



# CORPORATE SOCIAL RESPONSIBILITY

## FISCAL YEAR 2017

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

**Social responsibility is woven throughout our organization's vision, policies, and practices.**

The mission of the Hoosier Lottery is to return maximum net income to the state in a socially responsible manner. In FY 2017, we achieved record sales of \$1.2 billion which meant record returns to the State. We accomplished this by weaving social responsibility throughout our organization's vision, policies, and practices.

Our commitment to the delivery of quality games and responsible growth is matched by our desire to be a positive presence in the community. We welcome feedback as we strive to provide information that is relevant to all stakeholders.

# **ABOUT THE HOOSIER LOTTERY**

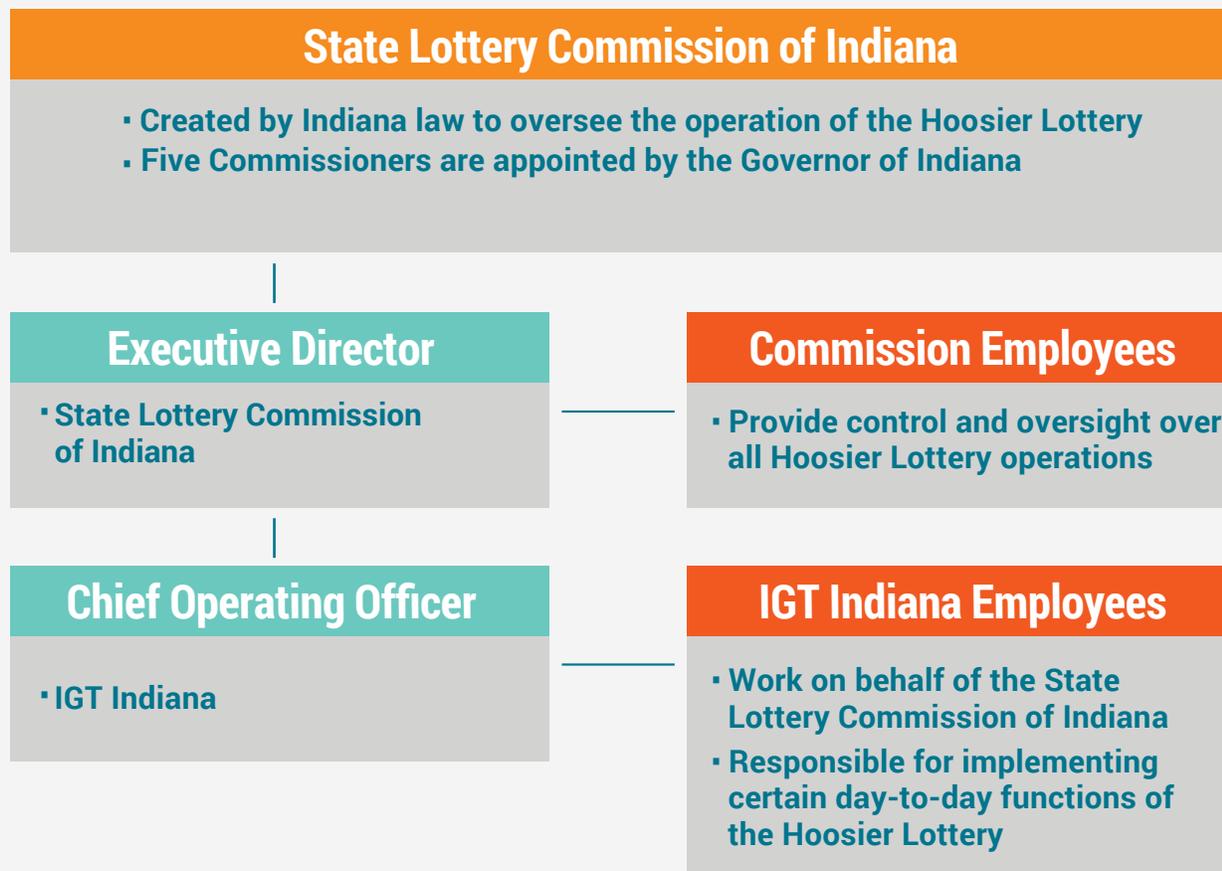
# ABOUT THE HOOSIER LOTTERY



Adults 18 and older can purchase our products from any of approximately 4,500 licensed retailers in all 92 Indiana counties. The Hoosier Lottery offers an array of Draw Games, [Scratch-offs](#), and [Fast Play](#) games. In FY 2017, new add-on games were introduced to non-jackpot games. Superball was added to [Daily 3](#) and [Daily 4](#), while Bullseye was added to [Quick Draw](#). New Scratch-off games were launched each month with more than 40 available at any given time. Information about all games, including odds and the number of prizes claimed, is located on the [Hoosier Lottery website](#).

# ORGANIZATIONAL STRUCTURE

The Hoosier Lottery is comprised 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 State Lottery Commission of Indiana provides complete and full oversight of the agreement, 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.



These two organizations work together to ensure that the Hoosier Lottery achieves its mission to return maximum net income to the state in a socially responsible manner. In compliance with state law, these lottery products are sold to adults 18 years of age or older in the Hoosier state. It is our priority to operate with integrity in an ethical, transparent, and socially responsible way. Our annual business plan outlines our priorities for the year, describes strategies, and establishes desired outcomes.

Both the Commission and IGT Indiana have codes of ethics which describe the expectations of employee conduct regarding conflict of interest, gift limitations, political activity, and anti-bribery.

# CORPORATE SOCIAL RESPONSIBILITY PROGRAM

Corporate social responsibility (CSR) is woven into every aspect of our business and is a key section within each annual business plan. Our CSR program is structured to take each business area's needs into account. While responsible gaming has been a significant focus, we have strengthened all of our CSR initiatives.

Our CSR program consists of four concentration areas: Business Impact, Responsible Gaming, Community Impact, and Environmental Impact. The efforts and initiatives in these four areas are supported by a CSR Advisory Board comprised of subject matter experts and executive leadership. The CSR Advisory Board facilitates collaboration among business areas.

## Corporate Social Responsibility Advisory Board



# **BUSINESS IMPACT**

# WHERE THE MONEY GOES

In FY 2017, the Hoosier Lottery achieved more than \$1.2 billion in total sales and more than \$288 million was returned to the State of Indiana to fund good causes in each [Indiana county](#). This includes 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.



The Hoosier Lottery produces an [annual report](#) on its economic impact to communities as a result of its financial performance for the state fiscal year. This report highlights our ability to simultaneously maximize sales and control operational costs, which is critical to funding good causes. As valued stakeholders, we care deeply about our retired police, firefighters, and teachers.

## Hoosier Lottery Funds Disbursement July 1, 2016 – June 30, 2017



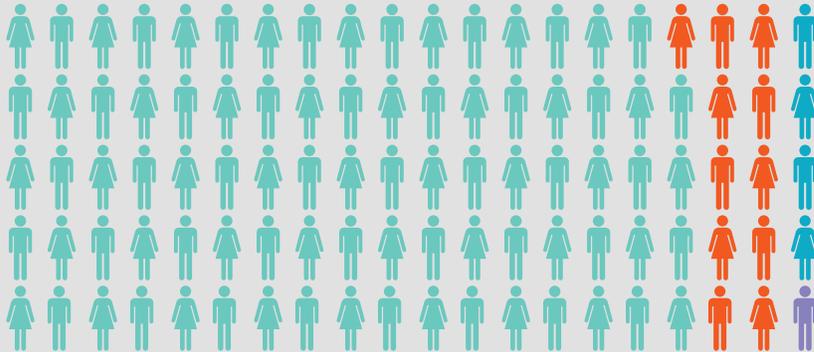
<b>63.8%</b>	<b>Prize Payments</b>
<b>6.7%</b>	<b>Retailer Commissions</b>
<b>5.7%</b>	<b>Misc. Expenses*</b>
<b>2.5%</b>	<b>Police &amp; Fire Pensions</b>
<b>2.5%</b>	<b>Teacher Pensions</b>
<b>18.8%</b>	<b>Build Indiana Fund</b>

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

# DEDICATED EMPLOYEES

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. This group of talented individuals represents diverse backgrounds and brings a wealth of experience and expertise to Hoosier Lottery operations. The Hoosier Lottery offers competitive wages, full benefits, paid time off, and development opportunities.

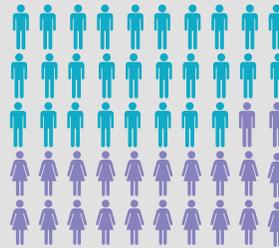
## Workforce Diversity



**84%** White  
**11%** Black  
**4%** Hispanic  
**1%** Asian



**Commission**  
**44%** Male  
**56%** Female



**IGT Indiana**  
**56%** Male  
**44%** Female

## Scale of the Organization

**39**  
Commission  
Employees

**154**  
IGT Indiana  
Employees

## Executive Leadership Gender Wage Equality



Females in executive leadership roles make 0.21 more on the dollar compared to male counterparts.



Females in executive leadership roles make 0.88 on the dollar compared to male counterparts.

Calculated by dividing the average female executive salary by the average male executive salary.

## Workforce Training Hours



\* Approximate hours reported by employee

\*\* Reported in an online training system

# PROCUREMENT

When possible, the Hoosier Lottery chooses vendors that meet the State of Indiana's *Buy Indiana* criteria. During this report period, \$7.3 million was spent utilizing Indiana vendors. This is a decrease of 15% over FY 2016. An increase in spending to sole source and bid contracts contributed to the decrease. Processes are in place through contracts, in addition to federal law, to assure suppliers are not participating in inhumane or discriminatory activity.

**\$7.3**  
**MILLION**  
**SPENT WITH**  
**INDIANA**  
**VENDORS**



**\$738,557**

Money Spent with Minority & Women  
Owned Business Enterprises

# CONSUMER COMPLAINTS

As part of our commitment to corporate social responsibility best practices, we have adopted a policy which allows us to monitor and respond to player issues as they arise. We accept feedback from the general public through a designated email address and hotline number. We post the Customer Service & Player Support Hotline (1-800-955-6886) at all retail locations, on all tickets, and on the Hoosier Lottery website. We take complaints and concerns seriously, and our senior staff review monthly reports on complaints to ensure that we continuously and consistently meet our customers' needs.

## Player Complaints by Category



# EMPLOYEE AWARDS

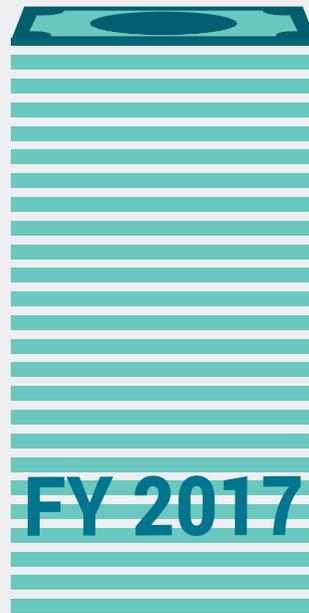
The Hoosier Lottery recognizes employees who make valuable contributions to our business and community. We also recognize service and dedication by individual employees who have used their talents to support our mission. At monthly and annual all-employee meetings, employees are recognized for their outstanding contributions to business operations. These contributions include providing years of dedicated service, achieving regional sales goals, driving innovation, and meeting other special achievements.

Both IGT Indiana and the Commission have employee recognition programs. IGT Indiana's Building Excellence Program awarded 85% more awards than the prior fiscal year, but the overall monetary value decreased by 12%. The Commission's Employee Spot Bonus Program awards employees who deserve "on-the-spot" recognition for efforts or achievement. In this report period, 18 bonuses were awarded. While this program is not new, it is appearing in this report for the first time.

## Building Excellence Awards

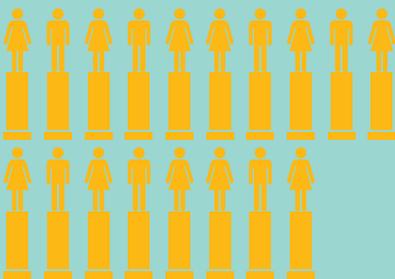


**37**  
Awards  
Granted



**\$22k**  
Total Value  
of Awards

## Hoosier Lottery Spot Bonuses



**18**  
Bonuses  
Granted

**\$11.5k**  
Total Value  
of Awards

# **RESPONSIBLE GAMING**

# RESPONSIBLE GAMING



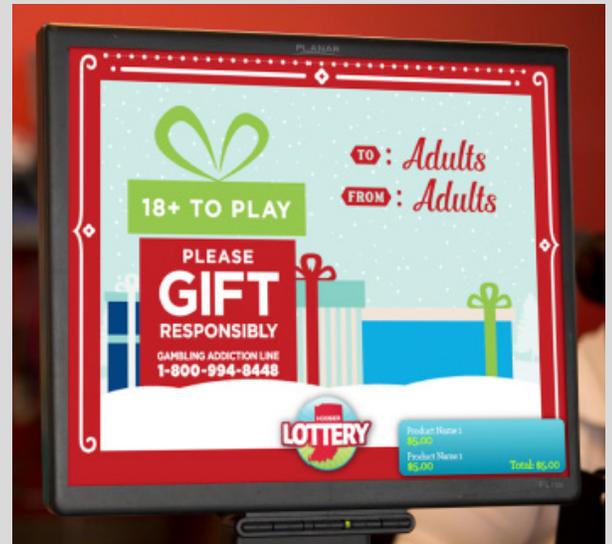
**CERTIFIED  
WLA RESPONSIBLE GAMING  
FRAMEWORK  
LEVEL 4 / VALID UNTIL 2018**

and Marketing Code of Conduct, we have created supplemental processes and guidelines that have assisted efforts to continuously improve our program.

In FY 2017, we focused our efforts on using the continuous improvement process to refine our initiatives and messaging. This is visible through our redesign of the responsible gaming logo, Problem Gambling Awareness Month campaign, and our Responsible Gifting campaign. We also increased our social media engagement and impressions through weekly posts and added responsible gaming messaging to the front border of our Scratch-offs.

The Hoosier Lottery is a Level 4 certified lottery. This achievement is held by only four US lotteries.

Our Responsible Gaming program consists of a nine element framework that serves as the foundation of a cross-departmental effort to embed responsible gaming into all business areas. The responsible gaming framework and initiatives provide support in meeting our mission and business goals. In addition to a formal Corporate Social Responsibility Policy



The success of our program relies on strong relationships with our internal and external stakeholders. Consistent and open dialogue with our peers in the lottery industry is tremendously helpful in our continuous improvement and strategy development. We also gather formal feedback from the treatment community and advocates by presenting at meetings and conferences. We are committed to helping fellow lotteries with their responsible gaming efforts and provided technical assistance to seven lotteries pursuing WLA Certification at varying levels.



We proudly support the National Council on Problem Gambling (NCPG) and the Indiana Council on Problem Gambling. Our Responsible Gifting Campaign for FY 2017 was a finalist for Best Holiday Campaign at the annual NCPG conference. Additionally, we have close working relationships with the Indiana Division of Mental Health and Addiction and the Indiana Problem Gambling Awareness Program (IPGAP). IPGAP has provided valuable expertise to our responsible gaming initiatives

# RESPONSIBLE GAMING

## RESPONSIBLE GAMING LOGO

Responsible Gaming logo was reviewed and refreshed as part of our continuous improvement process.



## RESPONSIBLE GAMING EDUCATION WEEK

Employees received responsible gaming educational messaging and were encouraged to participate in an idea contest.

## STYLE 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.

## CONFERENCE & TRAINING GRANTS

Partnered with Central Indiana Community Foundation to create a fund that grants individuals working with problem gambling the ability to attend trainings or conferences. The objective is to assist in building knowledge of problem gambling issues in Indiana.



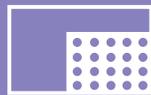
## RESPONSIBLE GAMING MESSAGING SURVEY

Surveyed all retail locations on underage compliance measures surrounding instant ticket vending machines. Retail employees were asked to demonstrate proper use of the automatic shut off device and received additional training if needed.



## CORPORATE SOCIAL RESPONSIBILITY EDUCATIONAL TICKET

The tickets were distributed in 8,936 promotional giveaways with the objective of increasing public knowledge of our CSR program.



## PROBLEM GAMBLING AWARENESS MONTH

Executed a month long campaign that consisted of social media and point of sale messaging that promoted responsible play.



## TERMINAL REFERRAL

Technology was added to terminals to allow the associate to print a responsible gaming message when they determine a referral is appropriate.

## RESPONSIBLE GAMING REFERRAL TRAINING

Partnered with Indiana University to develop scenario-based training and leave behind for retailers.

## RETAILER INFO SHEET

Developed a one-page educational sheet focused on underage play compliance for retailers who needed additional training.



## INDIANA PROBLEM GAMBLING PRESENTATIONS

Participated in an RG panel at the fall and spring ICPG conferences.



## HOLIDAY CAMPAIGN

Promoted responsible gifting through social media with the addition of an animated graphic. The campaign was a finalist for NCPG's 2016 Best Holiday Campaign.



# COMMUNITY IMPACT

# FINANCIAL LITERACY

The Hoosier Lottery developed a Financial Literacy Course in partnership with IVY Tech Community College in 2015. Through continuous improvement reviews, the Financial Literacy Course was redesigned from one lock-step course to four individual modules that could be taken independently of each other. Although the overall content of the course did not change, participants were given the freedom to pick and choose the topics they felt most relevant to their needs. The course was featured in our Problem Gambling Awareness Campaign.

## Financial Literacy Course



- 58% Male**
- 42% Female**
- 67% Age 35 and over**
- 67% Have played the Hoosier Lottery**
- 53% Never taken a personal finance course**
- 92% Indicated the course was good or excellent**

Data taken from completion survey

### MODULE 1:



- 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 & CHARITABLE GIVING

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

From the prior fiscal year, we saw a decrease in total spend for sponsorships, contributions and memberships by approximately 11%. This can be attributed to renegotiated community sponsorship contracts that ultimately led to increased benefits at a lower cost and better alignment with business priorities. Additionally, we receive tickets to events from our sponsorship agreements. When those cannot be given away as prizes or used for other business purposes, the Hoosier Lottery donates them to charitable organizations.



**\$81,316**

IGT Indiana Charitable Giving & Memberships

**\$819,380**

Community Sponsorships

**\$900,696**

Total Spend for Sponsorships, Contributions & Memberships

# EMPLOYEE GIVING

Hoosier Lottery employees not only give their time in a company setting, but they give from their hearts personally. Throughout the year, the Hoosier Lottery promotes opportunities for employees to individually donate to local organizations or to make financial contributions through the State Employee Charitable Campaign.

Over the holidays, employees at Hoosier Lottery headquarters adopted a family through the Julian Center and collected items for their family cupboard. In addition, the three sales regions held a competition to see which region could collect the most weight in donations to the Salvation Army.

Employees also collected school supplies for Teachers' Treasures, an organization that provides classroom resources and supplies for teachers in impoverished schools. New and gently used athletic equipment was collected through an initiative of the Indiana Sports Corporation. And, through a drive sponsored by First Lady of Indiana Karen Pence we collected old cell phones for Verizon's Hope Line.

State Employees  
Charitable Campaign  
(SECC)



CY 2017

# 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 198 hours of service to a variety of non-profit organizations at a value of \$4,665\*. This was accomplished through group efforts and individual volunteering.

**Our employees  
contributed 198  
hours of service.**

Group volunteer activities included a partnership with Keep Indianapolis Beautiful and pantry assistance at Gleaners Food Bank. The Hoosier Lottery assisted Keep

Indianapolis Beautiful with a greenspace project that included removing invasive plants around a community pond. Employees also volunteered at the Children's Bureau Inc. helping with their toys for children program. Employees also volunteered individually at other non-profit organizations of their choosing.



\*Calculated using Points of Light Foundation Volunteer Economic Impact calculation (Total hours x \$23.56)

# **ENVIRONMENTAL IMPACT**

# ENVIRONMENTAL IMPACT

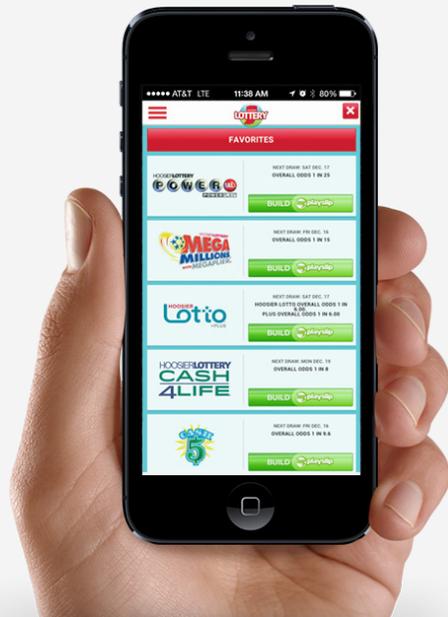


Since early 2011, the Hoosier Lottery headquarters has called The Buick Building home. The building is certified Gold by the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Building Rating System. The building was designed and constructed to reduce human impact on the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



In FY 2017, 78,734 wagers were made using myPlayslip

In addition to encouraging recycling, we continued promoting green initiatives internally and externally. Recycling boxes placed at each employees work station promote individual recycling. We also celebrated Earth Day during our monthly all-employee meeting. We continue to monitor the use of point of sale materials in an effort to reduce our waste and we promote myPlayslip as an alternative to paper playslips. During this report period, an average 1,486 wagers were made using the digital playslip per week. This is a 16% increase over the previous fiscal year.



# REPORT APPROACH & METHODOLOGY

# PRECAUTIONARY PRINCIPLE

The Precautionary Principle is a strategy to cope with possible risks associated with a product.

It came to prominence at the 1992 Earth Summit. Simply put, the principle means “First, do no harm.” The Hoosier Lottery has chosen to use the precautionary principle in both its business development and risk management strategies. Potential harm is always considered during the business development process, and this is demonstrated in the annual business plan where CSR is a key priority and placed at the same level as driving sales. In its risk management practices, the Hoosier Lottery has a board of senior managers from both IGT Indiana and the Commission that develops and implements responsible gaming programs. The purpose of these efforts is to mitigate harm while maximizing returns to good causes in the state of Indiana and the theory is at the center of all decision-making processes within the organization.

This CSR report covers July 1, 2016 - June 30, 2017. Global Reporting Initiative fourth generation Sustainability Reporting Guidelines (GRI G4) were used to guide the Hoosier Lottery in developing a framework for social responsibility reporting and to guide the analysis and discovery of key aspects. To determine the main elements for the Corporate Responsibility Report, the Hoosier Lottery followed the process identified in the GRI-G4 Implementation Manual. This process led to identifying areas of importance called material aspects and boundaries. The Director of CSR & Compliance conducted an initial analysis, and draft graphics were created to present the analysis to a work group of key Hoosier Lottery management staff. The work group reviewed the initial analysis and provided recommendations and feedback.

The work group also collaborated to define and identify the material aspects and boundaries for each priority area. The material aspects were then presented to the Responsible Gaming Advisory Committee comprised of external stakeholders who regularly provide feedback on Hoosier Lottery programs and business practices. Feedback was noted, and final versions of the Aspect Analysis chart and Materiality Matrix were developed. Signifying either high, medium, or low in significance, the high aspects began to form the foundation of the report.

## GRI G4 CONTENT INDEX IN ACCORDANCE - CORE

We have utilized the Global Reporting Initiative fourth generation Sustainability Reporting Guidelines (GRI G4) and followed the “In accordance – Core” option, indicating that we have following the core reporting disclosures as defined by the guidelines. The Content Index that follows indicates where specific reporting requirements can be found in the report by page number. Please note that this report has not been externally assured.

# GRI G4 CONTENT INDEX IN ACCORDANCE - CORE

GENERAL STANDARD DISCLOSURE	DESCRIPTION	MICROSITE REPORT SECTION
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	ABOUT THE HOOSIER LOTTERY
G4-3	Report the name of the organization	ABOUT THE HOOSIER LOTTERY
G4-4	Report the primary brands, products, and services	ABOUT THE HOOSIER LOTTERY
G4-5	Report the location of the organization's headquarters	HL WEBPAGE
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	ABOUT THE HOOSIER LOTTERY
G4-7	Report the nature of ownership and legal form	<a href="#">PLEASE SEE "ABOUT US" ON OUR WEBSITE</a>
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	ABOUT THE HOOSIER LOTTERY
G4-9	Report the scale of the organization	DEDICATED EMPLOYEES
G4-10	Breakdown of workforce	DEDICATED EMPLOYEES
G4-11	Report the percentage of total employees covered by collective bargaining agreements	NA
G4-12	Describe the organization's supply chain	PROCUREMENT
G4-13	Significant changes during the reporting period	PROCUREMENT
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	REPORT APPROACH & METHODOLOGY
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	RESPONSIBLE GAMING
G4-16	List memberships, associations, national or international advocacy groups	NA
G4-17	All entities included/excluded in financials	<a href="#">PLEASE SEE OUR ANNUAL REPORT</a>
G4-18	Process for aspects, boundaries	REPORT APPROACH & METHODOLOGY
G4-19	List all the material Aspects identified in the process for defining report content	REPORT APPROACH & METHODOLOGY
G4-20	For each material Aspect, report the Aspect Boundary within the organization	REPORT APPROACH & METHODOLOGY
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	REPORT APPROACH & METHODOLOGY
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	NA
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	NA
G4-24	Provide a list of stakeholder groups engaged by the organization	RESPONSIBLE GAMING
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	RESPONSIBLE GAMING
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	RESPONSIBLE GAMING
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	RESPONSIBLE GAMING
G4-28	Reporting period (such as fiscal or calendar year) for information provided	COVER PAGE
G4-29	Date of most recent previous report (if any)	JANUARY 1, 2015 - JUNE 30, 2015
G4-30	Reporting cycle (such as annual, biennial)	COVER WEB PAGE
G4-31	Provide the contact point for questions regarding the report or its contents	CONTACT US HOOSIER LOTTERY
G4-32	GRI Content Index	GRI CONTENT INDEX
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	THIS REPORT IS NOT EXTERNALLY ASSURED
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	ORGANIZATIONAL STRUCTURE
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	ORGANIZATIONAL STRUCTURE

# SPECIFIC STANDARD DISCLOSURES

The following table shows which “specific standard disclosures” per the GRI G4 Sustainability Reporting Guidelines were included in the report, where to find them, and the relevance of the disclosures.

MATERIAL ASPECT	INDICATOR	DESCRIPTION	REPORT SECTION	BOUNDARY OF ASPECT		SIGNIFICANCE LEVEL		
				INTERNAL	EXTERNAL	ORGANIZATION IMPACT	STAKEHOLDER IMPACT	OVERALL LEVEL OF SIGNIFICANCE OF ASPECT
Economic Performance	G4-EC1	Direct economic value generated and distributed	PLEASE SEE OUR ANNUAL REPORT	■	■	HIGH	HIGH	HIGH
Procurement Practices	G4-EC9	Portion of spending on local suppliers at significant locations of operation	PROCUREMENT	■	■	LOW	MEDIUM	MEDIUM
Diversity and Equal Opportunity	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	DEDICATED EMPLOYEES	■		MEDIUM	MEDIUM	MEDIUM
Equal Remuneration for Women and Men	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category by significant locations of operation	DEDICATED EMPLOYEES	■	■	MEDIUM	MEDIUM	MEDIUM
Local Communities	G4-S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	BUSINESS IMPACT AND COMMUNITY IMPACT	■	■	HIGH	HIGH	HIGH
Customer Health and Safety	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	RESPONSIBLE GAMING	■	■	HIGH	HIGH	HIGH
Non-discrimination	G4-HR3	Total number of incidents of discrimination and corrective actions taken	There were no incidents of discrimination during the reporting period	■		HIGH	MEDIUM	MEDIUM



Please contact [socialresponsibility@hoosierlottery.com](mailto:socialresponsibility@hoosierlottery.com) if you have any questions or comments regarding this report.