

CORPORATE SOCIAL RESPONSIBILITY FISCAL YEAR 2020

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

Fiscal Year 2020 (FY 2020) brought unique challenges to the Hoosier Lottery as the world experienced new working and living circumstances with the onset of COVID-19. Our employees pivoted to operate in a virtual workspace, creatively finding ways to continue day-to-day operations in a novel environment. As a result, some of our deliverables and metrics look a little different this year.

Hoosier Lottery sales were strong in FY 2020 despite a decline during the first few weeks of the pandemic, resulting in more than \$1.38 billion in total sales and more than \$304 million in surplus revenue to the State of Indiana to fund good causes in each Indiana county.

For over 30 years, Hoosier Lottery revenues have supported local police and firefighters' pensions, the Teachers' Retirement Fund, and the Lottery Surplus Fund. 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 Lottery Surplus Fund. In FY 2020, the contribution to the Lottery Surplus Fund was **\$235 million**.

This past year, the Corporate Social Responsibility (CSR) Department focused on continuous improvement in our three impact areas: Players, Business, and Community. Below we have highlighted some of our achievements in FY 2020.

Players: Our players come first in all that we do. We care deeply about the customer experience and long-term health of our players. That is why we have put so much time, money and resources toward programs that reduce gambling-related harm and promote positive playing experiences. 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 2020, we created video clips that were shared on our digital channels to help players improve their understanding of how odds work. Similarly, we created small educational vignettes to educate players on gambling literacy. We continued to offer a Terminal Referral Button on all Hoosier Lottery terminals, allowing our licensed retailers to print the Problem Gambling Helpline Number and provide it to Hoosier Lottery players displaying problem gambling symptoms. The button was used by **1,805 retailers** in FY 2020.

Business: The Hoosier Lottery exhibits social responsibility by making a positive impact on Indiana businesses. We do this by contracting with Indiana owned and operated retailers, measuring our business impact on minority and women owned businesses, and annually assessing specific diversity and economic equity metrics. Our business impacts Hoosiers in every Indiana county. We continue to provide a county-by-county breakdown showing the positive impact of Hoosier Lottery revenue through beneficiary funding and the Lottery Surplus Fund. Additionally, we support local businesses, our retail partners, who earned over \$94 million in commissions in FY 2020. Local impact also comes in the form of prizes awarded to Lottery players, who won over \$914 million in prizes. We partnered with local, certified Indiana businesses and purchased \$11.7 million in products and services while also spending over \$1.2 million with womenowned companies. Fifty-six percent of our independent retailers were minority or women-owned businesses.

Community: The Lottery's mission is to return maximum net income to the state in a socially responsible manner. Our Giving Back section is all about how the money is distributed throughout the state. Additionally, our employees and business give back through various volunteer activities, charitable endeavors, and partnerships. We also respect the environment and have various green initiatives. We continued to offer a free financial literacy course in FY 2020 in partnership with Ivy Tech Community College. Of those who took the course, over 95% stated the course was good or excellent, up 2% from last year. Also, in FY 2020, we had an impact of nearly \$917,000 with non-profit organizations in the form of sponsorships, contributions, and memberships. Our employees have embraced a culture of volunteering and they contributed almost 82 hours of service, almost all of which happened prior to the COVID-19 pandemic.

Our goal for this document is that it brings greater transparency to our operations, demonstrating our persistence to provide a positive playing experience to our customers, our belief in building business based on integrity and innovation, and our commitment to enriching our community.



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, product development, 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 4,400 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 three concentration areas: Players, Business, and Community. A CSR Advisory Board, comprised of subject matter experts and executive leadership, supports and implements the efforts and initiatives in these three areas.

Corporate Social Responsibility Advisory Board

Executive Leadership Program Oversight Executive Director Chief of Staff Chief Operating Officer & Director of Administration **General Manager Program Management** Director of CSR & Compliance Manager of CSR **Subject Matter Experts**

- Sr. Director of Products & Analytics
- People and Transformation Partner
- Chief Financial Officer
- Director of Corporate Affairs
- General Counsel

- Director of Operations
- Vice President of Sales
- Director of Public Relations
- Director of Legal Affairs & Compliance











Because our players come first, we are always looking for ways to enhance the playing experience, while also considering the long-term health of our customers. A major step in addressing both safety and fun was the introduction of our Positive Play materials as a core strategy for responsible gaming efforts. As a result of our annual Positive Play

Survey results – where we gauged our players' gambling knowledge and safe-play habits – we learned that we had an opportunity to focus some of our responsible gaming efforts on gambling literacy. With our Positive Play resources, we aim to reduce gambling-related harms by helping our players maintain Positive Play behaviors. The Hoosier Lottery was the first U.S. lottery to include Positive Play messaging in its player education tools.

CERTIFIED
WLA RESPONSIBLE GAMING
FRAMEWORK
LEVEL 4 / VALID UNTIL 2021

As part of this effort, we create player education resources, including odds tutorials and information about problematic play. We also provide a free financial literacy course, developed in partnership with Ivy Tech Community College.

Positive Play is just one of many responsible gaming measures that the Hoosier Lottery implements. 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). To achieve this certification, we have incorporated responsible gaming practices in our day-to-day business operations in nine key responsible gaming focus areas.

Our Responsible Gaming framework includes the following focus areas.



The Hoosier Lottery has also achieved a Sustaining Level <u>Responsible Gaming Verification</u> through the joint NASPL and NCPG responsible gaming certification program, and our Executive Director, Sarah Taylor, sits on the <u>WLA Corporate</u> <u>Social Responsibility Committee</u>.

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.

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 2020, **1,805 retailers** throughout the State used the button.





The Problem Gambling Helpline number is a part of our responsible gambling 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

Research is the foundation of our entire responsible gaming program. Our research initiatives inform how we continuously improve and grow elements of the other nine key responsible gaming focus areas.

Our research program is comprised of core projects led by both internal and external partners, contributing to the Hoosier Lottery's research library as well as expanding the body of responsible gaming and problem gambling knowledge in Indiana.

Two of our most prominent research initiatives are our Positive Play Scale (PPS) Survey and our Research Grant Program.

Positive Play Scale (PPS): A group of researchers developed the PPS, which has been peer reviewed and published, as a way to measure healthy gambling habits and help the gaming industry optimize positive responsible gaming communications, rather than focusing on negative messaging. The study measures player's self-reported gambling beliefs and behaviors and assesses these habits against problematic play and gambling literacy standards.

The Hoosier Lottery started administering the Positive Play Scale Survey in 2017 and has continued to distribute it annually through an online survey platform.

Over three years, we have had a total of 1,126 players participate in the survey.

- 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.
 - 94% 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.

These results indicate the presence of Positive Play behavior and beliefs in those surveyed. High scores also imply that the Hoosier Lottery's approach to responsible gaming resonates well with players and encourages them to embrace Positive Play.

Grants: 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.

In FY 2020, we expanded our partnerships and invested **over \$60,000** with the International Center on Responsible Gaming for two small research grants. One **\$30,000** grant was awarded to the Canadian-based Responsible Gambling Council for their study on "Determining Evidence-Informed Options for Responsible Gambling and Harm Minimization in the Field of Online Lottery." Our goal for this study is for the lottery industry to keep player health top of mind as online gambling expands throughout the United States. We are hopeful that the second grant will be awarded in FY 2021 and look forward to sharing that information.



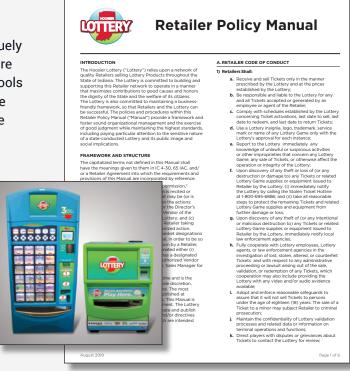




Retailer Program

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.

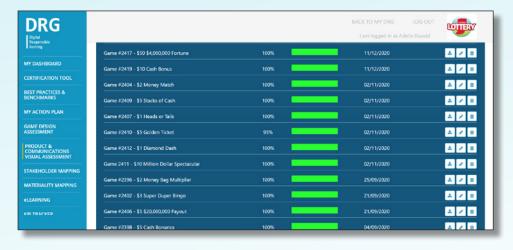
The Retailer Policy Manual includes a Retailer Code of Conduct, which sets forth clear expectations on responsible gaming, Positive Play, and Self-Service vending machine compliance requirements. We prohibit retail employees under the age of 18 from selling lottery products. Additionally, no retailer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

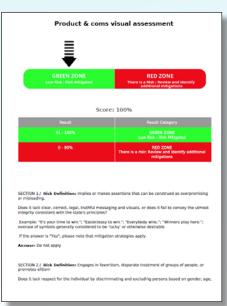


Advertising and Marketing Communications

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 a visual assessment that analyzes our marketing campaigns and proposes mitigations to improve their impact on player health.







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 Hoosier Lottery Game Design procedures are seamless with our own 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, Director of the International Centre for Youth Gambling Problems and High Risks Behaviors, at McGill University, 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:

- (1) Where the Money Goes messaging
- 2 Overall odds
- 3 Responsible Gaming logo
- (4) Recycling logo



Special messaging that periodically includes



Playslips:

- 1 Recycling logo
- Responsible Gaming logo
- Overall odds

responsible gaming

Recycling logo

Responsible Gaming logo

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 gifts 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 an awareness campaign.





TOGETHER, WE CAN KEEP PLAY POSITIVE.

✓ Know your game







We strive to provide resources to help winners protect and maintain their winnings. 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.

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.





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.

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 pursing WLA Certification at varying levels.

FISCAL YEAR CALENDAR = JUNE 2019 - JULY 2020

RESPONSIBLE **GAMING EDUCATION WEEK AUGUST 2019**

90% of employees feel they personally contribute to responsible gaming at the organization.



TERMINAL REFERRAL

In FY 2020, the terminal reference button was used by 1,805 retailers.

RESPONSIBLE

GAMING LOGO

The logo appears on all playslips,

tickets, and advertising channels.

GREEN INITIATIVES

The most substantial volume of our

SUPPORTING MWBE

We met our goal of spending 10% of applicable spend supporting MWBEs. In FY 2020, we spent over \$1.3 million with MWBEs.

GAME DESIGN, ADVERTISING, AND COMMUNICATION

self-assessment tool is used by internal



FINANCIAL

Over 1,038 individuals have Literacy Course since its inception.



New partnership with the International Center for Responsible Gambling and a \$60,000 investment in research.

CORPORATE SOCIAL RESPONSIBILITY **EDUCATIONAL TICKETS**

We distributed these tickets in nearly all promotional giveaways.

NASPL PARALLEL ESPONSIBLE GAMING

Received the NASPL Parallel Responsible Gaming Certification in February 2020.

GIVING TREE

We gave nine big boxes full of items for Horizon House, a day center for homeless individuals in



PLAYER EDUCATIONAL VIDEOS

August 2019: Completed shooting player educational video vignettes for chasing losses, odds and chance.











Business

The Hoosier Lottery exhibits social responsibility by making a positive impact on Indiana businesses. Our retailers are positively impacted by lottery commissions and bonuses, and players who spend in their communities. We make further positive impact by contracting with Indiana owned and operated businesses, measuring our business impact on minority and women-owned businesses, and annually assessing specific diversity and economic equity measures.

The Hoosier Lottery supports the State of Indiana's Buy Indiana initiative and chooses vendors who meet these criteria. During FY 2020, we spent \$11.7 million with Indiana vendors. The Lottery and all its vendors comply with U.S. laws on discrimination and workers' rights.

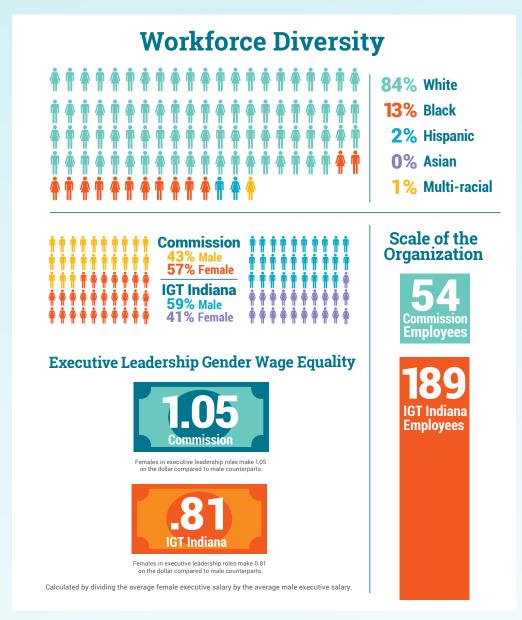






Organizational Culture

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.



The Hoosier Lottery recognizes 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.





The Hoosier Lottery is committed to contributing to good causes through monies distributed to each Indiana county, and by encouraging our employees and business to volunteer and give back through charitable activities. We also respect our community's environment and have implemented various green initiatives to lessen our environmental impact. We further serve our community by offering a free financial literacy course to help our neighbors brush up on budgeting, expand their knowledge of credit and investing, and have a positive playing experience.



Giving Back

Our Beneficiaries: The Hoosier Lottery contributes to the State of Indiana in multiple ways, including returning revenue to the State to help fund our beneficiaries — police and firefighter pensions, the Indiana Teachers' Retirement Fund, and the Lottery Surplus Fund.

In FY 2020, the Hoosier Lottery achieved more than \$1.38 billion in total sales, and more than \$304 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 Lottery Surplus Fund. In FY 2020, the contribution to the Lottery Surplus Fund was **\$235 million**.

Hoosier Lottery Funds Disbursement July 1, 2019 – June 30, 2020



^{*} Advertising, Promotions, Game Expenses, Salaries, etc.

66.0% Prize Payments
6.8% Retailer Commissions
5.2% Misc. Expenses*

2.2% Police & Fire Pensions2.2% Teacher Pensions

17.5% Lottery Surplus 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.

Employee Volunteering & Charitable Giving

Another way the Hoosier Lottery invests in the community is through community sponsorships, charitable giving endeavors, and various employee volunteer activities.

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.







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 82 hours of service to a variety of non-profit organizations at a value of over \$1,000.

Group volunteering activities included continued support to the 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 supports individuals with intellectual disabilities, participating in crafts, art, bingo and athletic activities with their clients.

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

EMPLOYEE GIVING

Throughout the year, Commission staff donate to local organizations individually or make financial contributions through the State Employee Charitable Campaign.

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



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



24% Male

76% Female

36% 35 and over (compared to 61% last year)

35% Have played the Hoosier Lottery

81% Never taken a personal finance course

95% Indicated the course was good or excellent

MODULE 1:



Financial Planning

MODULE 2



Managing Your Consumer Credit Use



· 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

Green Initiatives

As a step toward achieving game sustainability, the Lottery supported a first of its kind research into the environmental impacts of Scratch-off tickets. The research is available on Harvard University's Digital Access to Scholarship system.

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 2020, players initiated approximately 518 transactions at retail per day from myPlayslip.

In FY 2020, players used myPlayslip 189,287 times

an increase of almost 30% from the last fiscal year

While this represents a small number of overall usage, we are pleased to see decreasing reliance on paper playslips







For FY 2020, there were a total of 189,287 wagers placed for a total amount of \$1,234,459. This comes out to an average of \$6.52 per wager.

Here are the games ranked from most to least usage of the digital playslip:



We interact with various agencies to be inspired by developments within sustainability initiatives. In celebration of Earth Day in April, we published a podcast interview with the owner and founder of Miles Printing, who uses 100% green energy to print the Hoosier Lottery's point of sale advertising material. Employees heard from this locally owned business why going green matters to them, and how it has benefited their business and community.

Since early 2011, the Hoosier Lottery headquarters has called The Buick Building home. The building is certified Gold by the US Green Building Council's Leadership in Energy 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.