

ANNUAL REPORT
2017



SZERENCSEJÁTÉK ZRT.

Imprint

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Should you have comments or questions about this report, please contact us using the following e-mail address: csr@szerencsejatek.hu

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DEAR READER!

2017 marked an outstanding year in the life of Szerencsejáték Zrt. We have arrived at a milestone again: in 2017 we broke records in respect of gaming revenues as well as of contributions to public expenditures.

We are pleased to see that our products continue to enjoy popularity among Hungarian players. In 2017 the willingness to place sports betting have further increased, and despite the absence of any global football event we registered a growth in the number of bets. The success is also attributable to the significant rise in the number of betting events compared to the previous years: bets may be made on an increasing number of championships and markets, both before and during the match, and as a result, nearly 100 new markets have become available for the payers. Another innovation is brought about by the development in the provision

of information and content services, making our product range available at qualified Betting Points as well.

Year 2017 was also remarkable for lottery games: due to rollovers in several games, the winners of Scandinavian lottery, Joker and Keno could collect record-high jackpots, and for the first time ever, there was also a Hungarian Eurojackpot top prize winner as well.

The sale of our highly popular scratch cards have also broken a record: their total turnover significantly exceeded previous year's performance. Scratch card fans must have been glad to see our new products, since besides the traditional ones we issued several colourful and exciting types of scratch cards in various price categories during the year.

The total amount of winnings also broke a record compared to the previous years: our players won a prizes in the total amount of net HUF 278.3 billion.

However, these results could not have been achieved without the enthusiastic and devoted work of our approximately 1700 employees, including about 150 with reduced capacity for work. At the same time, we should also thank our players for their trust and confidence in us, without which we could not have achieved such outstanding results. We shall make all efforts to provide even more professional and higher standard services to our players as a result of our future developments.

From the beginning of 2017, our Company operates in line with a new strategy and objectives.

Our new mission – “We provide experience and create value” – is reflected in each aspect of our operation, from game design to serving our players. We strive to achieve the highest level of game experience through the constant development of our products and services. Our core values still include responsible gaming, excellent product and service quality, customer orientation, reliability and social responsibility.

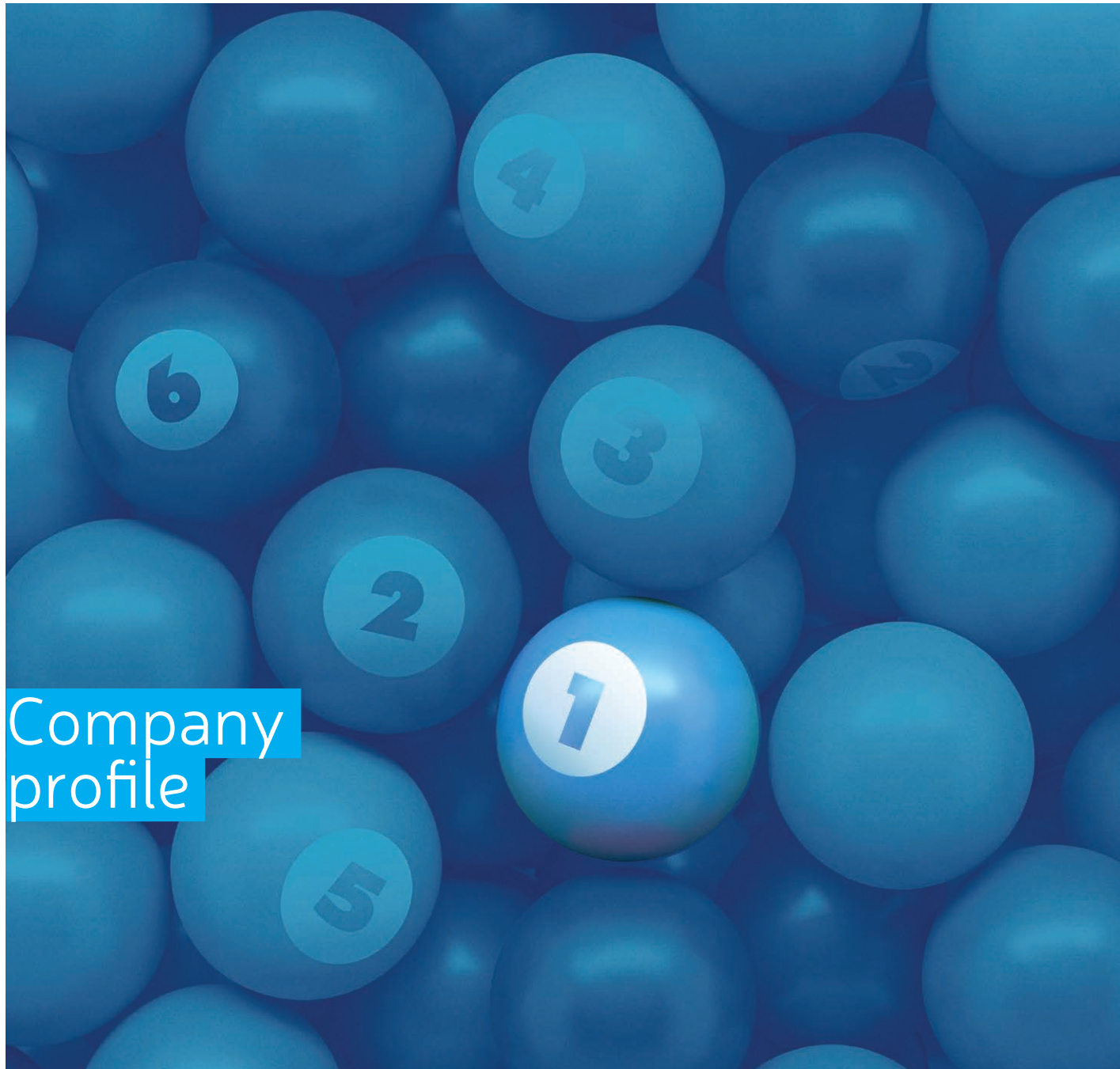
As a large company offering games of chance we are aware of the potential risks inherent in our services and the possible danger of addiction to our products. As a state-held and responsible company we shall do our utmost to encourage healthy and joyful gaming, and to protect Hungarian people playing games of chance at present or in the future, from excessive gambling.

Based on our the ratio of net gaming revenues to contribution to public expenditure - which is nearly two-thirds in our case – from among the members of the European Lotteries, Hungary exceeds the average of EU member states.

In the coming years we shall continue our efforts to honour the trust placed in us.

After all, we cannot trust in fortune alone.

Dr. Márton Braun
Chief Executive Officer

The background of the page is a dense field of blue spheres of varying sizes and shades of blue. Several spheres are highlighted with a lighter blue circular sticker in the center, each containing a white number. The numbers visible are 1, 2, 3, 4, 5, and 6, arranged in a roughly circular pattern. The sphere with the number 1 is the most prominent, being the largest and brightest in the foreground.

Company
profile

Szerencsejáték Zrt. is the national lottery operator of Hungary with a mission to create values.

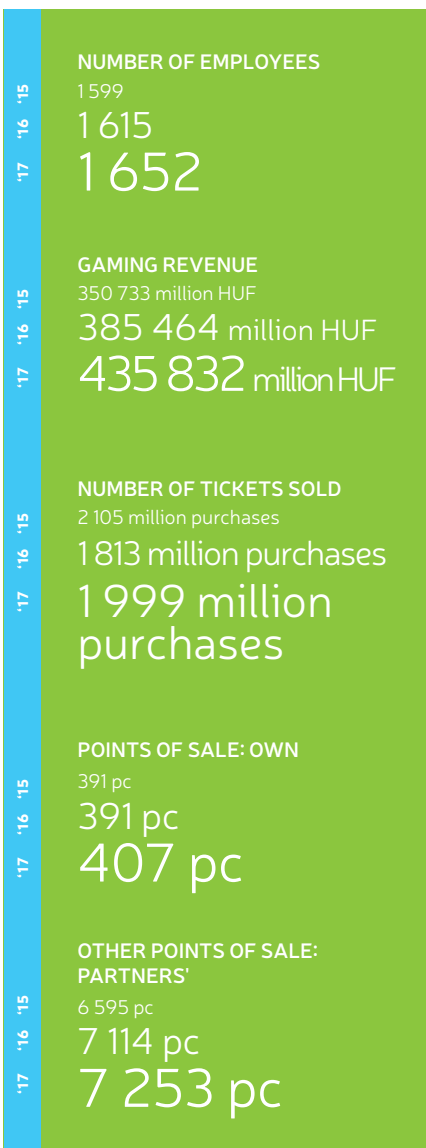
It has the exclusive right to sell draw games and pari-mutuel bets within the territory of the country. It also has the sole licence to organise fixed odds sports betting. The company is headquartered in Budapest and conducts gaming operations solely in Hungary. Its pursues its commercial activities in four sales regions: Budapest, Northern Trans-Danubia, Miskolc, Pécs and Szeged.

The state permanently holds 100% share in the Company, meaning that Szerencsejáték Zrt. is wholly owned by the state. The owner's rights and responsibilities are exercised by the Minister responsible for State Property, who performs these duties through the Hungarian National Asset Management Ltd. (Magyar Nemzeti Vagyonkezelő Zrt., or MNV Zrt. for short).

Core activities

Gambling is a popular and widespread form of entertainment: three quarters of the adult Hungarian population buy our products with varying degrees of regularity.

SZERENCSEJÁTÉK ZRT. IN FIGURES



SUPPORTING MACRO-ECONOMIC ENVIRONMENT

Hungary boasted of a 4% economic growth in 2017, which was partially attributable to the increase in household consumption expenditure. Real incomes grew by 10.3%, and the increase in disposable income boosted demand for games of chance in a differentiated manner. .

Due to its extensive sales network, widely known and popular products, and effective communications, Szerencsejáték Zrt. plays a key role in shaping betting habits in Hungary.

OUR PRODUCTS

Draw-based games: Ötöslottó (5/90 lottery), Hatoslottó (6/45 lottery), Scandinavian Lottery, Eurojackpot, Joker, Keno, Luxor, Putto, scratch cards

Pari-mutuel betting games: Toto Pools, Goal Toto

Fixed-odds sports betting: Tippmix, TippmixPro (operated as a remote game of chance since 23 October 2017)

We are aware that games of chance cannot be considered standard commercial products since – due to the risk of addiction – they can pose a menace to public health, public order and public safety. We place high priority on minimising any potential harm arising from the special nature of the gambling industry, the protection of vulnerable

groups (primarily the youth) and first of all, on preventive measures.

In order to shape betting habits, we co-operate with governmental and supervisory bodies, as well as medical institutions and treatment centres specialised in the psychological effects of gambling.

We strive to maintain a balance between successfully managing the public assets entrusted to the care of our Company, contributing to public expenditure and taking responsibility for society and our players.. With this in view, from 2017 on we are following the directions set in our new mid-term business strategy.

MISSION AND CORE VALUES ACCORDING TO OUR NEW STRATEGY EFFECTIVE FROM 2017

The strategic mission of our Company is to offer an excellent experience and to create value.

Our new strategic targets focus on our players, our aim, as reflected by our guiding principle is to meeting the demand of Hungarian people for gaming experience at the highest possible standard through constant product and service developments. Our core values include responsible gaming, excellent product and service quality, customer orientation, reliability and social responsibility which together form the foundation of sustainable and moderate growth.

INTER-ORGANISATIONAL COOPERATION, MEMBERSHIPS

Szerencsejáték Zrt. has been a member of the recognised umbrella organisations of the gaming industry, the EL (European Lotteries) and the WLA (World Lottery Association) for decades. We participate in the professional programmes of these organisations in order to learn from them and adopt the best industry methods and practices. Our activities adhere to common gaming principles, which are founded upon responsible gaming and information security standards. We are regular members of three of the working groups – Sport, Knowledge Sharing and Legal & Regulatory – playing a key role in the professional activities of the European Lotteries.

Szerencsejáték Zrt. is a founding member of the Global Lottery Monitoring System (GLMS), a non-profit organisation established by 27 EL and WLA members in 2015 with the main objective of protecting the integrity of wagering and betting on sporting events and combat frauds in sports betting.

Our Company is also a recognised member of Matchinfo, the association of lottery operators engaged in fixed-odds sports betting.

Maintaining and expanding our cooperation with European lottery operators and making joint efforts against disintegration tendencies have remained our important business targets.

EUROPEAN LOTTERIES (EL)

The European Lotteries was established in May 1999 after the merge of AELLE (Association of European National Lotteries) and the European section of another large global association Intertoto (the International Association of Toto and Lotto Organizations) merged. As the association of licenced, lawfully operating companies offering gambling and betting services, currently EL represents 77 lottery companies from 45 countries.

The Association maintains a permanent representative office in Brussels and actively participates in the consultations and forums initiated by the bodies of the European Union. As its objectives and aims are the same as those of Szerencsejáték Zrt., it is to our mutual benefit to regularly share information and knowledge and exchange information on gambling regulations. It is a mission of EL to promote the sound and sustainable gaming model that is based on the values of subsidiarity, precaution, solidarity and integrity, i.e. the values endorsed by its entire membership.

We have committed ourselves to co-operating with a number of organisations, all of which we are connected to through different aspects of our business. We have maintained close ties with the Hungarian Advertising Self-Regulatory Board (Önszabályozó Reklám Testület, or ÖRT for short) for several years. We always advertise according to their guidelines. Our

company is a member of the Hungarian Donors Forum (Magyar Adományozói Fórum), the Employers' Forum for Equal Opportunities (Munkáltatók Esélyegyenlőségi Fóruma) as well as of the Business Council for Sustainable Development in Hungary (BCSDH).

Similarly to the practices of other European countries, the rolling back of the profits of state-organised gambling significantly contributes to financing sports nationwide. By buying sports associations' media rights, Szerencsejáték Zrt. took a direct institutional role in promoting the success of high-priority sports. In the season of 2017/18 the scope of rights and concessions related to sports activities, sports competitions and the competition system extended to basketball, handball, water polo as well as to ice hockey.

PORTFOLIO

We have two wholly owned subsidiaries: Szerencsejáték Service Nonprofit Kft. which is responsible for sponsorships and public donations and Belvárosi Kaszinó Kft. This latter has been inactive since 2015.

Principles of company governance and management

Trust plays a key role in the successful operation of Szerencsejáték Zrt. Our corporate governance principles, which

ensure transparency, the optimal degree of regulation and strict conformity with the law, provide a firm foundation for maintaining the trust of our players and partners.

As the national lottery company of Hungary, it is our duty to provide the general public with opportunities for safe, moderate and at the same time state-of-the-art games of chance offering them the joy of playing and entertainment.

SUSTAINABLE DEVELOPMENT

We have been committed to operating responsibly and sustainably for many years. Since 2010, the Corporate Social Responsibility Department, a separate organisational unit, has been in charge of coordinating and operating these activities.

LEGAL COMPLIANCE

Abiding with the law is a basic, inescapable principle for our Company. Each element of our is fully compliant with the effective Hungarian and EU regulations. As a result, we only offer fair and lawful games, we take action against illegal gambling, and we behave reasonably towards our lawfully operating competitors.

Our games are properly regulated, and they are also fairly and safely organised.

Our operations and sales network are regularly audited by the Gambling Supervision – formerly by the Gambling Supervision of the National Tax and

Customs Administration – which has been functioning as an independent government agency since 1 July 2017. The results of these audits are discussed in detail in the section entitled “Economic value creation”.

ETHICAL AND TRANSPARENT BUSINESS OPERATION

Szerencsejáték Zrt. believes it is essential that its employees establish and maintain their employment status in legal certainty. This is facilitated by our Collective Agreement, which clearly defines the rights and duties of employers and employees. All of the employees of the company, except the Chairman & CEO and the deputy CEO, fall within its scope in 2017.

Our Collective Agreement is a bilateral contract that can be modified only with the agreement of the Trade Union. The Trade Union and the Works Council represent employees' rights relating to the establishment of working conditions and decisions about wages and benefits, and they also ensure that employee opinions are communicated to management.

Since 2007 the Ethics Committee has been at the disposal of employees to help clarify any ethical issues.

The Code of Ethics, which is available both in a printed form and on the intranet helps employees with understanding ethical issues arising at the workplace.

With regard to our employees, the Code of Ethics is designed to:

- define the rules for ethical behaviour to be followed,
- provide them with assistance in complying with these rules,
- inform the public about the conduct expected from the employees,
- protect them from attempts to involve them in corrupt practices, from arbitrary measures which may be taken by employers, and from being unjustifiably held responsible.

The Code declares that a person who reports in good faith a suspected act of corruption or the risk it potentially involves may suffer no disadvantage.

Our company also defines requirements about ethical and transparent business operating processes for itself. These cover the topics of law-abiding behaviour, data security and confidentiality, ethical relations with players and efforts to reduce the risk of corrupt practices.

The Code of Ethics is reviewed by the Company on a regular – at least once in every three years – basis. In 2017 the Code of Ethics that came into operation as of 1st February 2015 was in effect. In order to enforce the rules of ethics, the company can request guidance from an Ethics Committee with permanent members, which is tasked with preparing annual reports for the Chairman-CEO.

MEMBERS OF THE BOARD OF DIRECTORS IN 2017

Name	Position
MÁRTON BRAUN, DR.	Chairman of the Board of Directors
KATALIN HÁRSVÖLGYI, DR.	Member of the Board of Directors
KÁROLY ATTILA KOLLÁR (until 15 February 2017)	Member of the Board of Directors
LÁSZLÓ GÁSPÁR KOSZORÚS	Member of the Board of Directors
ZSOLT PÉTER, DR.	Member of the Board of Directors
FERENC RÁCZ, DR.	Member of the Board of Directors
NÓRA TURÓS, DR. (from 16 February 2017)	Member of the Board of Directors

MEMBERS OF THE SUPERVISORY BOARD IN 2017

Name	Position
ZSOLT ISTVÁN INCZE	Chairman of the Supervisory Board
ISTVÁN KNAPP	Member of the Supervisory Board
GERGELY ÁKOS KUCZORA, DR.	Member of the Supervisory Board
GYULA MUCSI	Member of the Supervisory Board
NÓRA TURÓS, DR. (until 15 February 2017)	Member of the Supervisory Board

In the course of 2017, only two ethical procedures were started based on an employee reports.

MANAGEMENT

The company's executive body is the Board of Directors, which has the exclusive authority to make decisions about the issues listed in the Memorandum of Association. The Chief Executive Officer (CEO) is responsible for the company's operative leadership.

The company's executive body is supervised by the Supervisory Board, one-third of whose members are employee representatives. The duties and responsibilities of the Supervisory Board are determined by the Memorandum of Association.

Chief Executive Officers shall always perform their duties in compliance with the legal regulations, the Memorandum of Association and the resolutions issued by the General Meeting and the Board of Directors. They also act on behalf of the Company and exercise ownership rights at members' meetings of subsidiaries according to the conditions defined in the Memorandum of Association.

In the course of 2017 the Organisational and Operational Rules have been modified on two occasions. Version 7, effective from April 2017 provided more exact and extended definitions for the tasks of department heads, the coordination tasks of the Chairman's Secretariat, the Gaming Department, the Commercial Department

LEADERS OF OUR WORK ORGANISATION IN 2017	
Name	Position
MÁRTON BRAUN, DR.	Chairman - Chief Executive Officer
ZOLTÁN CSELOVSZKI	Deputy Chief Executive Officer
GYULA SZTRUHÁR, DR.	Deputy Chief Financial Officer
MARCELL ZSIGA, DR.	Director of Marketing and Communications
RÓBERT JÓZSEF DUBA	Director of Security
EDINA MÁRIA HORVÁTH, DR.	Director of Legal Affairs, chief legal counsel
DÁVID CSILLAG	Chief IT Officer
TAMÁS LOTHÁR SÁNDOR	Director of Human Resources

and the Security Directorate, as well as provisions regarding the restructuring of the IT Directorate, and the requirements of audits and the rules of their documentation. Version 8, effective from July 2017 specified the rules of exercising employer's rights, the purpose of the Media and Communications Department (and expanded their scope

of activities), terminated the operation of the Sports Marketing Department and regrouped certain tasks within the units of the HR Directorate.

For our current organisational diagram and a list of our executive officers please visit our website.

Stakeholders and their involvement

We have defined the following groups as stakeholders of our Company:

- internal stakeholders: owner, Board of Directors, Supervisory Board, management and employees.
- external stakeholders: legislators, authorities, media, industrial organisations, organisations that deal with prevention and addiction, organisations dealing with the disabled, NGOs, competitors, suppliers, players, gambling addicts, the relatives of gambling addicts, minors, the parents of minors, teachers and sales partners.

We consider it essential to identify and obtain a real picture of the interests of the various parties. This also enables us to maximise their commitment and social capital while minimizing conflicts and protecting the interests of the vulnerable groups.

These stakeholders are prioritised according to two distinct features: one is the influence of the stakeholders on the Company, and the other one is their dependency on it.

Communication with stakeholders takes place by means of regular and ad hoc dialogue tailored to the particular stakeholder group, depending on the nature of the relationship or the topic.

Regulation of the gambling industry

REGULATION OF THE EUROPEAN GAMBLING MARKET

There is no sector-specific EU legislation in the field of gambling services. EU countries are autonomous in the way they organise their gambling services. On the basis of the recommendations of the European Commission, EU member states are encouraged to ensure the high-level

protection of consumers, vulnerable players and minors through the adoption of measures that deal with online gambling and related services. As reflected in the legal practices of the European Court of Justice, the involvement of national game organisers in protecting players is generally favourably received.

The prevention of **money laundering** is a regulatory field considered to be a priority. The new (4th) EU Directive adopted in 2015 had to be transposed by all member states into their national law and applied in the field of gambling by 2017 as well. Consequently, Hungary adopted Act LIII of 2017 on the Prevention of money laundering or terrorist financing, which covers the betting games offered by our Company as well.

International trends are characterised by increasing demand for faster-paced, thus riskier, games, which is fostered by the spread of new electronic communication devices and – mostly illegal – online gambling. While national lottery companies promote the provision of services within

STAKEHOLDER PRIORITISATION

STAKEHOLDER INFLUENCE ON THE COMPANY			
		LOW	HIGH
STAKEHOLDER DEPENDENCY ON THE COMPANY	HIGH	NGOs, organisations that deal with prevention and addiction, gambling addicts, addicts' relatives	players, employees, management, sales partners
	LOW	minors, the parents of minors, teachers, the natural environment	owner, Board of Directors, Supervisory Board, legislators, authorities, media, professional organisations, industrial organisations, suppliers, organisations dealing with the disabled

national confines, profit-oriented private enterprises aim to cross national boundaries and take advantage of tax benefits. Nearly two-thirds of the net gaming revenues of our Company are paid to the central budget – in the form of taxes, dues and contributions – for the purpose of financing public expenditure.

DOMESTIC LEGAL ENVIRONMENT

In Hungary, games of chance are regulated by Act XXXIV of 1991 on Gambling Operations and its implementation regulation. Adaptation to the changing regulatory environment has been a constant challenge to Szerencsejáték Zrt. To provide high standard service to the domestic gambling market, the Company is seeking to broaden its range of activities and is also committed to providing expert input to the work of reforming the regulatory framework.

As a positive development, the gambling supervisory body, the Gambling Supervision – and formerly the National Tax and Customs Administration (NAV) – which has been functioning as an independent government agency since July 2017 has consistently attempted to block unlicensed sports betting and gambling websites.

As earlier, in 2017 our Company fulfilled the requirements stipulated in Government Decree no. 329/2015.

(XI. 10.) on the Detailed rules of responsible gambling operations published in November 2015. Pursuant to the resolution of NAV, our Company classifies as a responsible gambling operator until 23 February 2018.

RECOMMENDED RESPONSIBLE GAME OPERATOR STATUS

This status is granted to operators meeting the requirements set forth in Section 22 of Government Decree no. 329/2015. (XI. 10.) at their application. During the validity of the recommended responsible game operator status (1 year) the operator may display this status on its website, in its gaming venues, advertisements and commercial communications, together with its company name or another name used during its activities as an operator, and its logo.

CHANGES IN THE STRUCTURE OF THE MARKET

Based on its net gaming revenue, our Company had an 82% share of the legal market estimated to be worth HUF 190 billion in 2017. We have indirect estimates on the size of the illegal market, in addition to online bookmakers and casinos, the scope of illegal operators is now extends to lottery operators (e.g. Lottoland).

Due to the new regulation adopted in 2015 the number of casinos has increased which brought about a significant change

in the gambling market. In 2017 as many as ten casinos were in operation nationwide, of the maximum eleven stipulated by law. The Act on Gambling Operations allows companies holding a licence to operate a physical casino to operate online casinos as well, and therefore, we launched e.g. the vegas.hu webpage in April 2017.

Economic value creation

Innovation and continuous technological development has an important role in the operation of Szerencsejáték Zrt.

The project aimed at replacing our central sales system and terminals was completed in 2015, and due to the new so-called AEGIS system, we have been able to implement numerous developments designed to increase competitiveness and enhance gaming experience over the past two years. At the end of 2017, we had 4.525 points of sale equipped with a total of 5.008 active online terminals. The population coverage per terminal is nearly 1.951 persons.

Our profit before taxation was also outstanding in 2017: HUF 19.633 billion.

For further details concerning economic value creation, please refer to the section entitled 'Balance sheet and profit and loss statement' in the Annexes.

2017 brought new records again. :

Our gaming revenue amounted to HUF **453,8** billion, HUF **50,4** billion more than in the previous year.

The record-high **Scandinavian lottery** winning of HUF

690,46 million,

and the also record-high jackpot of HUF

386,7 million

in the **Joker** game have also contributed to the success.

Another record was set by the lucky Hungarian lottery player who won

22,5 million euros

in the **Eurojackpot lottery** making him the winner of the largest jackpot in Hungarian history.

Our profit before taxation was also outstanding in 2017: HUF

19,633 billion

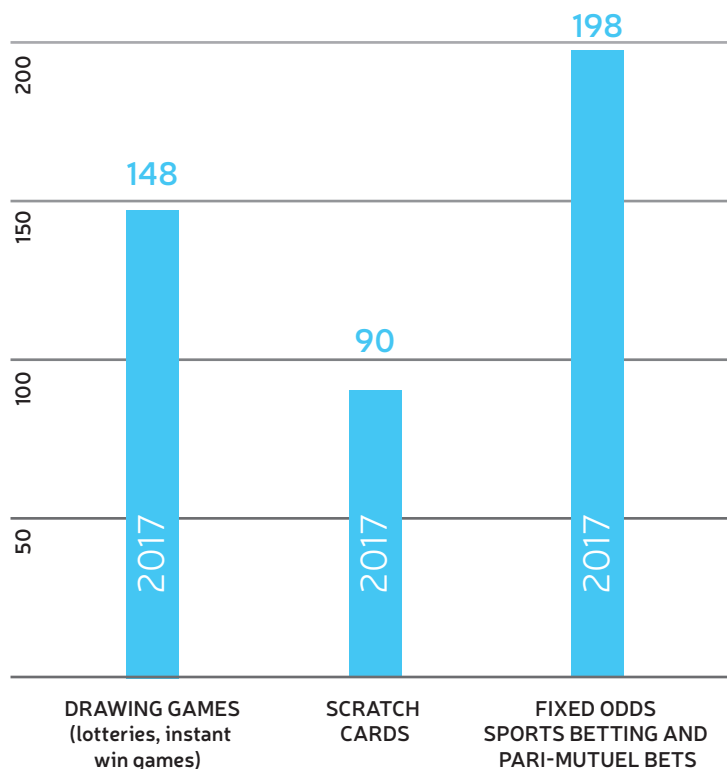
OUR PRODUCTS AND THEIR AVAILABILITY

Our product range is comprised of 12 continuously organised individual games; in addition, we distributed 13–17 types of scratch cards at any one time during the year. We offer a wide selection of games according to price as well as type, so everybody can find an attractive way to entertain themselves.

As a typical feature in year 2017 **demand changed in a differential manner**: on the one hand, demand for fixed-odds sports betting continued to grow, which was attributable, among other factors, to the increase in the number of available events, sports and markets, the development of the Tippmix Radar smartphone application and the tippmix.hu and tippmixpro.hu webpages, the selection of live stream transmission, and the possibility to make bets day and night alike. At the same time, in line with the trend registered for years now, pari-mutuel bets, drawing games – and in particular, traditional lottery games – are decreasing in popularity. The revenue that each game generates is described in detail in the “Annexes”.

In 2017 we also offered two products of our partners: the possibility of mobile phone top-up and participation in the Kincsem+ Tuti horse race betting in the entire sales network from February 2017.

GAMING REVENUE BY MAIN GAME GROUP (HUF billion)



In the course of 2017, winners of Scandinavian lottery, Joker and Keno could collect record-high jackpots, and for the first time ever, there was also a Hungarian Eurojackpot top prize winner as well. Record-high prizes had a positive direct impact not only on the revenues generated from the games in

question, but also indirectly on other drawing games, moreover, due to the synergies, on the revenues derived from scratch cards as well.

The sales revenues from scratch cards continued to grow dynamically. The year-on-year increase in turnover was as high as 16.6% in 2017 compared to

7.3% registered in 2016. Demand has continued to shift towards scratch cards in the higher price category.

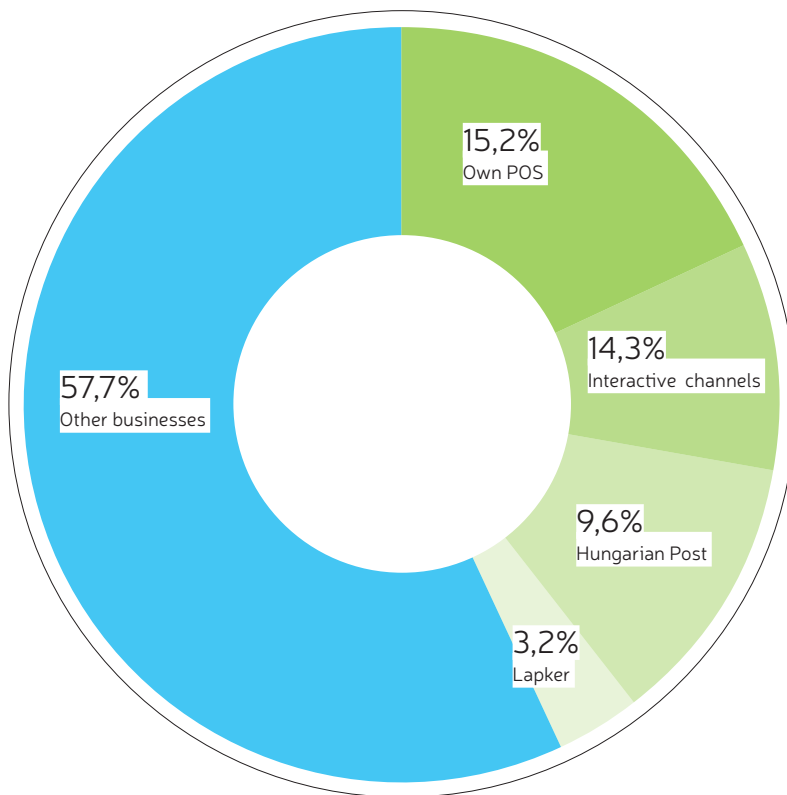
Betting games accounted for half of the Company's sales revenues (45.3%). The demand for **fixed-odds betting games** (Tippmix, Tippmixpro) increased dynamically, while the popularity of pari-mutuel games (Toto, Goal toto) has continued to diminish.

Our **extensive sales network** ensures countrywide coverage, and our products are available through interactive channels (on the Internet, via text messaging and through cash points) as well.

The major consideration we have when developing our sales channels is that they should be within the easiest possible reach of our customers. According to year-end figures, the majority of the network which connects over 7660 points of sale, is operated by our sales partners, and the minority by Szerencsejáték Zrt. 4525 of these units are equipped with terminals, the rest sells only scratch cards.

In 2017, we had a total of 282 lottery shops of our own and 125 charity points of sale. During the year, 21 lottery shops were fully renovated, and in 20 charity points of sale sales counters were given a new appearance and design.

Our major partners are Hungarian Post, with over 2600 points of sale, and Lapker, with over 360 points of sale. Apart from these two operators, among our partners there are a variety of businesses with diverse business profiles that are responsible for over 4000 points of sale.



Share of the various sectors in the sales revenue (2017)

In line with the new strategic directions, we launched the 2-year Horizont Programme designed to upgrade sales methods, thus further enhancing customer experience and the effectiveness of network communications. The developments implemented in year 2017 included equipping our own lottery shops with digital platform to announce results, realisation of animated event monitoring during live stream transmissions, and the extension of the scope of content providers. This year also marked the introduction of the game card and the CRM campaign management system.

Game card

Szerencsejáték Zrt. designed the options and advantages attached to the game card in a manner that makes it attractive to the widest possible scope of players and bettors. The game card has several convenient and safety functions.

By introducing the game card, Szerencsejáték Zrt. as a responsible gambling operator offers the players the option to limit the amount to be spent on games. This feature serves as self-restriction whereby the player may set the daily, weekly or monthly limit for his own purchases or losses. If necessary, this limit may be then modified, increased or even cancelled according to the pre-defined rules.

Szerencsejáték Zrt. provides **job opportunities and sources of income** for thousands of retailers who co-operate in selling its games, as well as for **about 10,000 people who are employed by its sales partners**. We sign service contracts with our sales partners and define the requirements for the legal employment of terminal operators, who must also be provided with training opportunities. The wages and benefits paid by our partners are not separately regulated. There are relevant statutory provisions pertaining to them.

Our sales network is regularly audited by the Gambling Supervision – formerly by the Gambling Supervision of the National Tax and Customs Administration – which has been functioning as an independent government agency since July 2017. In 2017 it imposed minor fines, ranging between HUF 100,000 and 200,000 on our Company.



The cornerstone of our operation:
the trust of players

Over its 26 years of existence, our Company has regarded reliability as a governing principle.

As a state-owned company, we are responsible for providing safe and legal gaming opportunities to our players. We make all efforts to ensure that there is no room to doubt the integrity of draws, data protection, bettors' anonymity and the payment of prizes.

Our community investments, supplier relations, the company's impact on the environment and our responsible gaming operations all have a significant influence on public trust in our company. These topics are discussed in greater detail in the rest of the report.

SUPERVISED DRAWS

With regard to maintaining confidence in the operations of our company, the **integrity and the authenticity of draws is of utmost importance**. Our draws are made in public, so anybody who is interested can observe for themselves the security and unquestionable authenticity of the draws conducted in compliance with our strict regulations. In addition to allowing the general public to watch the draws, the drawing procedures are frequently inspected by the Gambling Supervision – formerly by the Gambling Supervision of the National Tax and Customs Administration – which has been functioning as an independent government agency since July 2017. The employees of the Supervision inspected a total of 146 drawing procedures in 2017, without making a single objection.

Our drawing equipment is licensed and authenticated by the National Metrology Institute (Metrológiai Hatóság, formerly

known as Országos Mérésügyi Hivatal). The **authentication procedure takes place bi-annually**. During the process, hundreds of trial draws are conducted to examine the authenticity of our equipment and to ensure that winning numbers are selected on a purely mathematically random basis. Even the physical properties of the numbered balls – such as their diameter, their colour, whether they can be pressed together or perhaps wetted – come under scrutiny. Following the tests, each ball is affixed with a seal and handed over to us. The affixed seals can only be broken and the drawing equipment used in the presence of a public notary who has been assigned to a particular draw. After each draw, the public notary in charge will reseal the set of numbered balls.

THE DRAWING COMMITTEE

Draws are conducted in the presence of a Drawing Committee. It is responsible for verifying that appropriate personal and technical conditions for draws are ensured, rules are followed and enforced, draws are made in a safe manner and that results are forwarded to the headquarters of Szerencsejáték Zrt., where our employees can continue working with this data.

Upon noticing any irregularity, it is the Drawing Committee that decides whether the draw should proceed. As a rule, in such a (luckily rare) case the substitute draw tools and ball set, which are required to be at the site of the draw and may be deployed in a short time, are used.

DATA SECURITY

Guaranteeing data security is essential to our sales process. If a single system error were to occur, it would shake public confidence in our company to its foundations.

The terminals that operate at our points of sale and lottery shops transmit betting and gambling data to a central system. Back-up copies are made of the data that is stored in the central system. The betting data that has been stored is then locked online before the draw. A qualified third party service provider that operates in accordance with international standards locks the data using a timestamp. The authentication of betting data is ensured through the use of signatures and other verification methods prescribed by law.

Since 2012, the processes and systems related to our products have been subjected to ISO 27001 and WLA SCS information security audits. Our certificates, which are also required for the operation of the Eurojackpot lottery, remain valid – after a repeated audit – until 2018.

ACTIONS AGAINST ONLINE FRAUD

Our company lays great emphasis on maintaining the integrity of games played via online interfaces and on **preventing fraud**. A department (the Customer Supervision Department) created for this specific purpose closely co-operates with financial institutions and telephone companies with which our company has signed contracts. If a player's involvement in any act of fraud is confirmed following a process of checking, then according to the operative rules they will be banned from online gambling and their registration will be blocked. Furthermore, – depending on the nature of corruption – legal action against perpetrators may follow.

GUARANTEED PAYMENT OF PRIZES

Szerencsejáték Zrt. **guarantees the payment of lawful winnings**. Players have the opportunity to collect their winnings at intervals specified by the law and the rules of participation. Unclaimed prizes (regardless of their amount) roll over, and mainly used for payouts in separate draws, but it may also be used to increase the size of a prize pool as well as to round up the amount of prizes.

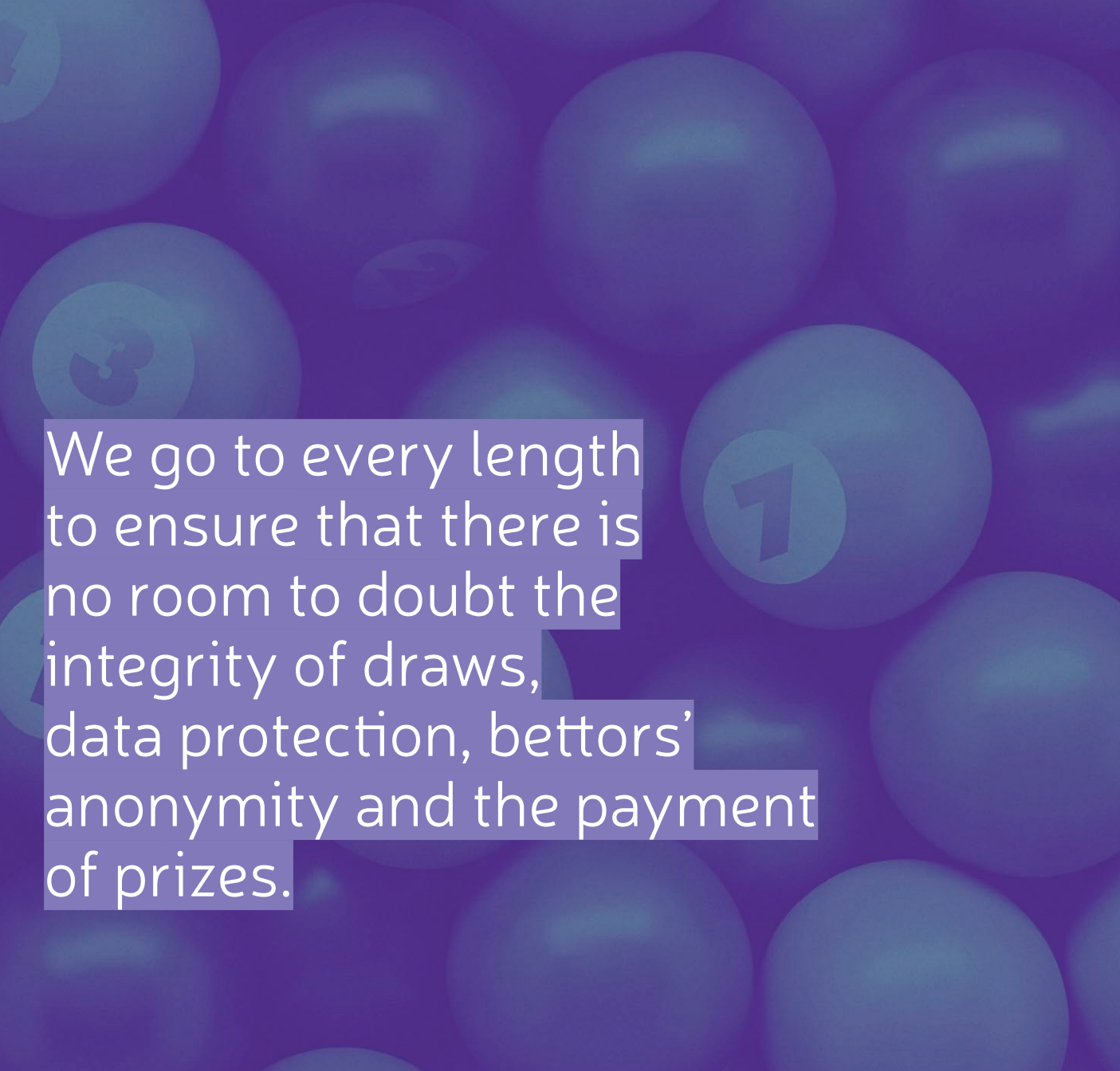
We allow players who are registered online to collect smaller prizes through automatic transfer. In 2017 customer

supervisors conducted manual checks and authorised the payment of winnings on more than 19 500 occasions.

WINNER ANONYMITY

The **payment of prizes** is a sensitive as well as a confidential issue. We handle our clients' data **confidentially**. The online terminals at our points of sale never display the exact amounts when reading receipts of prize confirmation, only indicate that a particular player has won a large or special prize. Winners' data are always handled as confidential business information by our sales staff at all of our points of sale.

When winnings are collected, only the designated staff (2-3 people) are permitted to be in attendance on behalf of Szerencsejáték Zrt. who are all **bound by secrecy obligation**.



We go to every length to ensure that there is no room to doubt the integrity of draws, data protection, bettors' anonymity and the payment of prizes.



Responsible gaming
and prevention

Responsible gaming is the core element of our corporate social responsibility policy.

Responsible gaming is the core element of our corporate social responsibility policy. It comprises all the purposeful activities which go beyond legal obligations and with which we strive to protect our players from the harmful consequences of excessive gambling, and the members of the next generation from addiction, even though the games we offer are primarily not dangerous and do not promote addictions.

Szerencsejáték Zrt. defined responsible gaming as a keystone of its new strategy, thus emphasising that it is an integral part of the life of the company and all of its employees.

AS A RESPONSIBLE GAME OPERATOR, WE TAKE THE FOLLOWING MEASURES:

Prevention – protection of minors

- We do not sell games of chance to those under 18 years of age and do not target minors with advertising
- We launched a **prevention model programme** called 'Játék határokkal' ('Gaming within limits') for elementary and secondary school students. For more details visit www.segelyszervezet.hu/hu/jatek-hatarokkal.
- We operate a **prevention webpage** entitled 'Hogyan mondjam el neked?' ('I don't know how to tell you') with the aim of accumulating knowledge that helps parents and teachers to communicate with children effectively and increasing the children's self-discipline, thus equipping them with

tools for fighting addictions. For more details visit hogyanmondjamelneked.hu

Assisting and protecting players

- We have created a webpage, www.maradjonjatek.hu, which is devoted specifically to the subject of gambling addiction.
- On our electronic channels, players have the option of **self-restriction** (including voluntary exclusion) as well as warning functions.
- In the course of game development, we always use the **GAM-GaRD risk analysis software** to carry out a preliminary risk assessment of both our newly developed products that are due to be launched and old products which are being renewed.
- We pay special attention to raising awareness the risks of gambling addiction and prevention and treatment options.
- We operate a helpline between 3.00 p.m. and 7:00 p.m.: those calling **(06 1) 411-6778** can receive help with gambling problems and critical issues, in full confidentiality and anonymity.
- We operate information points jointly with the Hungarian Inter-church (ecumenical) Aid at 7 locations in Hungary, where addicts and their relatives are given information and treatment referrals.
- We forbid our sales staff from selling games of chance on credit and entering into agreements about splitting prizes.

Protection of employees

- All employees and sales partners participate in a training on responsible gaming and also need to take an exam.
- We encourage our sales staff to complete a test on their own gambling addiction on an annual basis.

Education

- We regularly conduct research to measure the social impacts of gambling and assess data on addiction, and communicate the results to our players.
- We help our players to get acquainted with the rules of participation so they can learn of the risks and make more responsible decisions, and also produce information booklets and informative videos.
- Our brochure entitled 'Maradjon játék!' ('Let it remain a game') which are available at our points of sale help with understanding the process of developing dependency on gambling, as well as the symptoms and its treatment of addiction.

Professional co-operation

- We cooperate with the Hungarian Inter-church (ecumenical) Aid both in performing preventive tasks and assisting problem gamblers;
- and with the Faculty of Psychology and Pedagogy of Eötvös Lóránd University (ELTE) to give advice to problem gamblers and their relatives, and to prepare specialised materials.

INTERNATIONAL RECOGNITION

As a responsible gambling operator we have been adhering to international best practices since 2010. Since we wish to have official verification of our compliance with the standards and guidelines developments by the European Lotteries and the World Lottery Association we **submit ourselves to a certification procedure once in every 3 years**. We were awarded by the EL Responsible Gaming Certificate in 2010, 2013 and were found worthy of it in May 2016 for the third time. This certificate also served as a basis for WLA to recognise us as a responsible game operator in December 2016. Both awarded certificates are valid until 2019.

In 2017 Szerencsejáték Zrt. holds the following international certificates:

- EL-Responsible Gaming Standards: valid until May 2019
- WLA-Responsible Gaming Framework: valid until December 2019
- WLA-Security Control Standards: valid until 1 July 2018
- WLA ISO27001 Information Security Standards: valid until 1 July 2018
- Bisnode “AAA” certificate – highest creditworthiness, financial stability and business reliability

LEGAL REQUIREMENTS

Since the end of 2015, the importance of responsible gaming has been confirmed by the government: that was

the time when Government Decree no. 329/2015. (XI. 10.) on the Detailed Rules of Responsible Gambling Operations was adopted. In accordance with the government decree, all our points of sale must provide our players with information brochures drawn up by the Ministry for National Economy about the **protection of players and lists of treatment centres**.

This Government decree also prescribes that notices or stickers which show the **Green Number related to the protection of players** must be placed somewhere visible at all points of sale.

Pursuant to the Government decree, most responsible gaming organiser measures we have so far volunteered for have been included in our game plans and rules for participation.

COOPERATING PARTNERS

We renewed our cooperation with the National Healthcare Service Centre (Állami Egészségügyi Ellátó Központ, or ÁEEK for short) and its predecessors in 2017, thus, a subpage dedicated to gambling addiction and the so-called “Dr.Info” service have remained available on their website.

In 2017, we renewed a contract with the Pro Psychologia Foundation, the operator of **ELTE’s emergency line for players**, that exists to provide help to people affected by problem gambling and their family members by e-mail, telephone or in person so up to a specific monthly capacity.

In the scope of our longstanding cooperation with the Hungarian Inter-church Aid, in addition to our prevention project at schools, we make serious efforts to assist problem gamblers and their relatives. Those in need may attend **therapeutic groups for problem gamblers and their relatives** in Debrecen, Miskolc, Csepel and Szolnok.

TOOLS APPLIED

Our information publication called ‘**Let it remain a game**’ containing practical information on the subject is available to our players at of our points of sale. As another tool to promote responsible gaming, we display the sticker prohibiting games for those under the age of 18 and the warning concerning the risk of developing dependency. Our network inspectors regularly check whether these are posted and clearly visible and impose sanctions if they are missing.

In addition to publishing the “Let it remain a game” booklet, we operate the webpage www.maradonjatek.hu, and also publish information related to gambling addiction on the webpage of Szerencsejáték Zrt.

We provide our players **guide booklets and videos** about the rules of the games, which ensure that they can familiarise themselves with the features of, and odds of winning in, the various games and as a result, make well-informed decision about the amount and time they wish to devote to the game.

We continue to use the GAM-GaRD software used globally for rating games, and therefore, we have renewed our subscription.

PLAYER PROTECTION GREEN (TOLL FREE) NUMBER: 80/205-352

To promote responsible gaming and in the interest of consumer and player protection, the national tax authority operates a green phone number to receive reports, complaints and suggestions related to this subject.

The green number operates 24 hours a day and can be called toll free from the entire territory of Hungary. When the call is answered, after a brief greeting the complaint may be made in the form of a message on the answering machine.

ELTE Helpline: 06-1/411-6778

Available between 3.00 p.m. and 7:00 p.m. on weekdays, for addressing gambling-related problems and critical situations, in full confidentiality and anonymity.

In writing: szerencse@ppk.elte.hu

Information Points:

- Budapest: 06-1/320-8253
- Debrecen: 06-30/663-7931
- Miskolc: 06-46/561-227
- Kaposvár: 06-30/726-4409
- Orosháza: 06-30/862-0066
- Sopron: 06-30/663-7930
- Szolnok: 06-56/378-460

GA (Gamblers Anonymus) phone service: 06-20/462-83-04

List of NGOs: <http://www.eski.hu/jatekfuggoseg/doc/Civil%20szervezetek.pdf>

Nyíró Gyula Hospital, Addictology, Minnesota Ward: 06-1/451-2654

Inquiry for in-patient and out-patient treatment: <http://www.eski.hu/jatekfuggoseg/hova.php>

RESEARCH

We have conducted research for years to survey the Hungarian gambling situation. One of the key data concerning gambling is 1.36% – representing the ratio of gambling addicts (or, according to the new technical term, problem gamblers) in the Hungarian population aged over 15. This means that approximately 110-120,000 people are affected and an additional one hundred thousand people associated with them.

Our research results unanimously confirm our hypothesis that those under 18 years of age are especially vulnerable and exposed to the risk of developing an addiction to gambling. Nearly 40% of them is involved in some kind of gambling activity, which clearly underlines the importance of prevention activities and calls for effective intervention.

PREPARATIONS FOR A PREVENTION WEBPAGE

We developed the concept of the information webpage, which was tested as a reblog in 2017 jointly with Alternate Tanácsadó Kft., in order to equip the group of people paying a key role in developing the children's self-awareness (parents and teachers) with tools that allow effective communications with the children and real help.

According to our plans, this page could provide practical assistance, strengthen the safety net comprised of parents and teachers and may contribute to preserving the mental health of the younger generation.

The webpage has a two-fold mission: to make knowledge and methodologies available in an easy-to-understand way which enable parents and teachers to help develop and enhance children's self-discipline, and to create the language and culture for discussing dependency in a parent-child, teacher-student and adult-young person.

The contents of the webpage are edited by authentic experts – pedagogues or psychologists – having experience in the education of children.

Prevention

9

towns



11 school

20 classes



classes with form teachers



Gaming within Limits

We have been operating the complex model prevention programme with an undiminished passion since 2012, with the help of the professional expertise of the Hungarian Inter-church Aid (Magyar Ökumenikus Segélyszervezet, or MÖS for short), and are involving more and more pupils and students.

Why does our prevention programme target those in the 10-18 age bracket?

- Because nearly one-tenth (**9%**) of secondary school students **play regularly** (figure from 2015).
- Because gambling activities **carry more risks** for the youth.

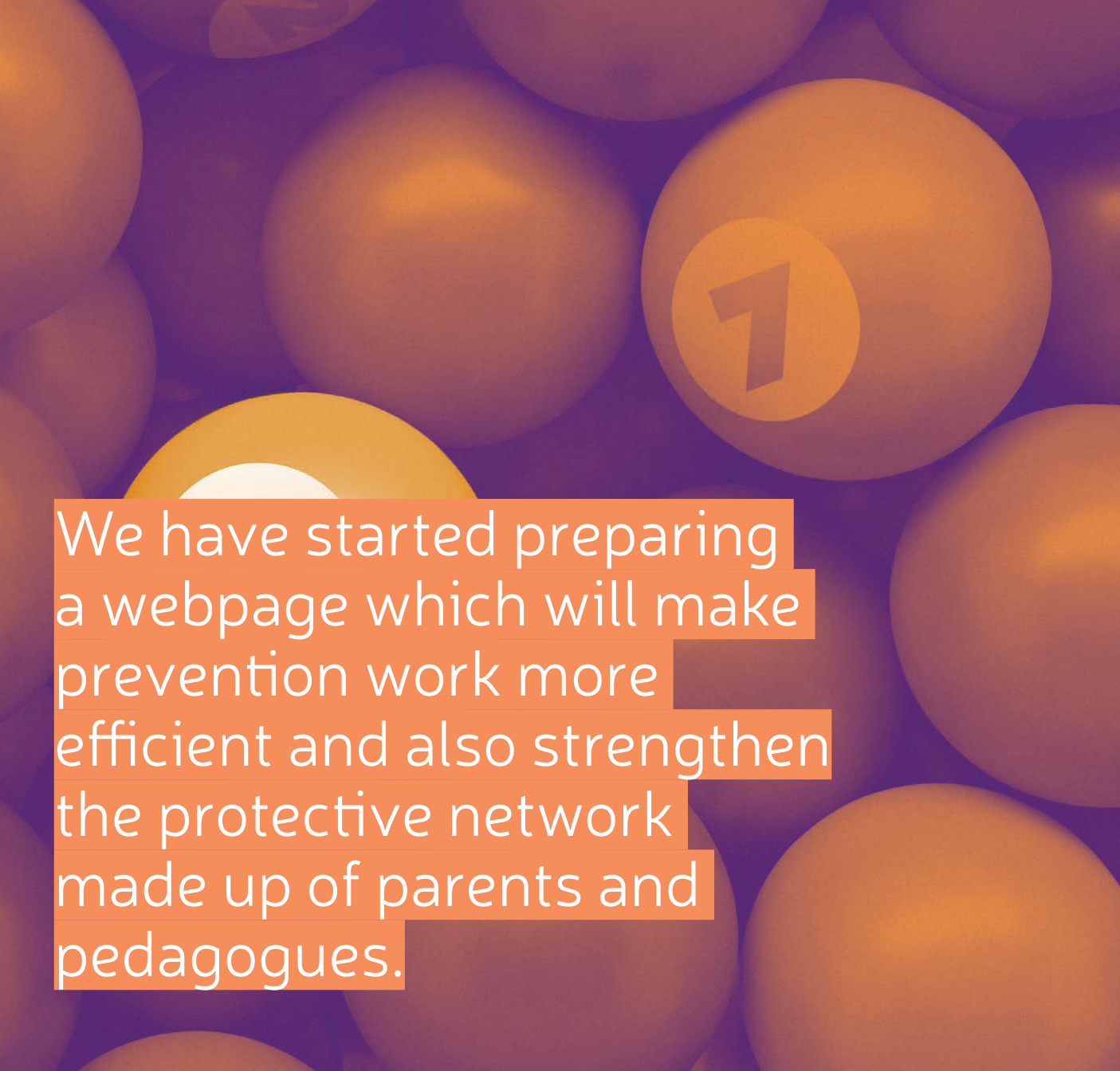
- Because 1/5 of the children are **already had their first gambling experience** by the time they reach 14 years of age.

In 2017, **11 educational institutions (a total of 20 classes) from 9 cities and towns** (Miskolc, Orosháza, Szolnok, Martfű and 5 new ones: Szendrő, Vámosújfalú, Budapest, Kaposvár and Sopron) participated in the prevention programme developed by the experts of Hungarian Inter-church Aid.

As part of the programme, thematic **discussion classes with form teachers, club sessions and peer training** are designed to prevent the

formation of addiction by extensively addressing topics such as gambling, luck and dependency, i.e., the sensitisation and education of the participating school students.

We have also started to involve **special education schools** and adapted the prevention programme to the needs of schools educating disadvantaged children and children with special needs. The children forming the target group of the **special education schools** are also considered to be at high risk as far as gambling addiction is concerned.

The background of the page is a vibrant, abstract composition of overlapping circles in shades of orange, purple, and yellow. A prominent feature is a large, semi-transparent orange circle containing a white number '7'. The overall aesthetic is modern and energetic.

We have started preparing a webpage which will make prevention work more efficient and also strengthen the protective network made up of parents and pedagogues.

The background of the page is a dense field of blue spheres of varying sizes and shades of blue. Some spheres are in sharp focus, while others are blurred in the background. Several spheres feature a white circular sticker with a blue number on it. The numbers visible are 1, 2, 3, 4, 5, and 6, scattered across the field. The overall effect is a textured, three-dimensional look.

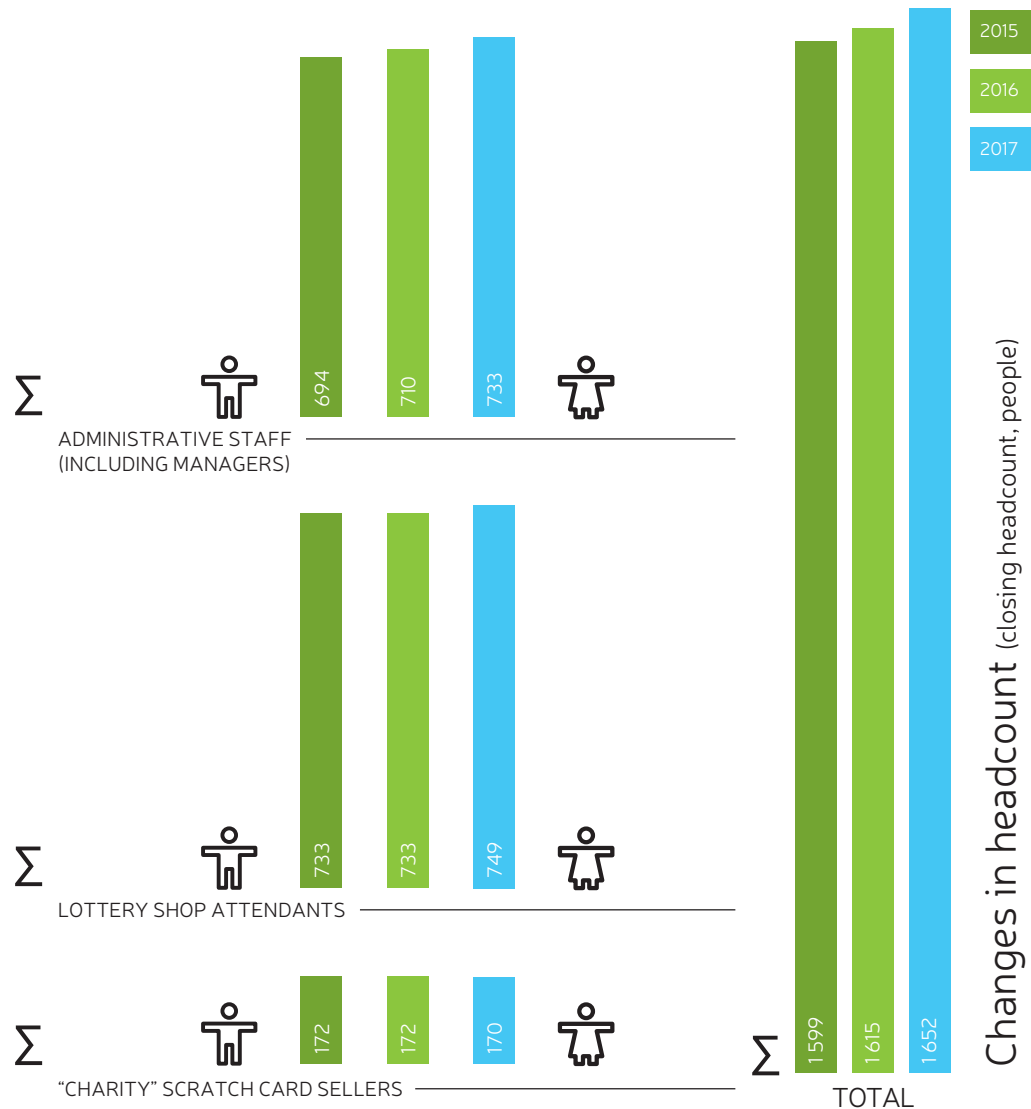
Our employees and their motivation

As a responsible employer we offer our employees stable employment and livelihood.

In 2017 the average statistical headcount was **1 652 persons**, 919 of them worked at points of sale. Among our own sales staff, 157 people have a reduced capacity for work. The average number of sales support and back office staff, together with the management was 733 on average.

In order for the good performance of the employees due to their job satisfaction and motivation, they need well-established professional and human support. Pursuant to the three-year salary increment agreement concluded with the trade union at the request of the minister of national development, we can probably retain employees who have extensive professional experience in the gambling sector and keep out appeal to new recruits, since replacing key employees would involve unplanned expenses and operational risk. We need to focus on creating and providing an environment for learning, since only a highly skilled employee can keep pace with the rapid advances in technology and use it efficiently to the benefit of our Company.

Furthermore, it is essential that we offer them proper working conditions equal opportunities and a decent work-life balance.



Changes in headcount (closing headcount, people)

As for salaries, we follow the principle of **equal treatment** of men and women, full-time and part-time employees as well as people with a reduced capacity for work.

Offering **performance-related pay** is already a well-established practice in sales-related jobs: sales staff receives a part their salaries in the form of performance-related pay. Administrative employees are given financial incentives based on the profitability of the company

Traditionally, Szerencsejáték Zrt. pays close attention to maintaining the **welfare and social** care of its employees. We offer the same benefits to part-time employees as full-time employees, on a proportionate basis. In 2017, our company employed 467 part-time employees, more than a quarter of the average statistical headcount.

Our employees can select their fringe benefits from the **“cafeteria”** system (e.g. voluntary health fund services, voluntary pension contributions, Erzsébet vouchers, Széchenyi Recreation Card, local travel passes, cash benefits and home loan repayments) up to an annually defined limit according to their personal demands (living circumstances, consumption habits, state of health, etc.). Employees can also take advantage of healthcare services as part of our service financing health insurance package.

TRAINING AND DEVELOPMENT

Our employees receive training as specified in the **Professional Training Policy**. The most complex training is given to those who work in sales, as they must hold a valid exam certificate in terminal handling, order of business, money and valuables handling and security. Their training is supplemented with refresher exams and skill-developing training courses and before a product is launched, they must also participate in training that ends with an exam. Training and examination materials for all employees place significant emphasis on responsible gaming.

We seek to harmonise the duties related to a job with the professional development needs of the company and the employee alike. For instance, the sales staff of lottery shops have the opportunity to receive training in the regional centres in the field of sales promotion. We also encourage the advancement of employees who have already gained experience in the Company by signing study contracts with them and providing support for the training they need to undertake more challenging jobs.

In 2017 our employees attended 192 external training courses and conferences. We also attach special importance to language skills; from among the language courses, English courses are the most popular ones.

In order to properly serve people living with disabilities, we help our sales staff with **sensitivity training**. The professional implementer of the programme is the Salva Vita Foundation, with which we signed a three-year contract in 2015. According to the original plans, by the end of the contractual period, all of our lottery shop employees would have received training on this topic. However, the schedule may change until the end of the year since the sales staff need to attend other training courses as well. In 2017 a total of 104 employees attended sensitivity training courses held on 10 occasions.

International professional conferences also provide our employees with a great opportunity to familiarise themselves with the “good practices” of foreign lottery companies and to build and strengthen corporate relations.

EMPLOYING PEOPLE WITH REDUCED CAPACITY FOR WORK

As a responsible employer, Szerencsejáték Zrt. considers it crucial to take part in employing people with a reduced capacity for work who live in Hungary. In 2003, we set up a **scratch card sales network** that primarily employs people with a reduced capacity for work. We consider the tasks related to the network to be part of our societal mission, which we can use as an example to other companies.

At present, players can meet 170 employees at more than 100 venues countrywide. Counters which sell scratch cards are typically located at the entrance halls of grocery stores and department stores and in health care institutions.

CHARITY NETWORK

The “charity” scratch card sales network of Szerencsejáték Zrt., employing nearly 180 people with reduced capacity for work in 70 settlements was launched in 2003.

The name of the network is somewhat misleading: “charity” suggests assistance free of charge, but in fact, employees work on the open market and earn their own living.

Our employees work at permanent locations with fixed opening hours and perform responsible commercial activities requiring significant professional knowledge. The disability category determines whether a person can be employed, since we can only employ people who have at least elementary school education, capable of independent work and have basic mathematical skills required for handling money and valuables. Consequently, it is primarily the disabled (including those using a wheelchair) who can take up a job in the “charity” network. Sales are conducted in an environment that is free of obstacles for the disabled, moreover, the height of the sales desk can also be adjusted.

The network has been employing deaf and hearing impaired people for three years; at present, the sales staff of the “charity” network includes five hearing impaired employees. Our Company provides them with induction devices for sound amplification. The induction device also reduces environmental noise.

The majority of these employees have reduced capacity for work due to permanent damage to health.

In 2016 the network was awarded a “Disability-friendly workplace” certificate for the 4th time.

In 2017, as a token of our commitment to the subject, we remained members of the **Employers’ Forum for Equal Opportunities** (Munkáltatók Esélyegyenlőségi Fóruma).

At the end of 2015 a **trilateral cooperation agreement** was signed among the Council for Organisations of Persons with Disabilities (FESZT), which is a Hungarian umbrella organisation representing the largest number of people living with disabilities, the National Organization of Spanish blind people (ONCE) and our company. The agreement also enjoys the support of the Hungarian government. It aims to promote the integration of persons with a reduced capacity for work in society in the following four areas: raising social awareness of disabilities, employing

disabled persons, sponsorship and sharing examples of best international and national practices.

One of the important **project parts** which is based on the experiences gathered by ONCE is entitled “development of a **school programme** based on empirical knowledge and emotional involvement causing a positive shift in attitudes towards disabilities and providing professional assistance to the programme”. The programme was launched early this year under the name **‘Adj egy ötöst!’ (‘Give me a five’)**.

The other important project part is based on cooperation among companies. Our Company has initiated and promotes the creation of the **Inserta-Magyarország Forum (IMF)** to facilitate the sharing of good practices among businesses and other employers in the course of employing people with reduced capacity for work.

Give me a five! The programme focuses on higher grade elementary school pupils and secondary school students (in the 11-19 year age bracket) and their schools. The aim of the initiative is to have children get acquainted with people living with disability through personal meetings and shared experience, so that they can define their attitude towards with disabilities based on these experiences instead of prejudice and preconception.

The programme is implemented by the Salva Vita Foundation, with ELTE Bárczi Gusztáv Special Education Faculty as a professional partner and FESZT as the partner representing these stakeholders.

OCCUPATIONAL SAFETY

We pay special attention to creating **healthy working conditions** for all employees.

All our employees – regardless of their job – receive work safety training. We have our own security guidelines which only stipulate how sales staff should proceed in the case of extraordinary events (e.g. robberies). We also provide **security devices** for the prevention and management of extraordinary events.

Maintaining our employees' mental well-being is just as important a task as preserving their physical health. Accordingly, we consider it of cardinal importance to raise **awareness of the risks posed by addiction to gambling**, as well as of prevention and treatment options. With this in view, from time to time we address this issue on the Intranet. In addition, we provide opportunities for our sales staff to be tested on a yearly basis to examine to what extent they are affected by problem gambling and if they are at risk of becoming addicted.

WORK-LIFE BALANCE

Szerencsejáték Zrt. provides employees who have returned from maternity leave with an opportunity to **re-enter the world of work part-time**, thereby easing the burden of harmonising work and private life.

We organise **recreational events** for our employees and their family members so as **to help soften the sharp boundaries that often exist between work and private life**. Such events include our traditional Santa Claus' event, the Children's Day programmes and the Company Sports Day.

The background of the page is a dark blue field filled with numerous lighter blue, semi-transparent spheres of varying sizes. Some spheres contain faint white numbers. One prominent sphere in the upper right quadrant contains the number '1'. Another sphere in the upper left quadrant contains the number '2'.

In 2016, our Company
earned the award
"Disability-friendly Workplace",
which it will hold until 2018.



Local community
investments, support

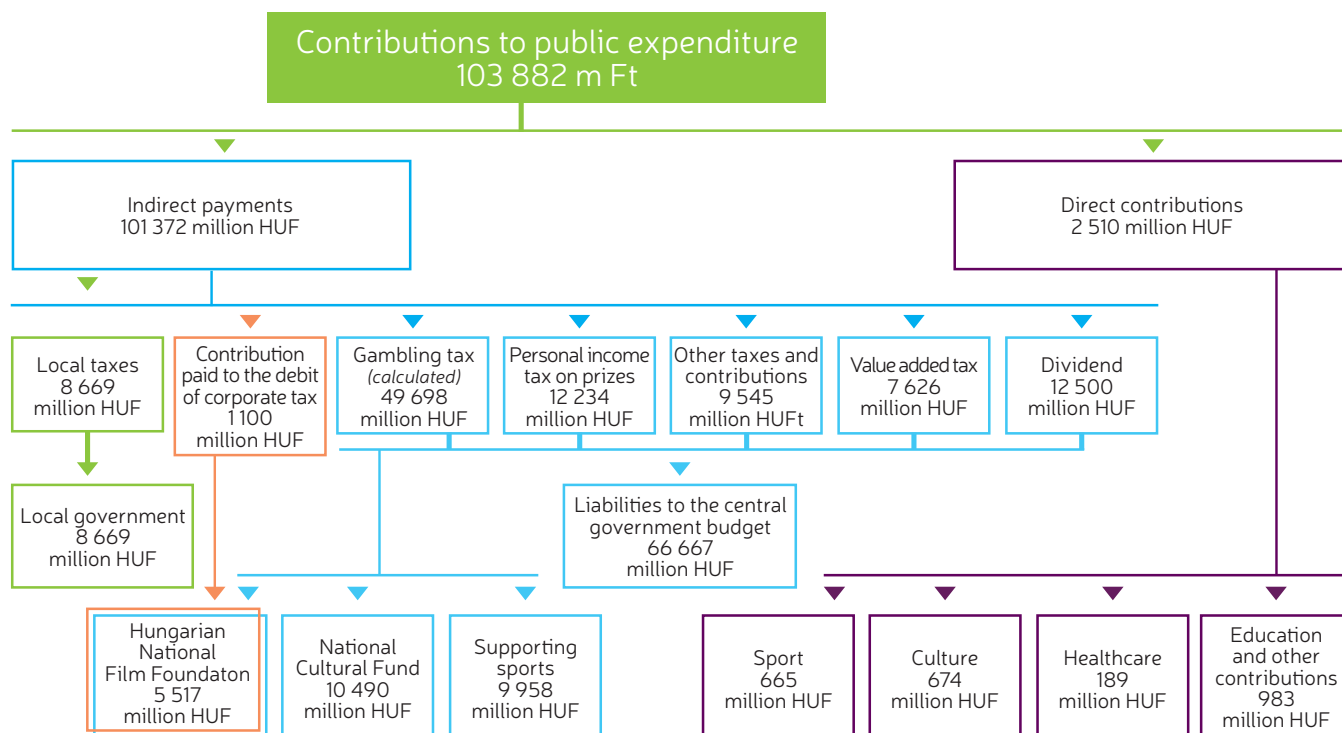
The majority of the gambling tax payable on our products is earmarked for community goals that are defined by law.

Thus, the gambling tax reaches the actual recipients *indirectly*, through earmarked financial funds. According to the payments we made in 2017, 90% of the gambling tax on the 5/90 lottery (which amounts to HUF 10.5 billion) went to the Hungarian National Cultural Fund, while 80% of the gambling tax on the 6/45 lottery (HUF 4.4 billion) was transferred to the Hungarian National Film Fund, and HUF 10 billion was donated to the national sports

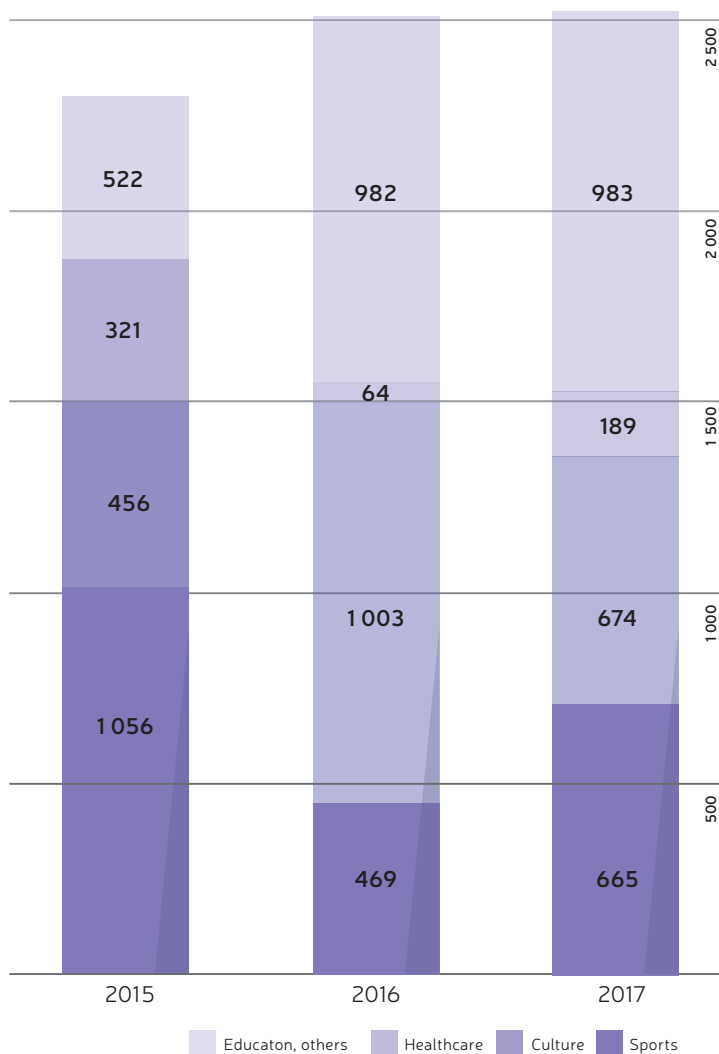
movements as required under the Sports Act on Sports.

From the fiscal year of 2016 on, the amount of dividend approved and payable needs to be accounted for in the next fiscal year, thus, we do not indicate the amount of dividend for 2017. The HUF 12.5 billion dividend approved in respect of 2016 was financially settled in 2017 - this amount was indicated in previous year's report.

We are allowed to spend 1.9% of our budgeted net gaming revenue – as determined by the owner – on direct donations and sponsorship. In 2017, Szerencsejáték Service Nonprofit Kft. managed a donation budget of HUF 2.707 billion based on the decision of an independent advisory body. With these donations we primarily supported culture, healthcare, sports, education and other public benefit purposes.



Direct contributions (million HUF)



OUR SCRATCH CARDS IN THE SERVICE OF GOOD CAUSES

Gaming connects us – “Nagykarácsony” scratch card

In 2017 players buying “Nagykarácsony” (“Christmas”) scratch cards could support the creation of three accessible and inclusive playgrounds. With these playgrounds, created in three different parts of the country based on universal design rules, we intended to create spaces where ALL children, whether disabled, hearing, visually or mentally impaired can find the best suited equipment and can play and have fun with any other healthy children. The equipment is not produced separately for the healthy and the disabled, instead, they provide fun and entertainment for all groups.

CIVIL-CORPORATE RELATIONS

Our Company implemented programmes in cooperation with numerous NGOs and foundations in 2017 as well.

2017 was the fifteenth time the **“HBLF Wheelchair Basketball Competition”** (HBLF Kerekesszékes Kosár Bajnokság) was organised. Our company has been a permanent participant at this event since 2008. The event is designed to sensitise the public to disability-related matters, to popularise the sport of wheelchair basketball and to improve the financial situation of the sport.

The main focus of our activities related to sponsorships and charitable donations was to support Hungarian culture, education and sport in 2016 as well.



Supplier relations

From among our suppliers, first of all we should like to note the partners supplying IT systems required for the sale of our products.

Given the nature of our products, there are relatively few **global service providers that are acknowledged by the international gambling market**. Among these few are included Scientific Games (SG), whose Hungarian subsidiary our company has been co-operating with for more than 20 years, despite a change in ownership.

Until 23 October 2017, our TippmixPro online sports betting system had been supplied and supported by IGT, which also ranks among the biggest suppliers of gambling companies on the global market. Thereafter, the service was taken over by SG. Both companies have ISO27001 and WLA/SCS information security certificates.

We order our **scratch cards** from 3 big scratch card producers: Scientific Games International (SGI), IGT Corporation and Pollard Banknote. The producers must meet strict quality and security criteria specified by our Company. Environmental awareness, too, is an important issue when producing scratch cards.

We do not have an impact on the employment practices of international supply partners. However, due to the strict professional standards of this industry, legal and human rights issues cannot even arise.

Apart from the giant international companies mentioned above, we mainly collaborate with **domestic suppliers**.

Our high-value contracts include agreements concerning purchases of telecommunications equipment, public utility services, creative design, the production of programmes, media buying and market research.

The development of the infrastructure of lottery shops has been launched in cooperation with Antenna Hungária Zrt. As a result of the public procurement procedure conducted by MNV Zrt., electricity supply and the gas supply for our central buildings is ensured by MNV Partner Zrt. From 2016 on, our main insurance contracts have been concluded with Generali Biztosító Zrt.

After the approval of the owner and the National Office of Communications (NKOH), we signed a framework agreement with the winner of the tender invited for integrated communications agencies, Trinity International Communications Kft. Our media planning and buying and creative design and production tasks were carried out within the budget allocated to this framework agreement. As regards market research, we cooperate with Kutatópont Kft. also in the scope of a framework agreement, approved by the NKOH.

NATIONAL OFFICE OF COMMUNICATIONS (NKOH):

The organisation was set up based on the provisions of Government Decree no. 247/2014. (X.1.) with the aim of performing Government communications tasks in a cost-efficient manner.

Its competence covers the budgetary organs managed or supervised by the Government, as well as state-held companies in which the Hungarian State holds a majority interest. These organisations can obtain communications services associated with, or facilitating the performance of, their public duties through the central public procurement system.

The lawful operation of our main domestic supplier partners is guaranteed by the fact that the contracts are entered into under the supervision of the owner MNV Zrt. and the NKOH.

The background of the page is a dense field of blue spheres of varying sizes and opacities. Some spheres are semi-transparent, revealing numbers or symbols underneath. A prominent sphere in the upper right quadrant features a white circle with a blue number '7' inside. Other spheres contain faint numbers like '4', '2', and '1', and one contains a faint globe icon. A horizontal light blue bar is positioned across the middle of the page, containing the text 'Environmental impacts' in white.

Environmental impacts

Our company's use of materials, energy consumption and emission of harmful substances pose no significant risk to the physical environment.

Nevertheless, during our operational processes we strive to reduce our **environmental** footprint.

In our head offices on Csalogány utca and Fehér utca, the volume of sorted recyclables is on the increase, similarly to the amount of recycled paper used. We make arrangements to properly collect and destroy the redundant and scrapped electronic devices and auxiliary materials. For the purpose of environment protection, we have bought our first electronic car which now delivers mail among our office buildings in Budapest.

In order to cut down on the amount of **office paper** we use, we introduced an electronic document management system. In another effort to reduce paper use, we created a computer interface to communicate with our sales partners, the so-called Sales Support Page. Due to the increasing popularity of transmitting betting tickets with the help of the Tippmix touch screen self-service function or via tippmix.hu, the use of bet slip dropped by 15% compared to the previous year, while sales revenue grew dynamically. This result is expected to improve (when it is extended to all games) which will further reduce our impact on the environment.

The raw material for our **scratch cards** is sourced from responsible and sustainable forest farms. The commissioned scratch card printing houses are all run by certified environmentally responsible publishers who use ink (water-based and UV-cured) and packaging that is environmentally friendly. The printed scratch cards are fully recyclable.

We registered a decrease in our **power consumption** in 2017, thanks to the use of more modern equipment. Our **gas and water consumption** also decreased, and the same applies to direct and indirect CO₂ emissions. The volume of sorted recyclables shrunk due to the drop in the quantity of paper waste.

In 2017, there were no cases in which remediation was required, nor did we emit any substances in amounts above threshold limits. Consequently, **we paid no environmental fines or penalties**, and no other (non-financial) sanctions were imposed on our company. We pay an "air pollution fee" (levegőterhelési díj, or LTD) on the air pollutants that are emitted by boilers.

The production companies we commission may charge us the **environmental protection product tax** that is levied on them, thus this continues to be booked as an environmental expense incurred by Szerencsejáték Zrt.

INDICATORS OF ENVIRONMENTAL IMPACT

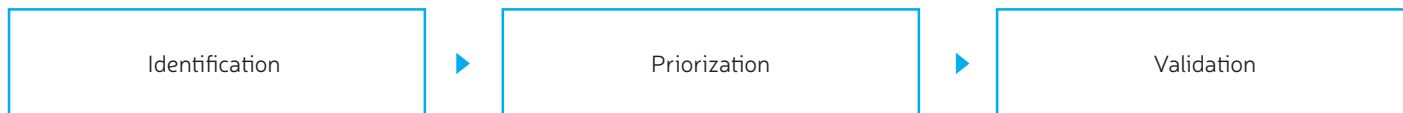
	2015	2016	2017
PAPER CONSUMED (KG)			
Office paper	33 680	35 460	26 792
Of this: Eco-friendly paper	520	490	560
Printing paper	19 182	28 991	13 799
Total	52 862	55 667	41 151
ELECTRICITY CONSUMPTION (GJ)			
	17 901	16 916	16 291
GAS CONSUMPTION (GJ)			
	11 935	11 891	11 733
WATER CONSUMPTION (m³)			
	11 909	12 360	12 587
SORTED RECYCLABLES (KG)			
Paper	86 820	59 117	46 133
PET bottle	640	1 450	2 145
Other sorted recyclables	16 839	20 047	41 710
Total	104 299	80 614	89 988
CO₂ EMISSION (TONS)			
Indirect	1 773	1 715	1 652
Direct	602	861	662
ENVIRONMENTAL EXPENSES (THOUSAND HUF)			
Fines and penalties	0	0	0
Air pollution tax	9	9	18
Environmental protection product tax	56 173	57 965	60 990

Annexes

About the report

Szerencsejáték Zrt. has been publishing a CSR report and integrated report to provide information on its annual performance since 2011. In 2015, we switched to the most recent GRI G4 reporting guidelines. The target group of our report has been defined to include players, employees and representatives of the press and the media.

THE REPORTING PROCESS



We have been using the reporting process accepted in 2015. In the first step, we examined the available internal documents, research studies, reports, media analyses, press reviews and benchmark research to identify the economic, social and environmental aspects of material interest to our stakeholders. Then we ranked them by their impact on our stakeholders and by their relevance to our Company with the help of an internal working group, which was then validated by the management and through a process of professional facilitation under the supervision of external sustainability experts in order to promote objectivity.

The list of material aspects compiled in this manner was first reviewed and then validated by management.

Reporting period: Calendar year of 2017

Date of last report:
November 2017 (GRI 'In Accordance – Core')

Reporting cycle: Annual

GRI application level: 'In Accordance – Core'

The level of compliance of this report has not been assured by an independent organisation.

The boundary of the report encompasses all points of sale and central office buildings owned by Szerencsejáték Zrt. The activities of other organisations within our portfolio are not covered by this report. Material aspects are those high-priority topics that determine the short-term and long-term success of a company. Consequently, in the report we do not differentiate between internal stakeholders in terms of how they are affected by these aspects.

The list of material aspects remained unchanged in 2017 and is shown in the following table:

Material aspect	Indicator	Page No.	Direct impact on external stakeholders
ECONOMIC			
Sector regulation in Hungary and in the European Union	Risk management: G4-45	12-13.	Regulators, Sales partners, Players, Owner
Product portfolio	G4-4	7.	Players
Innovation	Innovative solutions that have been implemented	14.	Players, Sales partners
Economic value creation	G4-EC1	14-15., 36.	Owner
Company reputation	Risk management: G4-45	9.	Owner
Company governance, management	G4-34	9-11.	Owner
Assessments, certifications	G4-15	8.	Players, Sales partners
Supply chain	Suppliers: G4-12	41.	Supply partners
International co-operation	Membership: G4-16 Stakeholders: G4-27	8., 12.	Players
Ethical and transparent business operation	G4-15 Ethics: G4-56, G4-57, G4-58	8-10.	Players, Sales partners
State property	G4-7	7.	Regulators
Total winnings paid out, rollover	Prizes exceeding 1 billion HUF	15.	Players, Owner, Sales partners
Legal compliance	Environmental protection: G4-EN29	43.	Players
Data security, protection of personal data	Data security: G4-PR8	20.	Players, Sales partners
Action against illegal gambling	Ethics: G4-56, G4-57, G4-58 Stakeholders: G4-27	9-10., 12..	Players, Owner, Sales partners
Macroeconomic factors affecting disposable income	Risk management: G4-45, G4-46, G4-47	7., 9..	Players
Fair market conduct	Ethics: G4-56, G4-57, G4-58	9-10.	Players, Sales partners
Reliability	Risk management: G4-45, Ethics: G4-56, G4-57, G4-58 Stakeholders: G4-27	9-10., 12.	Players

Material aspect	Indicator	Page No.	Direct impact on external stakeholders
INTERNAL AND SOCIAL			
Internal innovation, organisational culture	Values, etc.: G4-56	27-30.	
Impact on employment	Employment: G4-10,	15.	
Recognition and career opportunities	Career: G4-LA10. G4-LA11	28.	
Training and development	Career: G4-LA10. G4-LA11	28.	
Benefits and incentive scheme	Benefits: G4-LA2	28.	
Occupational safety	Proportion of employees that have attended training related to the topic	30.	
Equal treatment, equal opportunities	Discrimination: G4-HR3	28-29.	
Employing the disadvantaged	Equal opportunities: G4-LA13	29.	
Protecting employee rights	G4-11	7.	
Work-life balance and work-related stress	Employment: G4-10	30.	
EXTERNAL AND SOCIAL			
Customer confidence	Customer satisfaction: G4-PR5	16-18.	Players
Product availability and marketing	G4-8	14., 22.	Players
Product information, lucidity of communication	Product information: G4-PR3, G4-PR4	22.	Players
Responsible gaming, protection of minors	Customer health: G4-PR1	20-25.	Players, Sales partners
Local community investments, support	Local communities: G4-S01	32-37.	Society
Responsible employment in the value chain	G4-EC8	15.	Sales partners
ENVIRONMENTAL			
Using environmentally friendly technologies and environmentally friendly methods of operation (priorities: reduced paper use, climate protection)	Product: G4-EN27 Legal compliance: G4-EN29	40-42	Society Natural environment

TYPES OF DIALOGUE WITH SPECIFIC STAKEHOLDER GROUPS

Stakeholder group	Specific Stakeholders	Type of dialogue
Owner	Hungarian National Asset Management Ltd., Ministry of National Development	<ul style="list-style-type: none"> • Internal Audit Report (annual) • Report on the fulfilment of the Founding Declaration (semi-annual) • Report on the activities of the Supervisory Board (annual) • Balance sheet and profit and loss statement (monthly) • Annual forecast figures (semi-annual)
Players	Customers who purchase our Company's products	<ul style="list-style-type: none"> • Points of sale communication: educational leaflets • Internet (website, Facebook, YouTube) • Frequent research studies • Draws (daily) • Gambling news ("SzerencseHíradó") • Customer service (telephone, e-mail and post) • Public reports • "History of gambling" exhibition (seasonal)
Employees	All company employees (administrative and sales)	<ul style="list-style-type: none"> • Trade Union • Works Council • Ethics Committee • Intranet • Printed newsletters (monthly) • Chief Executive Officer's directives • Internal employee satisfaction survey (annual) • Regular training courses • Corporate events (Christmas party, sports day, Santa Claus party, Children's Day events, Women's Day) • Shop managers' forum • Trade show/open house days • Annual report (annual) • Performance appraisals • Volunteer programmes
Suppliers	Our company's large, industry-specific suppliers (IT developers of our sales system, lottery ticket and scratch card manufacturers) and other supplying partners	<ul style="list-style-type: none"> • International trade events • Audits
Sales partners	Entrepreneurs, Magyar Posta Zrt. (Hungarian Post Ltd.), Lapker Zrt. (Newspaper Distribution Ltd.)	<ul style="list-style-type: none"> • Partner meetings • Regular training courses • Web-based sales support

Stakeholder group	Specific Stakeholders	Type of dialogue
Gambling addicts	Persons affected by any kind of gambling addiction	<ul style="list-style-type: none"> • Educational materials (POS) • Website sub-page dedicated to problem gambling • Problem gambling TV spots • In-depth interviews • “Gaming within limits” model prevention project group sessions
Minors	People under the age of 18 (stakeholders and others alike)	<ul style="list-style-type: none"> • Research studies (focus groups) • Model school-based prevention programme
Media	National and regional	<ul style="list-style-type: none"> • Annual report • Website press page
Authorities and organisations that co-operate in regulatory affairs	NAV Gambling Supervision, Gambling Supervision operating as an independent government agency since July 2017, National Metrology Institute, National Office of Communications, Hungarian Advertising Self-Regulatory Board	<ul style="list-style-type: none"> • Official correspondence, gambling licences, operational control
Legislators	Parliament, the government, the Ministry for National Economy, Ministry of National Development	<ul style="list-style-type: none"> • Expert inputs
NGOs (Non-governmental organisations)	Organisations supported by or co-operating with our Company	<ul style="list-style-type: none"> • Trade events • Audits • Volunteer programmes
Industrial organisations	Other participants on the international and Hungarian gambling market	<ul style="list-style-type: none"> • European Lotteries events • World Lottery Association events • Regular professional seminars, working groups • Audits
Organisations dealing with prevention and addiction	Trade organisations and experts cooperating with our Company	<ul style="list-style-type: none"> • Professional round-table discussions • Conferences • Presentations • Professional co-operation in research projects • In-depth interviews

GAMING REVENUE

REVENUE (MILLION HUF)	2015	2016	2017
Betting games	129 083	170 078	197 493
Toto pools	2 055	1 859	1 645
Goal toto	71	61	49
Tippmix	98 828	127 519	142 847
TippmixPro	28 129	40 639	52 952
Drawing games	126 568	113 441	122 080
5/90 Lottery	55 993	43 013	48 567
6/45 Lottery	22 073	20 663	23 003
Joker	6 065	5 576	6 912
Keno	4 954	5 732	5 592
Luxor	3 791	3 636	3 444
Scandinavian lotto	18 050	17 840	18 074
Eurojackpot	15 642	16 981	16 488
Instant win games	23 061	24 643	26 125
Putto	23 061	24 643	26 125
Scratch Cards	72 021	77 302	90 134
Total	350 733	385 464	435 832

NET GAMING REVENUE (MILLION HUF)	2015	2016	2017
Betting games	31 347	38 301	43 633
Toto pools	1 123	1 006	890
Goal toto	39	33	26
Tippmix	25 729	31 477	35 034
TippmixPro	4 456	5 785	7 684
Drawing games	76 488	67 900	71 666
5/90 Lottery	34 357	26 145	29 064
6/45 Lottery	13 544	12 557	13 813
Joker	3 721	3 389	4 151
Keno	2 829	3 389	2 378
Luxor	2 262	2 153	2 039
Scandinavian lotto	10 469	10 258	10 393
Eurojackpot	9 304	10 010	9 728
Instant win games	9 853	10 495	11 097
Putto	9 853	10 495	11 097
Scratch Cards	25 239	27 043	31 148
Total	142 927	143 739	157 545

PROFIT AND LOSS ACCOUNT, BALANCE SHEET

Profit and loss account	2015	2016	2017
		million HUF	
Net domestic sales revenue	351 468	386 366	436 679
Of this: gaming revenue	350 733	385 464	435 832
Net sales revenue	351 468	386 366	436 679
Change in self-produced inventories	/	/	/
Capitalised value of self-produced assets	/	/	/
Capitalised value of own performance	/	/	/
Other income	168	120	1 208
Of this: impairment charge reversed	/	/	/
Material costs	3 241	3 326	3 658
Cost of services used	37 618	53 633	58 773
Cost of other services used	778	859	982
Cost of goods sold	5	15	33
Cost of services sold (mediated)	242	266	280
Material-type expenses	41 884	58 098	63 725
Salaries and wages	7 212	7 784	8 922
Other personnel expense	2 212	2 280	2 538
Payroll taxes and contributions	2 427	2 599	2 517
Personnel expense	11 851	12 663	13 977
Depreciation	3 441	4 240	4 412
Other expenses	271 310	294 393	336 336
Of this: impairment charge	591	136	2
Gross value of prizes accounted for as expenses	220 885	252 413	289 973
OPERATING PROFIT/LOSS	23 150	17 092	19 435
Dividend and profit-sharing received (due)	/	/	/
Of this: affiliated undertakings	/	/	/
Gains on the sale of equity shares	331	/	/
Of this: affiliated undertakings	/	/	/

Profit and loss account	2015	2016 million HUF	2017
Interest and gains on financial assets	11	58	153
Of this: affiliated undertakings	/	/	/
Other interest and interest-type incomes received (due)	417	250	64
Of this: affiliated undertakings	/	/	/
Other income from financial operations	208	14	14
Income from financial operations	967	322	231
Loss on financial assets	/	/	/
Of this: affiliated undertakings	/	/	/
Interest and interest-type expenditures	/	/	1
Of this: affiliated undertakings	/	/	/
Impairment of equity shares, securities and bank deposits	/	/	/
Other expenses on financial operations	75	37	32
Expenses on financial operations	75	37	33
PROFIT/LOSS ON FINANCIAL OPERATIONS	892	285	198
PROFIT BEFORE TAXATION	22 234	17 378	19 633
Tax payable	2 996	1 384	866
PROFIT/LOSS AFTER TAXATION	19 238	15 993	18 767

Balance sheet, assets	2015	2016	2017
		million HUF	
FIXED ASSETS	19 571	23 847	26 615
Intangible assets	2 793	4 543	5 432
Capitalised value of formation and restructuring expenses	/	/	/
Capitalised value of research and development	/	/	/
Rights and concessions	2 717	4 321	4 998
Intellectual property	76	223	433
Advance payments on intangible assets	/	/	/
Adjustment to the value of intangible assets	/	/	/
Tangible assets	13 241	13 236	14 005
Land and buildings and related rights	7 406	7 529	7 716
Plant, machinery and vehicles	3 747	3 433	3 652
Other equipment, fixtures and vehicles	1 189	1 622	2 068
Capital expenditure	899	646	569
Advance payments on capital expenditure	/	8	/
Adjustment to the value of tangible assets	/	/	/
Financial assets	3 536	6 067	7 178
Long-term investments in affiliated undertakings	1 003	1 003	1 003
Long-term loans to affiliated undertakings	/	/	/
Other long-term interests	/	/	/
Long-term loans to other related undertakings	/	/	/
Other long-term loans	76	62	63
Long-term debt securities	2 457	5 002	6 113
Value adjustment to financial assets	/	/	/
CURRENT ASSETS	32 159	33 344	35 200
Inventories	1 157	1 069	1 290
Materials	1 065	1 010	1 224
Goods	92	59	66
Advance payments on inventories	/	/	/

Balance sheet, assets	2015	2016 million HUF	2017
Receivables	15 408	5 675	5 245
Trade receivables	2 810	1 424	3 521
Receivables from affiliated undertakings	1	1	1
Receivables from other related undertakings	/	/	/
Bills of exchange receivable	/	/	/
Other receivables	12 597	4 250	1 723
Securities	11 320	18 536	10 286
Shares and interests in affiliated undertakings	/	/	/
Other shares and participations	/	/	/
Treasury stock	/	/	/
Debt securities held for trading	11 320	18 536	10 286
Total liquid assets	4 273	8 064	18 380
Cash on hand, cheques	348	311	327
Bank deposits	3 926	7 753	18 052
Prepayments and accrued income	4 008	5 229	6 904
Accrued revenue	2 060	3 403	47
Pre-paid costs and expenses	1 948	1 826	6 857
Deferred expenses	/	/	/
TOTAL ASSETS	55 737	62 420	68 719

Balance sheet – liabilities and equity	2015	2016	2017
		million HUF	
Equity	24 103	40 097	46 364
Subscribed capital	3 000	3 000	3 000
Capital reserve	/	/	/
Profit reserve	14 865	21 103	24 597
Earmarked reserve	/	/	/
Valuation reserve	/	/	/
Profit after taxation	19 238	15 993	18 767
PROVISIONS	755	1 010	1 017
Provisions for anticipated liabilities	755	1 010	1 017
Provisions for future expenses	/	/	/
Other provisions	/	/	/
LIABILITIES	29 186	19 558	19 228
Subordinated liabilities	/	/	/
Long-term liabilities	/	/	/
Short-term liabilities	29 186	19 558	19 228
Long-term loans received	/	/	/
Of this: convertible bonds	/	/	/
Short term credits	/	/	/
Advance payments from customers	372	649	469
Trade debts	2 289	5 359	5 738
Bills of exchange payable	/	/	/
Short-term liabilities to affiliated undertakings	/	1	/
Short-term liabilities to other related undertakings	/	/	/
Other short-term liabilities	26 525	13 550	13 021
Accruals and deferred income	1 693	1 754	2 111
Accrued income	1 067	1 164	1 474
Deferred cost and expense	623	587	633
Deferred income	3	3	4
TOTAL LIABILITIES AND EQUITY	55 737	62 420	68 719

GRI INDEX

Indicator	Short description	Page number
Strategy and analysis		
G4-1	Provide a statement about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	
Organizational Profile		
G4-3	Name of the organisation	
G4-4	Primary brands, products, and/or services	
G4-5	Location of the organization's headquarters	
G4-6	Countries where the organization operates	
G4-7	Nature of ownership and legal form	
G4-8	Markets served	
G4-9	The scale of the organization, including: the total number of employees; net sales revenues; total capitalization broken down in terms of debt and equity; quantity of products or services provided	
G4-10	Total number of employees by employment type, employment contract and region	
G4-11	Percentage of total employees covered by collective bargaining agreements	
G4-12	Describe the organization's supply chain	
G4-13	Any significant changes during the reporting period regarding the organization's size, structure, or ownership	Not applicable
Commitments to External Initiatives		
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	
G4-15	List the charters, principles, or other initiatives to which the organization subscribes or which it endorses	
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations	
Identified Material Aspects and Boundaries		
G4-17	a) List all entities included in the organization's consolidated financial statements. b) List any entity included in the organization's consolidated financial statements but not covered by the report.	
G4-18	Explain the process for defining the report content	
G4-19	List all the material Aspects identified in the process for defining report content.	
G4-20	For each material Aspect, we identify the entities or groups of entities for which the Aspect is material	

Indicator	Short description	Page number
Identified Material Aspects and Boundaries		
G4-21	For each material Aspect, we identify the entities, groups of entities outside the organisation for which the Aspect is material	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Under the relevant indicator
G4-23	Report significant changes from previous reporting periods in the Scope, Aspect Boundaries or measurement method.	There have been no change
Stakeholder Engagement		
G4-24	Provide a list of stakeholder groups engaged by the organization	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	
G4-26	Report the organization's approach to stakeholder engagement.	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement.	
Report profile		
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	
G4-29	Date of most recent previous report	
G4-30	Reporting cycle (such as annual, biennial)	
G4-31	Contact point for questions regarding the report or its contents.	
G4-32	GRI content index	
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report.	
Governance		
G4-34	Report the governance structure of the organization	
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	
Ethics and Integrity		
G4-56	Describe the organization's mission, values, standards and norms of behaviour and other principles.	
G4-57	Report the internal mechanisms for seeking advice on ethical and lawful behaviour, such as helplines or advice lines.	
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, or suspicion thereof	

Indicator	Short description	Page number
Governance Approach		Where the data are presented
Economic Performance Indicators		
G4-EC1	Report the direct economic value generated and distributed (EVG&D) on an accruals basis including revenues, operating costs, employee wages and benefits, donations and other community investments, retained profits, payments to providers of capital and payments to government	
G4-EC8	Report examples of the significant identified positive and negative indirect economic impacts the organization has, indicating their extent	
Labour practices and decent work		
G4-LA2	Benefits provided to full-time and part-time employees, by significant locations of operation	
G4-LA10	Programs for skills management and lifelong learning	
G4-LA11	The percentage of total employees who received a regular performance and career development review	
Product Responsibility		
G4-PR1	The percentage of significant product and service categories for which health and safety impacts are assessed for improvement	
G4-PR3	Type of product and service information required by the organization's procedures the percentage of significant product and service categories subject to such information requirements	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	
Society		
G4-S01	The percentage of operations with implemented local community engagement, impact assessments, and development programs	
Environmental Performance Indicators		
G4-EN27	Initiative for mitigating the environmental impacts of products and services	
G4-EN29	Total monetary value of significant fines	

ANNUAL REPORT
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