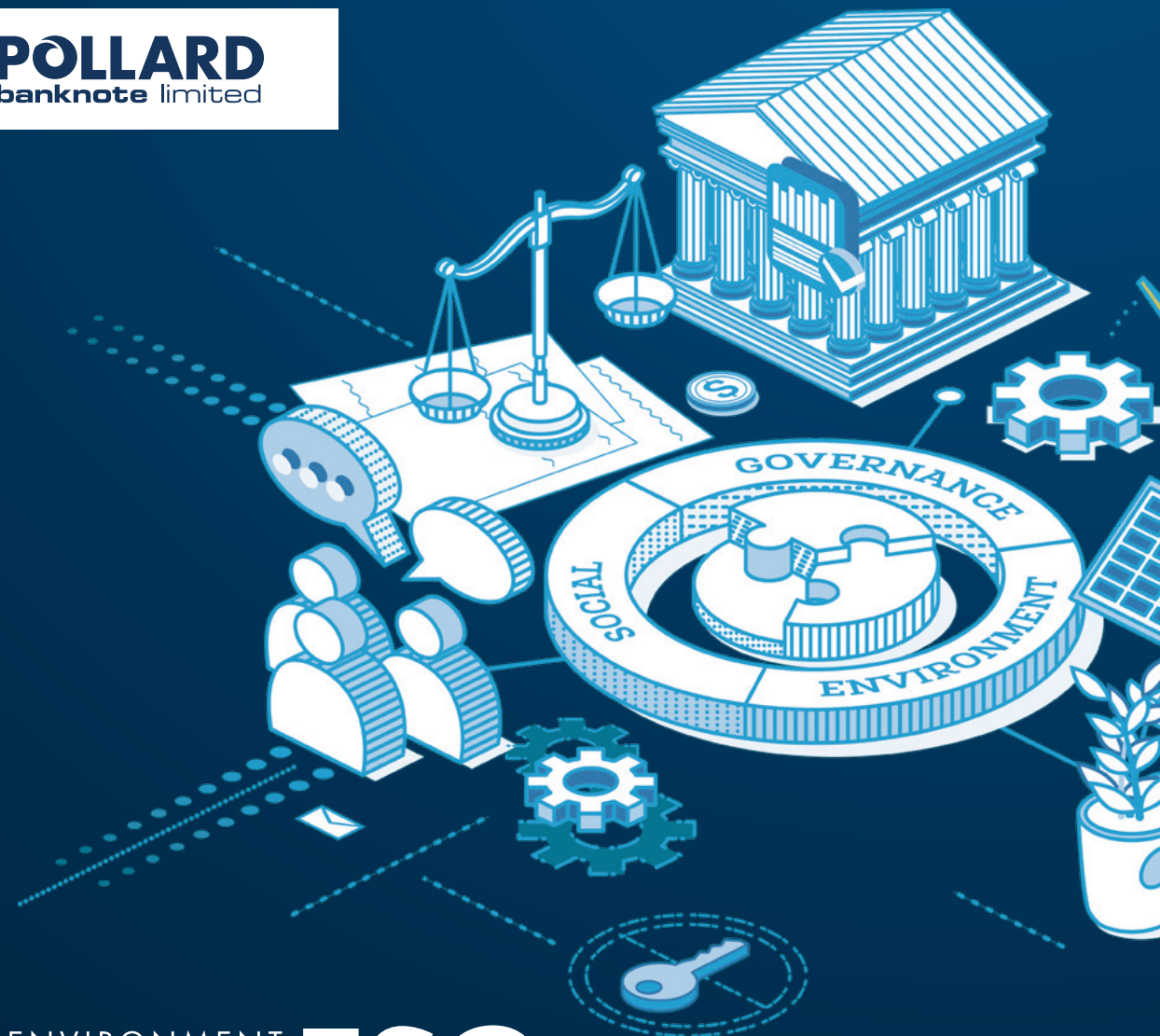


**POLLARD**  
banknote limited



ENVIRONMENT  
SOCIAL  
GOVERNANCE

# ESG REPORT

2022

# LETTER TO **STAKEHOLDERS**

Sustainability is a word we are hearing daily in our lives. In recent times, the increasing frequency of challenging events impacting people and the environment around the world is a constant reminder that all of us must make a commitment to behavior that reduces our impact on the environment and improves the lives of all that inhabit this amazing place we call Earth.

With this in mind, we are excited to present our first Environment, Social and Governance ("ESG") report. As a partner of choice to lotteries and charitable gaming organizations, and an employer of over 2,200 people around the globe, we understand that the initiatives we undertake to protect our natural resources foster safe and equitable workplaces and deliver appropriate governance to create an alignment of all stakeholder interests that are vital to the success of our business and our people.

This report represents our first step in formalizing an ESG strategy and will highlight some of the key aspects of an ESG roadmap that are already embedded in our culture today, as well as our objectives to build on our sustainability foundation. Since the early days, the Pollard way has been to "do the right thing" for our employees, our customers, the environment, and the communities within which we live and work. That foundation remains strong and will serve us well on the journey ahead.

Much work lies ahead to further develop and formalize the objectives, targets, measurements, and communication required to document and strengthen our approach to ESG. We acknowledge that embracing and enhancing our ESG strategy will mean a more successful organization for the long term that contributes to a path of sustainability for all stakeholders.



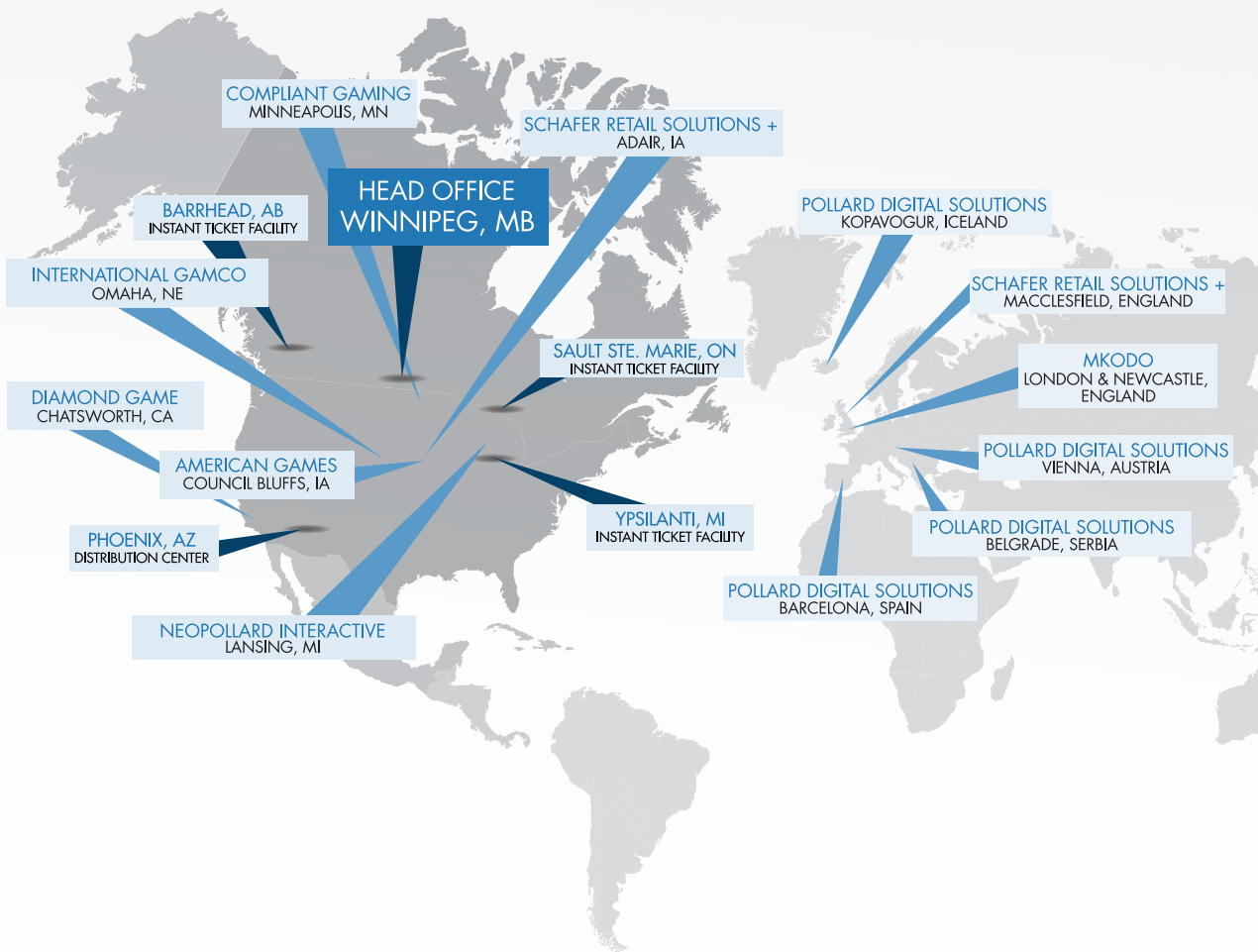
John Pollard  
Co-Chief Executive Officer



Doug Pollard  
Co-Chief Executive Officer







## LAND ACKNOWLEDGEMENT

Pollard Banknote's global headquarters is located on Treaty 1 territory, traditional lands of First Nations and Métis people.

We respect Indigenous peoples' history on this land and are committed to reconciliation and collaboration for the future.



# ABOUT THE COMPANY

Pollard Banknote Limited is a Canadian corporation with its shares trading on the Toronto Stock Exchange under the symbol TSX:PBL.

Operating from seven countries across the globe, and revenues for Pollard Banknote and its subsidiaries totaling approximately \$500 million CAD, we are one of the leading providers of products and solutions to the lottery and charitable gaming industries. Our team of over 2,200 employees drives our business through a group of brands that are all valued providers of products and solutions in their respective markets.

These brands produce and provide a comprehensive line of instant ticket, lottery and charitable gaming products and solutions including licensed game products, ticket distribution systems and services, interactive digital internet games, iLottery platforms and instant game content, loyalty and engagement programs, marketing, mobile apps, retail ticket dispensing and displays, instant ticket vending machines, pull-tab tickets, bingo paper, pull-tab vending machines, and kiosk and tablet-based gaming devices for social establishments.

Pollard's vision is to be the partner of choice to help our lottery and charitable gaming customers responsibly grow revenue for good causes. We are focused on delivering excellence in three key dimensions for success: outstanding games that excite loyal players and attract new ones, retail excellence through effective in-store strategies and retail network expansion, and digital innovation that allows lotteries and charities to connect with players in new ways.



# ABOUT THE REPORT

This inaugural report shares with you the beginnings of Pollard's formal ESG strategy. While it will share many ESG-related initiatives and activities that we have already developed in our everyday work, it will, more importantly, help our stakeholders understand how intertwined ESG and the Pollard culture and values of integrity, collaboration, innovation, and growth already are.

This ESG report provides details about our current initiatives surrounding ESG topics, many of which relate to our long-standing ticket printing operations in Canada and the United States. A key future project is to develop our approach to aligning our ESG initiatives with the initiatives ongoing and to be developed at all operating units within the Pollard Banknote group of companies.

As we continue to build and formalize our ESG strategy, we intend to have future reports disclose our activities in accordance with Global Reporting Initiative ("GRI") Standards.





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# SECTION 1

# ENVIRONMENT

At Pollard Banknote, operating in an environmentally responsible and sustainable manner is of the utmost importance. We are committed to compliance with all environmental legislation and doing our part to conserve our natural resources while continually seeking ways to reduce our impact on the environment. This commitment is not only reflected in our business management policies, but also in our manufacturing processes and standards.

## CERTIFICATIONS

We are proud that Pollard was the first major instant ticket manufacturer to achieve the ISO 14001: 2015 certification at its North American instant ticket manufacturing locations in Ypsilanti, Michigan, Winnipeg, Manitoba, Sault Ste. Marie, Ontario, and Barrhead, Alberta. This internationally recognized standard outlines the requirements that Pollard Banknote must comply with in order to operate in an officially environmentally responsible manner. As part of this certification, we take the responsibility to continuously monitor the environmental impact of our operations.

In addition to our policies and procedures we have proactively implemented throughout our companies, our locations comply with all applicable legal requirements defined in environmental legislation, regulations, bylaws, and permits for each of the jurisdictions in which we operate.

## SUSTAINABLE SUPPLY CHAIN



The mark of  
responsible forestry

With our strong focus on environmental stewardship, Pollard Banknote strives to support suppliers that source their materials in sustainable ways. For card stock—the main raw material that goes into instant tickets—we support suppliers that get their product from responsibly managed forests.

The Forest Stewardship Council® (FSC®) has developed a system of forest certification and product labelling that enables businesses and consumers to identify responsibly sourced wood, paper, and other forest products. Pollard Banknote is certified to the Forest Stewardship Council Chain of Custody standard. Our FSC Chain of Custody certification allows us to use the FSC label on our products that are made with FSC certified stock, which in turn enables consumers to identify and choose products that support responsible and sustainable forest management. This certificate also means that Pollard Banknote is subject to annual audits and strict procedures. Our major suppliers of paper products are also FSC certified. In 2022, we provided FSC certified stock to twenty-one lotteries, which in total represented 18% of our instant ticket manufacturing volumes.





## RECYCLABLE PAPER

As the most significant material utilized in our manufacturing processes, all of our paper-based instant tickets are fully recyclable. Our customers have access to multiple stocks that can contain virgin wood fiber, pre-consumer recycled fiber and post-consumer recycled fiber. We strive to have our customers use environmentally-friendly paper.

For our multi-ply pull-tab tickets manufactured for our charitable gaming customers, we produce a fully recyclable finished ticket, using a variety of paper stock sources, including virgin product manufactured under Sustainable Forestry Initiative (SFI) Standard, and paper containing 100% recycled fiber.



\$

# Lucky SPOT

**BONUS**

Reveal a PRIZE AMOUNT in the BONUS, win that PRIZE AMOUNT!

\$	\$	\$	\$
\$	\$	\$	\$
\$	\$	\$	\$
\$	\$	\$	\$
\$	\$	\$	\$

**WIN UP TO \$250,000!**

Reveal a "\$" symbol, win PRIZE below. Reveal a "2X" symbol, win 2X the PRIZE amount for that spot. Reveal a "5X" symbol, win 5X the PRIZE amount for that spot.

OTE LIMITED

## WINNINGS

P TO 000!

NUMBERS

either of the WINNING NUMBERS, bol, instantly win the prize below.

OTE LIMITED

## WINNINGS

P TO 000!

NUMBERS

either of the WINNING NUMBERS, bol, instantly win the prize below.



PICTURED | SCHAFER RETAIL SOLUTIONS + FACILITY FLOOR





## RECYCLABLE PLASTICS

Our Schafer Retail Solutions + group produces a variety of products and solutions to store, secure, display, and advertise instant tickets in retail sales locations. All of the plastic components in our retail dispenser products can be recycled by the customer at end of life. In our manufacturing process, plastic waste from the production of these products is generally ground up and returned to the manufacturer to be re-introduced into their recycled raw materials.

To assist in their efforts to reduce impact on the environment, our Schafer operation in the United Kingdom utilizes a POPAI Sustain design tool developed by the Point of Purchase Advertising International Association to ensure their products are being designed with sustainability in mind.

## RAW MATERIALS - INK

Since 2010, we have been committed to reducing our volatile organic compound ("VOC") emissions, released as a result of our instant ticket production processes. We are proud to say we have realized a 67% reduction in VOC emissions, primarily due to the adoption of environmentally-friendly water-based inks and coatings as opposed to solvent-based materials. By 2020, only 15.6% of our total inks and coatings used solvent-based chemistry. Pollard Banknote is working with all our customers to move to a 100% water-based and UV ink system, which will continue to reduce our overall VOC emissions.

## GREENHOUSE GAS EMISSIONS

We began monitoring our carbon footprint in 2014 in our Ypsilanti, Michigan and Winnipeg, Manitoba facilities, and since that time, despite significantly increasing our production volumes, there has been no significant increase to our carbon footprint. Our total carbon footprint of all our instant ticket manufacturing facilities is 24,608 tons of CO<sub>2</sub>-eq per year. We attribute this success to a number of factors, including our ongoing drive for process improvement across our organization, efficient building design, and state-of-the-art production methods.

A significant portion of our energy consumption across our businesses is used to run our manufacturing equipment and lighting. We are fortunate in several of our locations to benefit from access to clean, renewable energy sources. Our largest printing and office location in Winnipeg, Manitoba benefits from access to clean hydroelectric electricity, with over 97% of electricity generated in Manitoba by water-driven turbine generation. The state of Iowa, where our American Games charitable gaming production facility is located, is now generating almost 3/5ths of the state's power needs with clean wind power. All jurisdictions in which we operate have a focus on how to decrease reliance on fossil fuels.

Our own initiatives to reduce ongoing electricity usage and heating costs have also helped reduce our instant ticket carbon footprint, even during a period of significant growth in ticket manufacturing and related services. A few highlights of the ways in which we have reduced our energy consumption and impact are shown on the right.



Adding LED lighting to our Ypsilanti, Michigan press operation helps save over 700,000 kilowatt hours annually.



Shipping in full truck load quantities where possible and utilizing less-than-truckload ("LTL") shipment providers where allowable when part shipments are required.



Energy-saving block heater receptacles in our staff parking lots at the Winnipeg operation, where the cold necessitates access to power for a car to keep its engine warmed so that it will start.



Motion sensing lights in administrative areas in some of our facilities to ensure lights are not left on when a space is not in use.



## WASTE REDUCTION AND RECYCLING

We can best describe our current practices for waste reduction in the context of the “3Rs”—reduce, reuse, and recycle. First and foremost, the best way to reduce the impact of our business on the planet is to make efficient use of the resources required to make our products. We strive to do this in a variety of ways:

- Computerized production planning tools to maximize product output of instant tickets on a given roll size of raw material;
- Use of digital platemaking systems that do not require any chemicals/solvents/washes to complete the plates;
- Use of our Enterprise Resource Planning system to develop appropriate inventory levels of raw materials to avoid overstocks and obsolete inventory; and
- Preventative maintenance programs on all key printing equipment to ensure quality of output, minimize idle time, and avoid costly major repairs.

Pollard Banknote seeks to extend the useful life of materials, tools, and other equipment employed in our facilities by reusing and repurposing various inputs, thereby avoiding waste or conversion costs to recycle to other products. A few examples include:

- In some cases, such as press trials and R&D projects, not all of the ink in a particular barrel is used. These unused inks are repurposed in-house by using our color management ink system to make other ink colors, including black ink, which is commonly used for printing on the back of tickets;
- In addition to recycling cardboard cartons, those used in our major facilities that can be reused are sold to companies that repurpose them for other uses;
- Decommissioned shipping containers, as well as pallets, are reused internally whenever possible. Pollard Banknote also partners with local pallet suppliers to supply and repurpose pallets. Repurposed pallets are then used in a variety of applications and industries in our local communities;

- Used steel containers are repurposed through a recycling process, cleaned via high-temperature oxidation, and then used in other industrial companies as a high-quality, environmentally low-impact container solution; and
- Pollard Banknote makes every effort to encourage our manufacturing employees to use reusable personal protective equipment (PPE) whenever possible. For example, we provide employees with customized and reusable hearing protection rather than disposable ear protectors, which significantly reduces the amount of waste the latter option generates.



Our used cold foil  
scratchFX<sup>®</sup> material  
is used to make  
a rope product.

Pollard Banknote has a very strong recycling program for key product inputs that cannot be re-used or repurposed in their original form. We strive to recycle all paper, cardboard, plastic shrink wrap, and cold foil substrates that do not form part of our final finished products shipped to customers. In 2021:

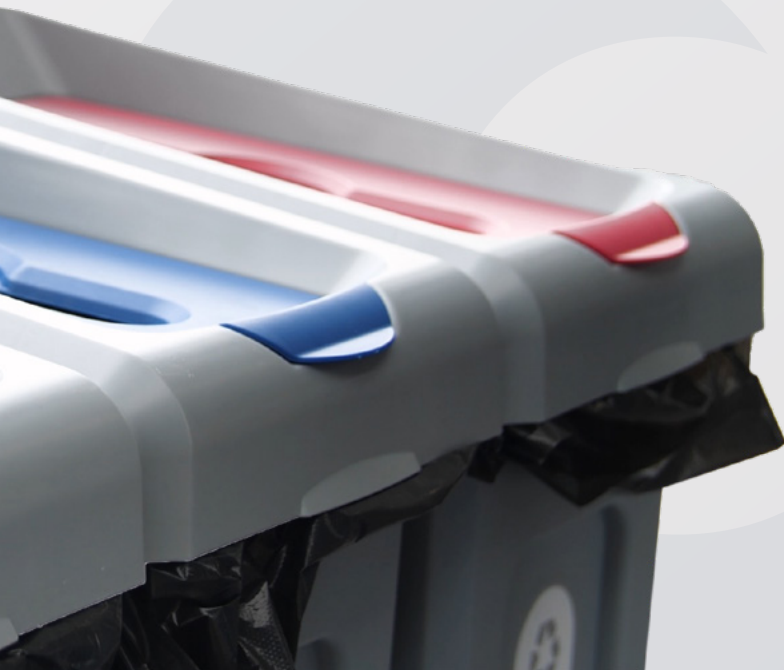
- 4,260 MT of shredded paper, 237 MT of cardboard, 14 MT of shrink wrap, and 300 MT of cold foil went to recycling to be used in other products and processes from our Ypsilanti and Winnipeg facilities.





We have numerous paper, plastic, and aluminum recycling bins throughout our facilities. At every opportunity we find, we recycle anything both directly related and unrelated to our business, including pallet strapping material, print cartridges, soft drink containers, and more. Our cafeterias use environmentally friendly, compostable containers to ensure that waste from food services is minimized.

Wherever possible, office equipment is reused, reassigned, and/or reconfigured for use in other applications. Obsolete or failed company computers and related equipment are recycled by an ISO 14001-certified recycling company.



## ELECTRONICS RECYCLING

Our employees recently initiated an electronics recycling drive, encouraging staff at our Winnipeg facility to donate their old and unwanted equipment—including computers, cell phones, cameras, stereo equipment, and batteries, among many other items—to Electronic Recycling Association, a Canadian non-profit organization that refurbishes donated electronics. The items that cannot be refurbished are recycled in an environmentally friendly manner, reducing landfill waste.

Pollard Banknote collects and sends various products for the reclamation of hazardous materials. This includes fluorescent bulbs, lead-acid batteries, and UV lamps. For these products, hazardous material (e.g., mercury, lead) is removed and reused in new products.

As required by local regulations, our Ypsilanti plant collects all lithium ion and alkaline batteries (used in various electronics) which are picked up by our waste services provider and sent for reclamation.

To minimize our environmental impact, we recycle whenever possible and reuse as many materials as we can, continuing to actively seek companies that will accept these materials for reuse or recycling. For those materials that we currently cannot recycle, we strive to dispose of them in the safest, cleanest way possible.

PICTURED | ELECTRONICS RECYCLING DRIVE KICK-OFF, WINNIPEG FACILITY





2 0 2 3

# ENVIRONMENTAL

## GOALS

During 2023, we intend to establish baselines for waste and recycling against which we will be able to collect data, and report on performance in future reports. In the coming year, we also intend to develop a baseline assessment of our current GHG emissions, including Scope 1 emissions, and our current energy practices.

A key piece of the deliverable for these goals in 2023 is the extension of various environmental initiatives and the associated data collection and baseline development across all of our operating divisions.







# SECTION 2

# SOCIAL

Pollard Banknote prides itself on being an outstanding corporate citizen, striving to foster a safe, inclusive, and positive working environment for its employees and to making an ongoing commitment to the communities in which we operate.

We are committed to fostering a respectful and inclusive workplace where everyone feels welcomed, valued, and accepted. One of our core values at Pollard Banknote has been to provide a workplace of mutual respect. We believe a respectful workplace is also one where a diverse group of employees can successfully develop and build meaningful careers.

We believe that embracing diversity of thought, perspectives, and experiences fosters innovation and allows us to deliver better insights and solutions for our partners.

Influenced by Pollard family values, the Company recognizes the integral contributions of staff members and strives to make every employee's work experience a positive and rewarding one. Pollard Banknote's low staff turnover rate and the large contingent of 25-year club members are indicative of the Company's positive corporate culture.

At Pollard Banknote, we recognize our responsibility to infuse positive change into our communities. Pollard Banknote is achieving this in many ways, including, for example, strictly adhering to, and in many cases exceeding, all applicable labour, human rights, and health and safety regulations, building a diverse and inclusive workplace that offers employees a wide range of benefits, and supporting critical community charities.

# DIVERSITY, EQUITY AND INCLUSION ("DEI")

In 2022, we established our Canadian Diversity Advisory Committee ("DAC") to act as an internal advisory group to define our priorities and actions as we continue to foster a diverse and inclusive workplace and culture. The group is composed of a diverse group of employees and leaders from across our Canadian operations that provide us with their insights on the topics of culture, diversity, and inclusion in our workplace. Coupled with this internal team are external organizations supporting our DEI strategy. Pollard Banknote is committed to a workforce representative of the diverse communities in which we operate. For example, in Canada, we have partnered with organizations such as the Canadian Centre for Diversity and Inclusion, and Indigenous organizations including AMIK, Centre for Aboriginal Human Resource Development Inc., and Ka Ni Kanichihk Inc.

## DIVERSITY IN OUR WORKFORCE AND LEADERSHIP



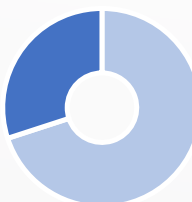
**TOTAL  
WORKFORCE**

**44%** female  
**56%** male



**HEAD OFFICE  
MANAGEMENT**

**40%** female  
**60%** male



**EXECUTIVE  
MANAGEMENT TEAM**

**30%** female  
**70%** male



**INDEPENDENT  
DIRECTORS**

**67%** female  
**33%** male

A key stated objective of our most recent strategic plan is focused on multiple aspects that help create a positive work experience for all of our employees. Specific actions include expanding our DEI strategy to all of our locations by July 2024, building additional learning and development opportunities about the lottery industry, and enhancing our employee development plan process for 2023, which will all further our efforts to keep Pollard Banknote a great place to work.



## EMPLOYEE REWARDS

We offer a variety of employee benefit plans throughout our Company that help support our team members on important issues related to health, wellness, and family.

We also encourage employees to expand their skill sets and enhance their career opportunities at Pollard Banknote through our Continuing Education Program, which provides financial assistance for approved learning experiences at accredited education and training organizations.

## EMPLOYEE PROFIT SHARING PLAN

Pollard Banknote believes that employees who share financially in the Company's success will work to increase quality and productivity, reduce costs, and increase profits. In short, the profit sharing plan is intended to foster inclusiveness and a strong sense of team spirit, while also encouraging a sense of personal commitment and ownership among staff.

While Pollard Banknote has undergone changes in recent years with a variety of acquisitions, we believe we are stronger collectively. In recognition of this, we are proud that, as of Q1 2021, the profit sharing plan was expanded to all eligible employees across the Pollard Banknote family of companies. Every regular full-time employee who has successfully completed one year of continuous service from their date of hire is eligible to receive profit sharing. 10% of pre-tax profits are shared equally with all eligible employees every quarter, regardless of position, pay level, or seniority.





## EQUITABLE AND POSITIVE WORK ENVIRONMENT

### SA 8000:2014



Human rights and fair treatment of our employees are critical considerations in operating our business and helping our customers. Pollard has always been supportive of quality of life for their team and for all employees across our industry.

We further formalized this commitment with the SA 8000:2014 certification of our Ypsilanti instant ticket facility and we anticipate the certification of our Winnipeg operations will be completed in early 2023. This SA8000 Standard is the world's leading social certification program which was established by Social Accountability International in 1997 as a multi-stakeholder initiative. The Standard and Certification System provide a framework for organizations of all

types, in any industry, and in any country, to demonstrate their adherence to the highest social standards.

SA 8000 reflects labour provisions contained within the Universal Declaration of Human Rights and International Labour Organization conventions, and also respects, complements, and supports national labour laws around the world.

SA 8000 encourages organizations to develop, maintain, and apply socially acceptable practices in the workplace and requires compliance with various labour-related performance criteria, including:



While Pollard Banknote already meets the spirit of all the social accountability requirements of SA 8000, acquiring certification formalizes existing policies, results in the development of new policies, and reinforces our commitment to social responsibility. Regular auditing of our work ensures the continued presence and effectiveness of our policies. Our SA 8000 system is implemented for the production of instant lottery tickets, including related design, programming, and marketing support.

Since our certification in Ypsilanti in 2021, our Social Accountability Performance Team has been working on various initiatives, such as increasing the awareness of SA 8000 among all staff through greater employee engagement, boosting classroom and interactive safety training (versus self-learning), and incorporating a more in-depth risk analysis into our supplier assessment process to better reflect the SA 8000 standard.







## HEALTH & SAFETY

Safe and healthy work environments are essential to the wellbeing of employees, as well as to the productivity and long-term sustainability of any Company's operations. For Pollard Banknote, while issues of health and safety focus on employees, they do not stop there; we also take into consideration our products' impact as they move to our customers (lotteries and charitable organizations), and then to retailers and ultimately to the end users—those who buy and play our games.

Pollard Banknote provides a safe and healthy workplace environment and takes effective steps to prevent health and safety risks, associated with, or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the workplace environment, and utilizing the prevailing knowledge of the industry and of any specific hazards.

We are diligent in our compliance within all applicable local, provincial/state, and national legislation, regulations and standards in each location where Pollard Banknote and its family of companies operate. Additionally, we ensure health and safety-related licenses, permits, or certificates are maintained as required by law (e.g., electrical permits, emissions, and waste disposal permits).

Our focus on a safe workplace is well illustrated in our internal policies. Our Code of Business Conduct & Ethics, SA 8000 policy and our Corporate Health & Safety & Environment Policy, safety committees, and our ISO 45001 certification are key examples of our focus and commitment to the wellbeing of our team members. We maintain robust resources for oversight, including a corporate Director of Safety & Environment, and safety committees across our business lines.

# EMPLOYEE EMPOWERMENT & RECOGNITION

## JOINT PLANNING COMMITTEE

Pollard Banknote's first Joint Planning Committee ("JPC") was established in Winnipeg in 1975. The JPC provides a medium by which topics, ideas, suggestions, and other matters can be brought to a joint staff-management planning group for discussion and resolution. This committee also reviews and provides feedback on various human resources policies prior to being released. The JPC is chaired by an outside facilitator

PICTURED | JPC MEETING, WINNIPEG



and meets on a monthly or other regular basis to discuss and review day-to-day operating and policy matters that can impact a positive working environment. Staff are encouraged to communicate to JPC members any topics, ideas, or suggestions, and to raise matters pertinent to the planning and operation of the Company. Minutes are shared with all employees at the facility.

We now have established the JPC process at our Canadian operations in Winnipeg, Manitoba, Barrhead, Alberta, Sault Ste. Marie, Ontario, and our US operations in Ypsilanti, Michigan, Omaha, Nebraska, Council Bluffs, Iowa, and Los Angeles, California.



## EMPLOYEE SERVICE RECOGNITION PROGRAM

Our Employee Service Recognition Program is a means for recognizing and appreciating the service of the employees who have dedicated their time and efforts to the success of Pollard Banknote. Our employees are the key to Pollard Banknote's success and in recognition of an employee's milestone anniversary, they are awarded a gift to recognize their achievement.

Recognized milestones include the first and fifth anniversaries, and every five years after that. For employees who have reached a milestone anniversary of 10 years or more, a service recognition event is held and attended by the employee, members of the leadership teams, and HR. If an employee achieves 25 years of service with Pollard Banknote, they are enrolled in the 25 Year Club. A recognition event to honour this achievement is scheduled on an annual basis and employees also receive a 25 Year Club jacket upon induction into the 25 Year Club. As of 2022, the 25 Year Club had over 250 members!

PICTURED | 25 YEAR CLUB CELEBRATION, YPSILANTI







## UNION REPRESENTATION

Pollard Banknote's plant located in Ypsilanti, Michigan is a unionized environment with representation from the Local 25-M of District Council 3 GCC/IBT. This location was unionized when we acquired it in 1996. Pollard Banknote has always been a highly principled employer, offering fair wages and an excellent benefits package. As a result, we have a strong working relationship with Local 25-M of District Council 3 GCC/IBT, with whom we are working cooperatively to increase the Company's productivity and profitability, grow the business, and secure long-term skilled jobs. To date, the Company hasn't lost any days to work stoppages; any potential issues have been worked through both positively and cooperatively.

## EMPLOYEE GRIEVANCES

Pollard Banknote respects each employee's right to a frank and honest discussion of any work-related problem that may arise and will work toward a quick response and fair resolution. We employ a written grievance procedure that is confidential, unbiased, non-retaliatory, and accessible and available to personnel to make comments, recommendations, reports, or complaints concerning the workplace. Pollard Banknote has established procedures in our print operations for investigating, following-up on, and communicating the outcome of such complaints. The Company does not take disciplinary action, dismiss, or otherwise discriminate against any personnel or interested party for making a workplace complaint.





## COMMUNITY IMPACT

Pollard Banknote has always placed a high degree of importance on being an active member of the community. One of our driving principles is supporting charitable groups by providing innovative and engaging products and services that help lotteries and governments generate revenue for good causes. Pollard Banknote has long been an outstanding corporate citizen, embedding itself in each of the communities where we operate production facilities and where our employees live. Pollard Banknote knows that contributions to good causes, no matter the size, go a long way in making a difference in the community. Our corporate atmosphere drives staff to take personal action and contribute to good causes on their own time as well as at work.





The Company is very active with various charities and each year employees are encouraged to take part in fundraising campaigns to help those in need and build better local communities. The commitment of the Company's leadership is demonstrated on a corporate and private level, with the Company, as well as the Pollard Family Foundation and individual Pollard family members, donating funds to important causes. Since its inception in 2007, the Pollard Family Foundation alone has contributed more than \$11.7 million CAD to good causes.

In addition to their financial contributions, the Pollard family has led by example with their volunteer work. Pollard Banknote's Chair, Gordon Pollard, serves on the Board of Directors for the Pan Am Clinic Foundation and St. John's-Ravenscourt School. He was also the past President of Winnipeg Harvest and has been a Major Donor Cabinet Member of United Way Winnipeg for over 20 years. John Pollard, Co-CEO, is the current president of Pulford Community Living Services Inc. and has been a board member since 1987. He also is the current Chair of the Finance and Audit Committee of The Winnipeg Foundation and the Founder, Chair, and Board Member of Home First Winnipeg Inc. Doug Pollard, Co-CEO, will Co-Chair United Way Winnipeg's 2023 Annual Fundraising Campaign. He is also a Board Member of the CancerCare Manitoba Foundation and Assiniboine Park Conservancy. Doug served on Fort Whyte Alive's Board of Trustees from 2007 to 2014 and is currently a member of the Fort Whyte Legacy Society.

Pollard Banknote encourages its employees to volunteer in the community and allows employees to suggest potential volunteer opportunities for consideration. The Company is always seeking to play an even more active role as a socially responsible company by offering its employees new volunteer and fundraising opportunities. Volunteer activities are conducted in partnership with organizations that serve the community through offering various social support services.

We will continue our commitment to supporting charitable causes and volunteer efforts that enhance and improve the communities in which we live and work.

## 390 ROSS/HOME FIRST WINNIPEG

Home First Winnipeg Inc. is a non-profit charitable corporation established by the Pollard family to provide safe, quality, and affordable housing for Winnipeg's homeless population. Their major project, in partnership with the Manitoba Government, is called 390 Ross after the vacant land the housing complex was built on.

390 Ross operates with a housing-first model, meaning access to safe and reliable housing is the top priority. The building includes 47 micro-suites for residents with access to a commercial kitchen, common dining area, game room and TV area, as well as a room for Indigenous cultural activities. There will also be an outdoor patio and community garden. Residents benefit from 24-hour staff on site, a full meal program, and support for different challenges, including mental health and addiction services.





POLLARD FAMILY CHARITY

# 47-UNIT

COMMUNITY  
HOUSING

# RESPONSIBLE GAMING

## ILOTTERY AND RESPONSIBLE GAMING

As a leading provider of iLottery solutions through our joint venture NeoPollard Interactive, LLC ("NPI"), we have made certain that every aspect of NPI's solution puts responsible gaming at the forefront. The features are varied and comprehensive and are among the most stringent available and in use in the industry today. Responsible Gaming is a key aspect of our solution, not only because it is the right thing to do, but because we know that lottery revenues can only be sustained long term when players play responsibly. Therefore, our approach is designed to increase lifetime player value by retaining lifelong players, while encouraging them to play within their limits.

Drawing on our extensive lottery experience and leadership in the industry, we have learned that playing responsibly requires a complete ecosystem that involves education, a knowledgeable and aware Lottery team, a communications plan, tools to enable the Lottery to predict and identify those inclined to act irresponsibly as early as possible, as well as tools that notify players if they are exceeding their RG thresholds, so they can act.

As evidence of NPI's continuing commitment to RG, we maintain Gold Member status with the National Council on Problem Gambling.

NPI leverages a Responsible Gaming Framework that encompasses Technology, Player Controls, Operational Business Processes, and a Communications Plan.





1234567890101	COST	WIN UP TO	12:01
CREDIT BALANCE	\$1.00	\$5,000	
\$50.00			

## TECHNOLOGY

The NPi iLottery System enables our iLottery customers to set several global limit controls. The durations for each limit can be set as a calendar duration (e.g., Monday to Sunday) or as a sliding window duration (e.g., deposits in the last seven days). If desired, a pending period can also be set so that the player must wait a specified period before a limit change becomes effective. Limits can also be set automatically upon registration. Various types of limit controls can be activated to manage deposits to player wallets, wagering and purchases, loss limits, and amount of time in session play.

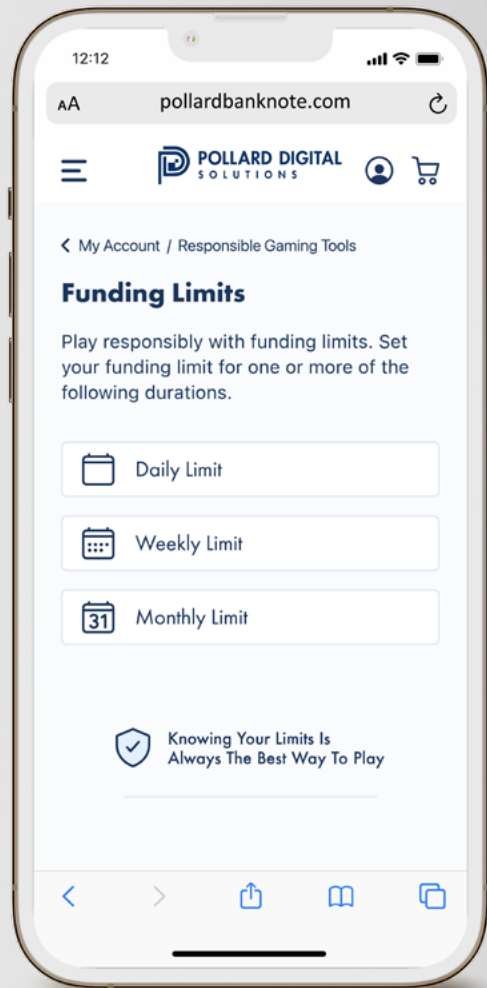
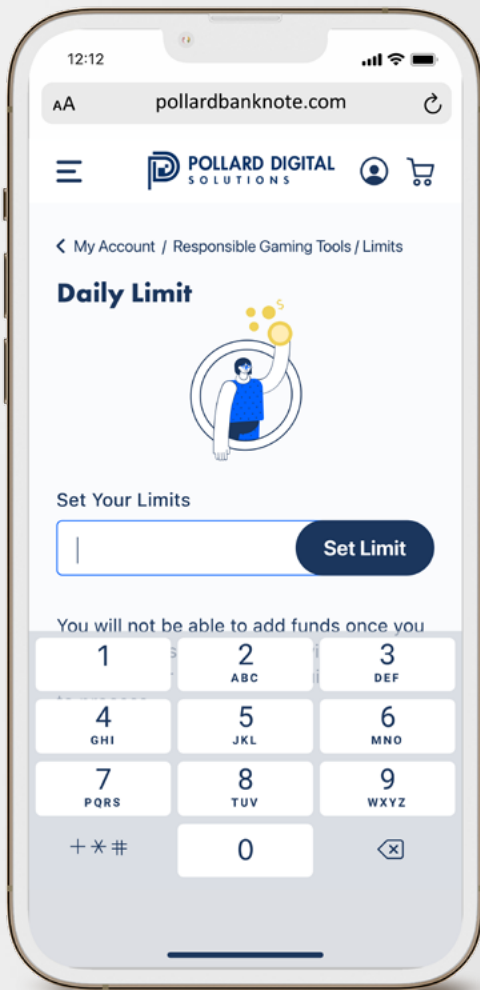
In addition to these controls, our technology has options to message players during play with feedback on their play session, including how long they have been playing and how much they have spent.

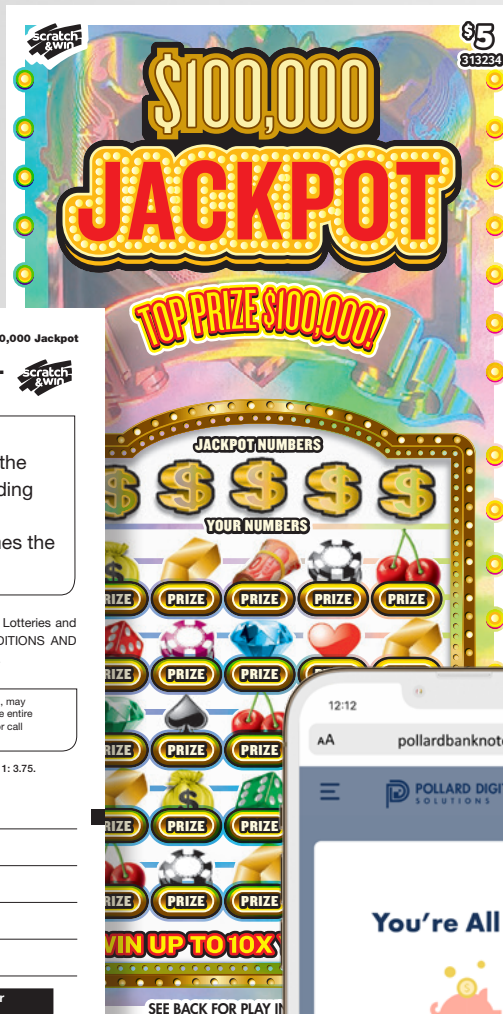
## PLAYER CONTROLS

Our NPi iLottery solution provides the lottery customer with options for their players to manage their play responsibly. From their account dashboard, the player can access and update spending limits, self-exclude from playing, time of play/session, and cool off periods.

## COMMUNICATIONS PLAN

In support of any lottery's comprehensive approach to educating its players on responsible gaming, our NPi team works with the lottery to create an automated messaging campaign. Upon registration, players can receive an email that outlines the resources available for them to implement responsible gaming controls and to inform players of the tools they can use if they wish to seek help. In addition to sending this material after the player registers, a Lottery customer can have automated messages on important tools such as deposit limits and self-exclusion as part of their responsible gaming communication plan.





Expires March 4, 2025 313234 - \$5 \$100,000 Jackpot

**Get the Lotto app on iOS & Android.**  
Scan your ticket. See if you've won.

**PLAY INSTRUCTIONS:**  
Match any of YOUR NUMBERS to any of the JACKPOT NUMBERS, win the corresponding PRIZE for that NUMBER.  
Uncover a "10X" symbol, win ten (10) times the corresponding PRIZE.

This lottery is governed by the Rules and Regulations Respecting Lotteries and Gaming of BCLC WHICH INCLUDE OTHER TERMS AND CONDITIONS AND LIMITATIONS OF LIABILITY and are available on [www.bclc.com](http://www.bclc.com).

**Did you know?** Retailers can pay prizes up to \$200 and, at their discretion, may pay prizes up to \$2,000. Otherwise, complete and send the entire ticket to BCLC, P.O. Box 1080, Kamloops, BC, V2C 6H2 or call **BCLC Customer Support at 1-866-815-0222**.

PLEASE PRINT LEGIBLY Overall approximate odds to win a prize 1:3.75.

Legal Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ Province \_\_\_\_\_  
Postal Code \_\_\_\_\_ Telephone \_\_\_\_\_

By signing this ticket, I declare I am the legal holder of this ticket and I am 19 years of age or older.

Your personal information is collected in accordance with B.C.'s Freedom of Information and Protection of Privacy Act to administer lottery prizes. Questions? Contact BCLC Customer Support at 1-866-815-0222 or [bclc.com](http://bclc.com). At the time of purchase, prizes offered by this game may already have been won. Prizes must be claimed prior to the expiry date printed at the top of this ticket. Submitting a fraudulent claim is subject to criminal prosecution.

Call Gambling Support BC for free support and resources 1-888-795-6111  
Like us: [Facebook.com/LottoBC](https://www.facebook.com/LottoBC)

**bclc** Know your limit, play within it.  
GameSense

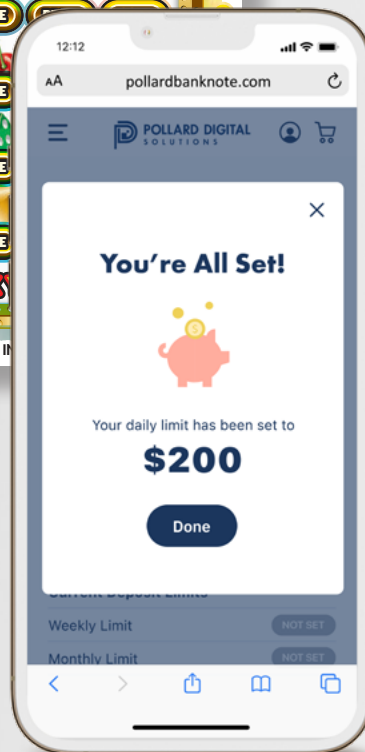
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Scratch FX/tra  
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Pollard Banknote Limited.  
Canadian Patent  
No. 2,471,024, 2,666,786.

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## INSTANT TICKETS AND RESPONSIBLE GAMING

We work diligently with our lottery partners to ensure games are enticing and exciting, yet also fair and non-addicting. We are fully, openly communicative about the true chances of prize winning with all instant ticket players. Many of our printed tickets carry the odds of winning right on the ticket or on the lottery website. Our mandate is to ensure player awareness that the true fun and excitement of our instant tickets comes from the knowledge that while anyone can win at any time, not everyone will win every time.

## ELECTRONIC GAMING AND RESPONSIBLE GAMING

We also develop and sell electronic gaming devices to our charitable gaming customers. We are required to submit for approval all new game concepts to the compliance arm of the regulatory body overseeing gaming in each jurisdiction. These bodies have standards related to visual features, game play mechanics, and prize structures that we must adhere to in order to have the game launched in the market. Diamond Game Enterprises, our subsidiary providing social establishment gaming devices and games to lotteries and charitable gaming associations, is also a Silver member of the National Council on Problem Gambling.

PICTURED | CALLOUTS FOR OUTCOMES PRE-DETERMINED AND 18+

# 2 0 2 3 SOCIAL GOALS

In 2023, we will continue our journey to embed and enhance throughout our organization the foundation of key social-focused initiatives that exist in our culture.

- We will continue to roll out our Diversity Advisory Committee across all business units.
- We will also be building additional learning and development opportunities about the lottery industry and enhancing our employee development plan process in the coming year.
- For 2023, we will look to formalize our Joint Planning Committee process to those remaining locations where it has not been established.
- Lastly, we will engage with our lottery stakeholders to ensure we understand their needs and concerns with responsible gaming and, with those learnings, ensure Pollard Banknote is providing best-in-class responsible gaming support.







# SECTION 3

# GOVERNANCE

Governance is an integral part of Pollard Banknote's ESG framework. The key principles promoting good corporate governance, including ethics, integrity, and transparency, are inextricably linked to all aspects of Pollard Banknote's daily operations and company culture. The Company's governance framework focuses on the internal system of practices, controls, and procedures that we adopt in governing our business to ensure that we continually meet the needs of all stakeholders.

Pollard Banknote aims to ensure confidence in our commitment to ethical and responsible business practices in all parts of our operations. This is evident through our Company's Board of Directors structure and responsibilities, compensation structure, policies and standards, regulatory and compliance practices and shareholder engagement.

Pollard Banknote is a publicly-traded corporation. Detailed information about our governance structure, board composition, knowledge, roles, and remuneration can be found in our annual materials available on our corporate website and through SEDAR.

## ESG LEADERSHIP & ACCOUNTABILITY

We have established our ESG structure with ultimate direction and responsibility residing with the Governance and Nominating Committee of the Board of Directors. Further formalization of our ESG strategy will progress as we continue on our ESG journey, including following the structure supported by the Global Reporting Initiative (GRI) Standards. That work is underway, and we expect to make advancements in 2023 and 2024 regarding:

- Education and training on ESG across all our companies;
- In 2023, through increased stakeholder interaction, update and confirm our material topics for future reporting according to the GRI Standards.
- By 2024, establish baselines against which to track key metrics on our progress on ESG initiatives;

## BOARD STRUCTURE & RESPONSIBILITIES

Pollard Banknote's Board of Directors establishes the overall policies for the Company, monitors and evaluates our strategic direction, and retains plenary



CARMELE PETER



DAVE BROWN



DOUG POLLARD

power for functions not specifically delegated by it to our committees or to Management. The Board of Directors is also responsible for Pollard Banknote's ESG framework. The mandate of the Board is to supervise the management of the business and affairs of Pollard Banknote to ensure the best interests of the Company and all our stakeholders are being met.

Pollard Banknote's Board of Directors has six Board members with three Board members from the Pollard family and three independent Board members, who are not employed by the Company or one of its affiliates and are independent of the Pollard family. Corporate governance best practices recognize controlling groups and, as such, the Pollard family could have proportional representation on the Board, but instead, the family continually demonstrates its commitment to independence and alignment of interests of all shareholders.

The Pollard family Board members cannot pass any resolution without the approval of at least one of the independent directors, notwithstanding their majority ownership position.

Two thirds of Pollard Banknote's complement of independent directors on the Board are female, demonstrating our commitment to diversity and inclusion, not only in Pollard Banknote's management, but also at the Board level. Additionally, each board member has local ties to Winnipeg, Manitoba, where Pollard Banknote's head office is located.



GORDON POLLARD



JOHN POLLARD



LEE MEAGHER



## COMMITTEES

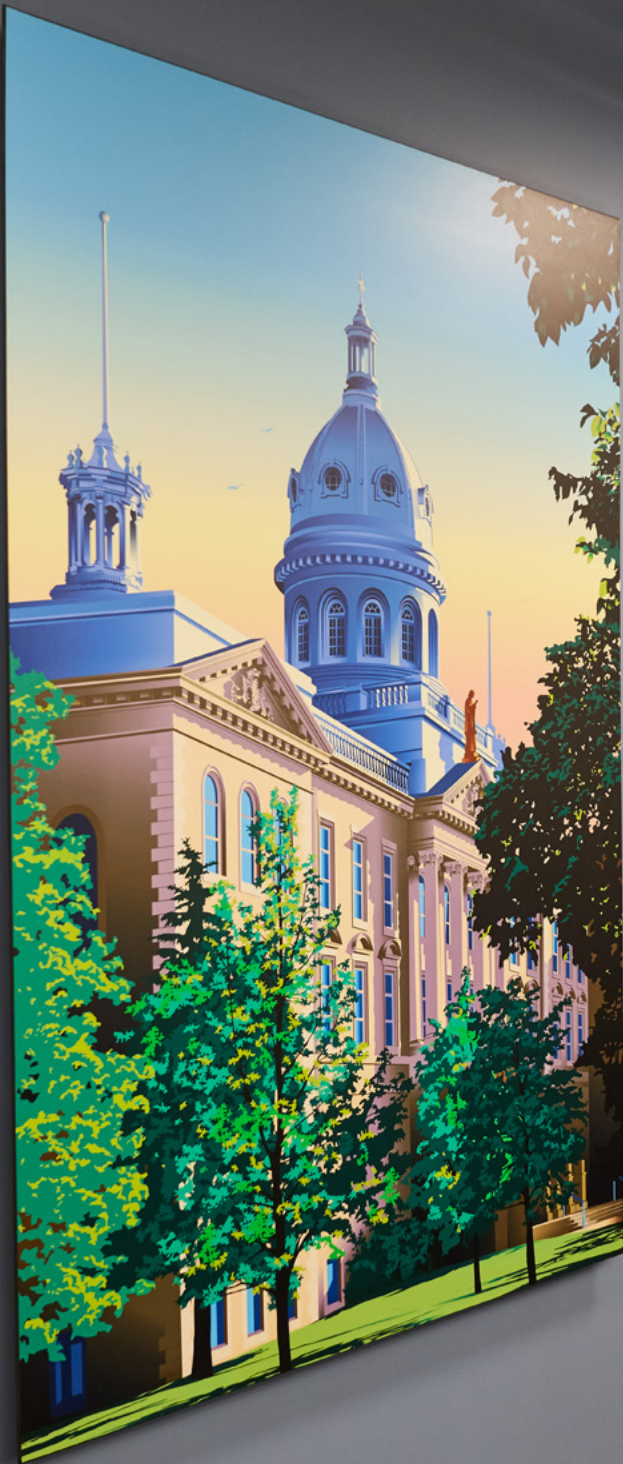
Pollard Banknote's Board has established an Audit Committee, a Governance and Nominating Committee and a Compensation Committee; each of which are comprised entirely of independent directors. The committees are responsible for selecting and recommending directors, independently evaluating the compensation of Pollard Banknote's Co-Chief Executive Officers, and reviewing financial performance. Charters for each of these committees set out the responsibilities that Board members must perform.



For example, when selecting new Board members, our Governance and Nominating Committee is mandated to take into account factors that promote diversity, such as age and gender, when recruiting new directors, to ensure that the Board of Directors benefits from the broader exchange of perspectives brought by diversity of thoughts, backgrounds, skills, and experience. The most recent Board selection demonstrated our commitment to diversity through the selection of an independent female director. The Governance and Nominating Committee maintains a board member skills matrix as well as an “Evergreen List” of potential nominees to the Board.







MINNESOTA STATE CAPITOL







Compensation for the Co-Chief Executive Officers and Board of Directors is another important focus of the governance framework. Pollard Banknote continues to demonstrate its commitment to the alignment of majority and minority shareholder interests through the decisions surrounding compensation of the Co-Chief Executive Officers of the Company for their important contributions to the Company's continued success.

The Executive management team is compensated with a balance of salary, short-term cash incentives, and long-term incentives through stock options. This structure aligns the interests of the executive team closely to our shareholders. These plans provide opportunity to benefit from near term success but also be aligned for the long-term well-being of the Company.

PICTURED | HALLWAY ART, WINNIPEG FACILITY



## BUSINESS ETHICS

Pollard Banknote has a number of corporate policies in place to guide and inform ongoing objectives, operations, and strategies that help to ensure we are delivering the highest quality of products and services in a socially responsible manner.

Pollard Banknote's employees in our core instant ticket production plants of Winnipeg, Ypsilanti, Sault Ste. Marie, and Barrhead, as well as our instant ticket warehousing and distribution operation in Arizona, are required to review the Code of Business Conduct and Ethics, Insider Trading Policy, Whistle Blowing Policy, and Continuous Disclosure Policy, annually.

Pollard Banknote's Code of Business Conduct and Ethics establishes standards of conduct for every director, officer, and employee of Pollard Banknote and its subsidiaries. Since its inception, we have adhered to a strict code of business ethics that promotes fair business practices, a respectful workplace environment, and compliance with the law.

Our Code of Business Conduct and Ethics also lays out the expected fair business practices for Pollard Banknote's Board of Directors and employees. We deal fairly with our shareholders, customers, suppliers, and others in the industry, while also competing vigorously, but fairly and lawfully, in the marketplace. In our marketing and investor relations activities, we make fair, factual statements and comparisons, and we seek competitive information in an ethical and appropriate manner.







## WHISTLE BLOWING POLICY

In order to maintain our commitment to achieving compliance with all applicable securities laws and regulations, accounting standards, accounting controls, and audit practices, our Whistle Blowing Policy establishes the proper procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters. It also includes the proper procedure for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Any employee of Pollard Banknote or of any of its subsidiaries may submit a complaint regarding accounting or auditing matters, with protection from reprisals, to the Chair of the Audit Committee. Our Audit Committee oversees treatment of employee concerns in this area to ensure that confidentiality and anonymity are maintained and proper investigative procedures are adopted.

Shareholders with concerns or questions are encouraged, and given direct access to, a lead independent director on our Board of Directors.

## INSIDER TRADING POLICY

As the shares of Pollard Banknote are traded on the Toronto Stock Exchange, securities laws and stock exchange rules prohibit trading shares on the basis of insider information and prohibit the disclosure of undisclosed material information to third parties outside the necessary course of business. Accordingly, Pollard Banknote has adopted a robust Insider Trading Policy to ensure that all persons who have material non-public information are prohibited from insider trading and tipping. The policy also establishes procedures to ensure the timely filing of insider reports in compliance with applicable securities laws.





## DISCLOSURE REQUIREMENTS

Since becoming a public company in 2005, Pollard Banknote adopted a comprehensive Continuous Disclosure Policy to ensure that the Board, Management, and employees, collectively, comply with continuous disclosure laws. As a public company, Pollard Banknote has continuous disclosure obligations to guarantee trading in our securities is conducted on a fair basis. Pollard Banknote ensures that communications with the investing public are timely, factual and accurate; and broadly disseminated in accordance with all applicable legal and regulatory requirements.

Pollard Banknote's Co-Chief Executive Officers, Chief Financial Officer and Executive Vice President, Legal are solely responsible for disclosure. All issues, information, and decisions relating to meeting the legal requirements for public disclosure are reviewed by a minimum of two of the four Executives, including at least one of the Co-Chief Executive Officers. In addition, for material disclosures, information is reviewed and approved by the Board of Directors.

## REGULATORY & COMPLIANCE

Regulatory and compliance are at the forefront of Pollard Banknote's thinking, in alignment with our fundamental values of integrity, honesty, and respect. Pollard Banknote complies with all applicable laws and regulations, and we encourage our contractors and their suppliers to do so as well. Our SA 8000 certification will provide additional due diligence and compliance practices that will be actioned to ensure our supply chain meets all laws and regulations.

In alignment with the Company's commitment to regulatory and compliance measures, Pollard Banknote's Board of Directors, Co-Chief Executive Officers, and Executives undergo extensive background checks to ensure they uphold the values of Pollard Banknote and will meet the expectations and needs of our shareholders.

Pollard Banknote is a constrained share Company and through our regulatory framework, we ensure that only people who meet strict eligibility requirements can own more than five (5%) percent of the Company's shares.

Our largest customers are government lotteries that are comfortable with and adhere to the anti-corruption and anti-bribery policies, regulations, and standards for states and governments that we work with and alongside. Our customers must also adhere to anti-money laundering practices which we support, and we are selective of which government entities we want to do business with. For smaller customers or other segments that deal with the public directly, we have a robust set of Anti-Money Laundering Policies.

Due to the nature of the regulated markets we operate in and the associated products we manufacture and develop for our customers, Pollard Banknote personnel, procedures, and financial information undergo extensive vetting processes by our customers and prospective customers that wish to engage our services. Today, we have more than seventy licenses in jurisdictions around the world that must be approved, satisfactorily maintained, and renewed regularly in order for us to supply our customers.





## FINANCIAL REPORTING

Pollard Banknote follows all required accounting and financial audits and ensures tax transparency. Pollard Banknote's Board of Directors meets quarterly to review and discuss the various financial filings of the Company. These filings include the consolidated financial statements of Pollard Banknote, Management's Discussion and Analysis of Financial Condition, Results of Operations, and press releases. A Form of Proxy Circular is sent out on behalf of management to give notice of the annual meeting of shareholders, which is released with the Management Information Circular.

The Board of Directors' Audit Committee oversees Pollard Banknote's financial reporting, including the review of tax and tax planning matters that are material to the Company's financial statements.





2 0 2 3

# GOVERNANCE

## GOALS

We plan to update and confirm our material topics for future reporting according to the GRI standards as well as develop the baselines on key environmental and social topics against which we will be able to begin to track key metrics in 2024.

We will need to support the advancement of our formal ESG program with further ESG education and training of our team members across all operations.

As part of our ongoing work to integrate policies across all operations that have been acquired by Pollard Banknote, we will work to standardize our policies across our worldwide operations, adhering in each case, to the highest governance standards.







This report is printed on 100 percent recycled stock paper, which is FSC Certified, guaranteeing responsible sourcing and promoting sustainable forest management.

# **POLLARD** **banknote** limited

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