

PRESS RELEASE

30 March 2022

European Leveraged Finance Association launches ESG Fact Sheet for the Gaming Sector

- **The ESG Fact Sheets Series aims to bring consistency to ESG disclosure and engagement for borrowers and investors in the European leverage finance market**
- **Managing social factors, such as safety of players and employees, is essential in the gaming sector**

London, 30 March 2022: The European Leveraged Finance Association (ELFA) has today launched its latest sector-specific guidance to support disclosure and engagement on the most important areas of environmental, social and governance (ESG) for sub-investment grade corporate borrowers in the [Gaming sector](#).

The ESG Fact Sheets Series is designed to support borrowers when preparing ESG disclosure, and to facilitate engagement between investors and companies on important ESG factors. They each outline key topics for their respective sectors under the three ESG pillars, along with the related policies, processes, controls, and associated metrics that could be relevant to an investment decision

Managing social factors is vital in the gaming sector, with investors interested in companies' responsible gaming strategies and how they engage with their stakeholders.

Within the social pillar, there is a need for policies and procedures to safeguard data security and customer privacy, and manage customer information, including how and where it is stored. There is also a need for policies and procedures for dealing with cyber threats. In relation to customers and community, the focus is on policies to prevent excessive play, including how product usage is measured, exclusions and player limits and policies to prevent underage gambling. Details of marketing policies and how these are balancing revenues and responsible gambling are important, as are any recent controversies relating to problem gambling and details on how relationships with local communities are managed.

Governance pillar disclosures include companies' anti-money laundering policies, anti-corruption and anti-bribery policies and procedures, including whistle-blower policies, and provide information on any past significant incidents.

The environmental pillar highlights disclosure on sites and operations located in or near to biodiversity-sensitive areas. It encourages disclosure of policies around any exposure to hazardous substances, water consumption and waste and any details of any circular economy and recycling initiatives.

As with the last set of ESG Fact Sheets, the Gaming ESG Fact Sheet includes KPI tables and relevant definitions. It was evident from ELFA's engagement with the investor community that further KPI disclosure from borrowers is required, and that these should be consistent between companies within a sector for comparison purposes. Gaming specific KPIs include the number of players that have self-excluded or are under-age, and the estimated percentage of revenues from problem gambling.

ELFA created the ESG Fact Sheets to help align market expectations and streamline the disclosure process. The ESG Fact Sheets can serve as a starting point for ESG discussions between borrowers, the buy-side, the sell-side and third-party service providers, but are not intended to be the definitive industry ESG disclosure standard nor replace customised investor ESG due diligence.

Sabrina Fox, Chief Executive Officer, European Leveraged Finance Association, commented: "A key challenge in the gaming sector is that the industry is relatively diversified, and different gaming activities carry different ESG issues. Still, from an investor perspective, having consistent and measurable ESG metrics across the sector is important when assessing opportunities, and our ESG Fact Sheet aims to help with this.

"As we would expect, the social factors in gaming are crucial for investors to understand and measure. The importance of good governance is not unique to the gaming sector, but can be challenging particularly due to the existing regional regulatory framework. It is important for gaming companies to have a solid corporate ESG strategy in place, to measure key factors and to disclose and engage on these with investors."

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ELFA hosted a virtual workshop on the Gaming sector which included corporates IGT, Lottomatica, Sazka Group and Tipico, and today also publishes the [ELFA ESG Workshop Briefing Paper: Gaming Sector](#).

ELFA will host additional events for sub-investment grade corporate borrowers and credit analysts to incorporate sectors not currently covered by the existing ESG Fact Sheets. Corporate borrowers and credit analysts are invited to propose sectors for inclusion in the ESG Disclosure Initiative by contacting ELFA directly.

ELFA has recently published sector-specific ESG Fact Sheets on Autos, Building Materials and Services. Previously, in partnership with the Principles for Responsible Investment (PRI), ELFA published sector ESG Fact Sheets for the Transport, Healthcare, Chemicals, Retail, Industrials, Software, Communication Infrastructure, Debt Collectors, Paper and Packaging, and Telecoms sectors. All ESG Fact Sheets can be [downloaded from ELFA's website](#).

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ELFA is a trade association comprised of European leveraged finance investors from over 55 institutional fixed income managers, including investment advisers, insurance companies, and pension funds. ELFA seeks to support the growth and resilience of the leveraged finance market while acting as the voice of its investor community by promoting transparency and facilitating engagement among European leveraged finance market participants. For more information, please visit the ELFA website: www.elfainvestors.com.