use research obtained Other:	that implies isolation I from player panel/grou	ps ———
Reflects the diversity of the Indiana population.	Campaign does not target specific groups of individuals other than the prime prospects as a whole.	Targets individuals in a way that is disproportionate to the state's makeup Spending 80% of resources on a particular group that makes up only 8% of the population	Indiana Use research and data reflected	is proportionate to the r	is
Does not seek to attract persons less than 18 years old		Uses language or cultural references that are only popular among those	Reinforce 18 to play m Use cultural reference		



Game Design

The Hoosier Lottery centers its approach to game design on identifying potential responsible gaming risks and applying mitigation strategies to our game portfolio. When our process alerts us to games that could have a risk to players, we solicit feedback from the treatment community.

Over the years, the game design process has become more formalized with responsible gaming principles integrated into policies and procedures. We have worked with internal and external stakeholders to make sure our procedures are seamless with Hoosier Lottery business practices and are also in line with industry best practices. We demonstrate how our processes fully integrate by placing ownership on the game designers instead of the CSR team.

Per our policy, we evaluate 100% of games in a structural design tool called ASTRIG. We additionally assess all games through a visual and communication assessment tool. The tool was developed by collaborating with our internal stakeholders in marketing and game design. Before its launch in 2017, Dr. Jeff Derevensky of McGill University, Director of the International Centre for Youth Gambling Problems and High Risks Behaviors, reviewed the tool to provide feedback on its design and mitigations.

Our Lottery products include essential information about responsible gaming and overall odds.

TICKET AND PLAYSLIP FEATURES



Scratch-offs:

- Where the Money Goes messaging
- Overall Odds
- Responsible Gaming Logo
- Recycling Logo



Draw tickets:

- Special messaging that periodically includes responsible gaming
- Responsible Gaming Logo
- Recycling Logo



Playslips:

- Recycling Logo
- Responsible Gaming Logo
- Overall Odds



Player Education

Our approach to Player Education is focused on ensuring a fun and entertaining play experience for our players by promoting responsible gaming behavior and beliefs. We reach our players through various messaging platforms such as tickets and playslips, point-of-sale materials, the Hoosier Lottery website and smartphone application, and multiple media channels.

In addition to the use of the responsible gaming logo and overall odds messaging on Hoosier Lottery tickets and playslips, our point-of-sale includes a Play Responsibly brochure.

We provide CSR Educational Scratch-off tickets in all promotion gift baskets and prize packs.

We execute campaigns aimed at player education and awareness about various aspects of responsible gaming. The Gift Responsibly Holiday Campaign is designed to support the National Council on Problem Gambling's (NCPG) annual Holiday Campaign aimed at preventing underage play. In March we support NCPG's National Problem Gambling Awareness Month and organize a campaign around it.









We want Hoosiers to know how our business generates funds for good causes.

Where the Money Goes (WTMG) is our strategy to communicate the relationship between Lottery purchases and beneficiaries. Updated information on WTMG lives on the Hoosier Lottery website under the Giving Back page. The Lottery observes Beneficiary Month in May of every year to acknowledge our beneficiaries for their public service.

We strive to provide resources to winners to help them protect their winnings and maintain it for years to come. The Hoosier Lottery launched a free financial literacy course, developed by Ivy Tech Community College, as a strategic step towards this goal. Every year in April, the Hoosier Lottery runs a communication campaign to popularize this course.





Stakeholder Engagement

The success of our program relies on strong relationships with our internal and external stakeholders.

We proudly support the NCPG and the ICPG. Additionally, we have close working relationships with the Indiana Division of Mental Health and Addiction and the Indiana Problem Gambling Awareness Program. We also gather formal feedback from the treatment community and advocates by presenting at meetings and conferences. In March 2019, the Hoosier Lottery did a first-ever press event with the ICPG to bring attention to Problem Gambling Awareness Month.

Consistent and open dialogue with our peers in the lottery industry is critical for our continuous development and growth. We are committed to helping fellow lotteries with their responsible gaming efforts and have advised many lotteries pursuing WLA Certification at varying levels.

INDIANA PROBLEM PRESENTATIONS

Participated in the University of Las Vegas International Problem Gambling Research Conference.

RESPONSIBLE **GAMING LOGO**

The logo appears on all playslips, tickets, and advertising channels.



GREEN INITIATIVES

using green energy.

PROBLEM GAMBLING AWARENESS MONTH

Over 4 million impressions from our FY 2019 campaign.



SUPPORTING MWBE

FINANCIAL LITERACY

HOLIDAY CAMPAIGN

The Hoosier Lottery promoted responsible gifting through multiple channels, including social media, digital banners, and radio.

YLE GUIDE

Developed a guide for CSR communications that ladders up to the Hoosier Lottery Brand. This ensures that CSR communications are cohesive and align with the Hoosier Lottery look, feel and voice.

TERMINAL REFERRAL

I reference button was used by close to 2000

CONFERENCE & TRAINING



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GAME DESIGN, ADVERTISING, AND COMMUNICATION

A standardized Responsible Gaming self-assessment tool is used by internal teams to ensure our products and communications adhere to R.G. principles.

CORPORATE SOCIAL **RESPONSIBILITY EDUCATIONAL** TICKETS

We distributed these tickets in approximately all promotional giveaways.









Where the Money Goes



In FY 2019, the Hoosier Lottery achieved more than \$1.3 billion in total sales, and more than **\$312 million** was returned to the State of Indiana to fund good causes in each Indiana county.

The Indiana General Assembly has established an annual disbursement of **\$30 million** to local police and firefighters' pensions, **\$30 million** to the Indiana Teachers' Retirement Fund, and the balance of surplus revenues to the Build Indiana Fund. In FY 2019, the contribution to the Build Indiana Fund was **\$249 million**.

Hoosier Lottery Funds Disbursement July 1, 2018 – June 30, 2019



* Advertising, Promotions, Game Expenses, Salaries, etc.

63.8% Prize Payments

6.8% Retailer Commissions

6.2% Misc. Expenses*

2.2% Police & Fire Pensions

2.2% Teacher Pensions

18.7% Build Indiana Fund

The Hoosier Lottery produces an <u>annual report</u> on its financial performance. This report highlights our ability to simultaneously maximize sales and control operational costs, which is critical to funding good causes.

The Hoosier Lottery supports the State of Indiana's Buy Indiana initiative and chooses vendors who meet these criteria. During FY 2019, we spent **\$13 million** on Indiana vendors. The Lottery and all its vendors comply with U.S. laws on discrimination and workers' rights.



Game Development

Marketing & Advertising

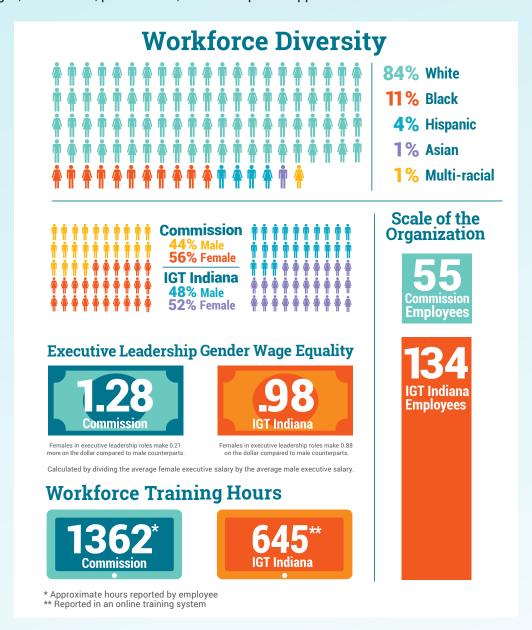
Production & Shipping

End Consumer Transaction



Organizational Culture

Hoosier Lottery employees are responsible for ensuring that we fulfill our mission to return maximum net income to the State in a socially responsible manner. We are committed to offering our employees a workplace culture that is characterized by diversity and inclusion and celebrates performance and productivity. Employees are offered competitive wages, full benefits, paid time off, and development opportunities.



We recognize employees for their outstanding contributions to business operations at monthly and annual employee meetings. These contributions include providing years of dedicated service, achieving regional sales goals, driving innovation, and meeting other exceptional achievements.



Spotlight Awards







COMMUNITY IMPACT

FINANCIAL LITERACY

The Hoosier Lottery developed a free Financial Literacy Course in partnership with Ivy Tech Community College in 2015. The course consists of four learning modules. Participants can choose the topics most relevant to their needs. The course is featured on the Hoosier Lottery website and promoted annually in April during Financial Literacy Month.

Financial Literacy Course Participation



32% Male

68% Female

61% Age 35 and over

47% Have played the Hoosier Lottery

72% Never taken a personal finance course

MODUL



- Keeping Track of Your Money
- Budgeting Your Money · Financial Planning

MODULE 2:



- · Managing Your Money
- **Managing Your Consumer** Credit Use

MODULE 3:



- The Importance of Paying
- Off Your Debt Buying a Car
 - Buying a Home

MODULE 4



- · Investing to Increase Wealth
- Protecting Your Assets with Insurance
- · Planning for Retirement

COMMUNITY SPONSORSHIPS AND CHARITABLE GIVING

The Hoosier Lottery strongly believes in being an active member of the communities it serves. Through community sponsorships, charitable giving, and organizational memberships we hope to strengthen the communities in which we do business.

As compared to the prior fiscal year, FY 2019 saw an increase in the total value of sponsorships, contributions, and memberships by approximately 15%.



\$109,855 IGT Indiana Charitable Giving & Memberships , 169, 338 Community Sponsorships

\$1,279,193 Total Spend for Sponsorships, Contributions & Memberships



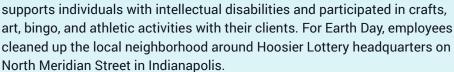
EMPLOYEE VOLUNTEER PROGRAM

Our employees are also active within the community. Throughout the year, employees are encouraged to use employee volunteer programs to participate in non-profit service opportunities.



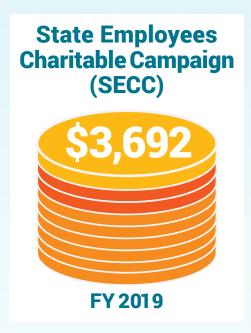
Our employees contributed **261 hours** of service to a variety of non-profit organizations at a value of over **\$9,600**.*

Group volunteering activities included continued support to Gleaners Food Bank, where volunteers worked in the food distribution center and handed out food in the pantry. Employees volunteered with Noble Inc., an organization that



*Calculated by multiplying the total number of volunteering hours by average employee salary





Throughout the year, the Hoosier Lottery promotes opportunities for employees to donate to local organizations individually or to make financial contributions through the State Employee Charitable Campaign.

Over the holidays, employees supported a family through the Julian Center. We collected food items for the Mid-North Food Pantry and clothing items for the Salvation Army.

Employees also supported Teacher's Treasures, which obtains and distributes free school supplies to teachers of students in need in Marion County. Employees collected school supplies for teachers and packed "back-to-school" bookbags for students in Marion County public schools. Employees also collected pet supplies for the FACE Animal Clinic and new and gently used athletic equipment for an initiative through the Indiana Sports Corporation.



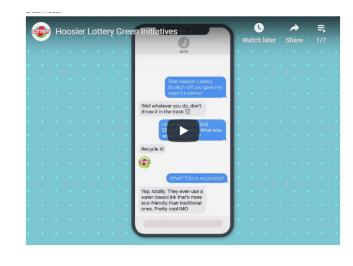




ENVIRONMENTAL IMPACT

As a step towards achieving game sustainability, the Lottery supported a first of its kind research into the environmental impacts of Scratch-off and e-instant tickets. The research will be available on Harvard University's Digital Access to Scholarship system later this year.

Paper and energy consumption are the largest environmental impacts of the Hoosier Lottery. We strategically partner with vendors who operate in an environmentally sustainable manner as a measure to reduce our environmental impacts. As a result, the most substantial volume of our advertising and promotional materials is printed on recycled material using green energy.



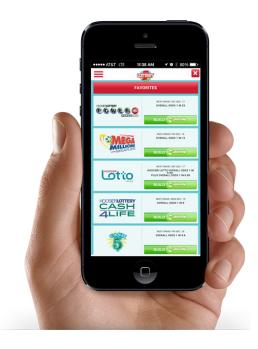
To reduce reliance on paper playslips, the Hoosier Lottery launched myPlayslip, a digital playslip. myPlayslip enables

players to create a playslip on their smartphone. The digital playslip allows players to save their numbers for their favorite games for future use at retail. In FY 2019, players initiated approximately 402 transactions at retail per day from myPlayslip.

In FY 2019, players used myPlayslip 146,649 times, an increase of 20% from the prior fiscal year. While this represents a small number of overall usage, we are pleased to see decreasing reliance on paper playslips.







We actively interact with external agencies to be inspired by developments within sustainability initiatives. We invited the Indiana Recycling Coalition to speak to our employees and attended the Indianapolis Sustainability Summit in 2019.

Since early 2011, the Hoosier Lottery headquarters has called The Buick Building home. The building is certified Gold by the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Building Rating System. The building was designed and constructed to reduce human impact on the environment.





Please contact **socialresponsibility@hoosierlottery.com** if you have any questions or comments regarding this report.