

2016
Montevideo / Uruguay

**SUSTAINABILITY
REPORT**





SUSTAINABILITY
REPORT
2016
Montevideo / Uruguay

TABLE OF CONTENTS



MESSAGE FROM OUR CHAIR

Page 4

INTRODUCTION

Page 8

Profile of the Report

CHAPTER 1

LA BANCA'S PROFILE

Page 10

Introduction

- Historical overview, Institutional and legal framework of the gambling activity in Uruguay
- La Banca's organization and governance
- Our Mission, Vision and Values
- Core policies

Games

Service and communication channels

Technological Evolution

Economic Performance

CHAPTER 2 SUSTAINABLE DEVELOPMENT

Page 44

Materiality and Boundaries

- Materiality Analysis
- Prioritization of the material aspects
- CSR Strategy

CSR and RG Committee Strategic alliances

Current certifications

Our Stakeholders

CHAPTER 3 RESPONSIBLE GAMING

Page 62

Scope of action

- Research
- Staff training
- Retail network
- Game Design
- Remote Gaming Channels
- Advertising and Marketing
- Information to gamblers
- Treatment Referral
- Stakeholder Commitment Programs

Our brands and values

CHAPTER 4 LA BANCA AND ITS PEOPLE

Page 80

Our People Training

Working environment survey

Collective agreement Benefits

Bet on your health

Social activities

CHAPTER 5 CORPORATE SOCIAL RESPONSIBILITY

Page 92

Social Work

Sponsoring sports

Environmental Responsibility

GRI G4 TABLE OF CONTENTS

Page 98



MESSAGE FROM OUR CHAIR



Dear reader

I'm pleased to present our first Sustainability Report as of December 31st, 2016 in which we address the corporate governance report and the activities undertaken in favor of economic, social and environmental sustainability.

This report was prepared based on the G4 version of the world renowned reporting standard Global Reporting Initiative (GRI G4), which provides a methodological framework for drafting reports, becoming an important management tool.

Historically, La Banca's management has always tried to combine a professional and transparent approach with an ethical perspective, implementing policies that promote responsible gaming and honoring in each and every decision made the commitment to our stakeholders.

In order to foster transparency, critical assessment and legal certainty in the field of gaming, La Banca has commissioned renowned experts to develop reference publications, which have been widely acknowledged to reflect the reality of the sector. Among these is worth nothing the first, and only to this date, quantitative research on the "Prevalence of Problem Gambling in Uruguay", carried out in 2014, which made it possible to determine the prevalence of gambling disorders in Uruguay.

Throughout this year, we have endeavored to extend this work to other objectives, for example, to establish a Foundation, in order to further reflect on the gaming industry and promote responsible gaming policies that ensure the stability of the regulatory framework and to enable operators to provide users with an offer that complies with all the safeguards, protects vulnerable groups and ensures tax collection by the public authorities.

Our commitment to stability and leadership to create wealth and employment and stimulate social development guide our actions. We believe that resource optimization to promote the growth of an efficient business is the first step in a corporate social responsibility approach.

We consider gaming to be a real industry of leisure and entertainment, one that has been present in most cultures. However, at the same time we are aware it may produce some negative effects. Such is the case of compulsive or uncontrolled gambling, which can become an important public health concern for the gambler, their family, and the society as a whole.

Without a doubt, it is our duty out of public interest and as a company to keep an eye to avoid and prevent these externalities, following responsibility criteria.

Thus, the political, social, business and academic sectors should take these aspects and others related to the activity into account and translate them into public policies that consider the intrinsic nature of gambling and its relation to human beings, preserving civil liberties and considering public needs, striking a balance between business and social interests, but above all, protecting the general interest.

Our client-centered vision forces us to constantly search for new products and services that will meet their needs and provide the best assistance possible. Increasing satisfaction levels is essential to our growth and, along this line, our analytical capacities are making it possible to substantially transform how we manage the entire company. Developing talent, through ongoing training of our human resources and the creation of a working environment that favors satisfaction and motivation, is another main point in our agenda.

For the past decade we have decided to incorporate best practices to professionalize the activity, adopting the standards recommended by the World Lottery Association (WLA), the organization that gathers the official gaming companies around the world.

These best practices focus on information security and social responsibility. Adopting these standards has meant developing new policies and even reviewing and redefining the mission, vision and values of the Organization.

However, it is fair to highlight we did not start from scratch. Since the beginning, almost 75 years ago, we have publicly advocated in different forums, seminars and working sessions at parliamentary level for the need to contemplate and further regulate this side of the activity. We acknowledge there is still a lot to do to achieve our goal so we will therefore continue working on what we consider the two most important pillars for gaming activities to continue on while reducing its potential negative effects and preserving its social contribution. These two pillars are: educating and supporting users to prevent potential abuse and cooperating with the authorities to adjust the regulation where needed to ensure the sustainable development of gaming operations.

We continue to make progress in our process of technological transformation and I would like to highlight the implementation of new online gaming and mobile apps, designed and developed by La Banca,

which makes the company one of the few operators in the world to have proprietary gaming technology, allowing us to consolidate our technological independence.

We consider the effective management of corporate governance to be a key element for sustaining the trust of our stakeholders. We therefore continue to work on enhancing areas such as prevention and compliance, in addition to the rest of the management areas at La Banca. It is important to remember that La Banca considers Responsible Gaming to be a key area of work, it is a true commitment to society, and thus research on problem gambling is the cornerstone of the Responsible Gaming Program of the organization.

Our commitment to corporate social responsibility is reflected in the actions carried out during the year 2016. In this sense we want to highlight, due to its great social impact, the development of responsible gaming practices and the certification we have been awarded. In addition, we have been awarded certifications in Information Security, Quality Management and Safe Operation of Payment Transactions.

These achievements would not have been possible without the work, effort and great performance of the entire team of human resources at La Banca, the points of sales and members of the organization. They all make it possible for the company to be considered as an international benchmark operator. In addition, of course, to all the citizens who still trust our work, which is a great incentive to keep working and offering products and services of the highest quality, security and responsibility.

Creating values that are shared by both the industry and the society means contemplating responsibility as the main objective of the corporate strategy across the entire value chain, so as to achieve balance and stability. Regulatory compliance, transparency, dialogue and innovation generate confidence, knowledge and effective decision-making, turning companies into essential actors in their own evolution.

I invite you to read this report to get to know us better. Sincerely;


Roberto Palermo
CHAIR



INTRODUCTION

La Banca's line of work has full national identity.

It is the operator authorized by the State to manage the following games: Quiniela, Tómbola, 5 de Oro, Scratch cards and Supermatch.

La Banca operates these games to meet the entertainment needs of our market in a controlled manner, keeping an eye on the social impacts of the activity, providing a service of quality that is fully compliant with existing regulations.

Throughout our history, over 70 years of a proven track record, we have built a brand that conveys reliability and transparency, values everyone at our organization is committed to sustaining over time.

To maintain these values has become an unswerving commitment to all our members. To meet this goal is that in the course of the last few years, among other actions, we have adopted international management standards that involve applying best practices. These are: ISO 27001, WLA SCS (World Lottery Association Security Control Standard), ISO 9001, PCI -DSS, WLA RGF (World Lottery Association Responsible Gaming Framework).

PROFILE OF THE REPORT

This is the first Sustainability Report of La Banca and it was developed considering the "core option" of the G4 version of the GRI initiative (Global Reporting Initiative), as it is the most accepted international framework for CSR reporting. At the end of the report we present a table of GRI contents for the option chosen.

It covers the activities of the Montevideo Lottery Board (Banca de Cubierta Colectiva de Quinielas de Montevideo) during the financial period ending on December 31st, 2016 and it will be compiled every two years.

01

LA BANCA'S PROFILE



INTRODUCTION

Historical overview, Institutional and legal framework of the gambling activity in Uruguay

In 1818, a few years before the independence of Uruguay and still under Portuguese domination, General Carlos Federico Lecor, Baron of La Laguna and the Town Council of Montevideo decided to organize lottery games in order to raise money to help support the abandoned children left at the Charity Hospital.

The "Charity Lottery", named after the Institution, became more and more entrenched, as its popularity increased over the years. A new legal provision was passed on July 12th, 1856. The current National Lottery Authority, executive unit of the Ministry of Economy and Finance, needed to adjust its operations based on this provision.

Thus, gambling activities have been illegal since the 19th century. The art. 1 of Law No. 1.595 of December 1882 states: ***"Gambling activities or games of chance or those where there is a stake involved, except for the Public Lottery or Raffles authorized by the Administrative Economic Boards pursuant to the Regulations issued by the Executive, shall be absolutely prohibited"***.

This article clearly reflects a true State Policy on gambling activities, as it strictly outlines the regulations that shall rule these activities in the society, in present and future times, and therefore extends its limits beyond the scope of criminal punishment.

Gambling is forbidden unless there is an express legal exception and in such case activities shall be subject to a strict supervisory framework. Hence, since 1882 our country has taken a very clear stand with regard to gambling activities, opting for their widespread prohibition, together with a state monopoly regime to run those activities that are considered explicit legal exceptions to the principle of illegality.

It is also worth noting that both the Criminal Code of 1889 and 1934 categorize gambling offences as misconduct against morality and good customs.

Subsequent laws have established exceptions (explicit and under strict interpretation) and allowed certain games to be run by the State or private operators.

Law No 8.938 of February 24th, 1933 sets the budget of the Public Health Council and states as a source of income for this institution the potential proceeds of the Quiniela game, thus legalizing it. In fact, article 5 of this Law granted the Public Health Council the exclusive monopoly for the operation of Quiniela games. Subsequently, a decree was issued on December 2nd, 1938, authorizing the today Ministry of Public Health to, through the Lottery Administration, run Quiniela games by direct administration. In addition, it set forth how these operations would be managed. It would be done through the patent system, which although called "direct management", it was a novel approach as it introduced Lottery Agents responsible for bet reception and paying out winning bets.

Therefore, the decree of December 2nd, 1938, marks the birth of the management formula that continues to this date, although it has suffered modifications that do not affect its essence. Gaming activities are managed, operated and marketed by Agents, and the risks associated to gamblers' winning bets - which is the main risk although not the only one- are also faced exclusively by them. By doing so, the State was not only protected against loss, but was also guaranteed ab initio, an independent participation and the collection of real benefits. In other words, even if the result of the operation is negative, whenever bets are placed the State is already ensured a considerable income. The first draw was held in Montevideo on July 7th, 1939, and over the years the games run by Lottery Agents became a customary, traditional practice and gained prestige.

Agents were quickly convinced about the need to coordinate efforts to better meet their objectives. Therefore, on July 14th, 1939, they founded the Lottery Agents Association to combine and coordinate their efforts, join forces in their initiatives and endeavors to protect all interests at stake. For this reason, they began entertaining the idea of a gaming cooperative or conglomerate, as La Banca was originally called, with the aim to streamline and improve the operation.

It is important to mention that the Montevideo Lottery Board ("La Banca") was not just a mere legislative creation, because the law only acknowledged the way in which the service had been fulfilled thus far: agents who would individually manage bet placement activities, and the financial circumstances dictated the need to organize the consolidation, planning and mutual risk coverage. Thus, for example, the Agents authorized to operate in the department of Montevideo, had already gotten together in a conglomerate or Lottery Board (Banca de Cubierta Colectiva) since May 28th, 1943.

La Banca's main obligation is to be collaterally responsible for the payment of winning bets, centralize the documentation relating to the financial aspects of the gaming operations run by Agents and to become a withholding agent for the taxes levied on gaming activities and pay them in due time.

The different Lottery Boards, represented by official Lottery Agents, have long ago taken on a strong commitment to responsible gaming, looking after the legality and transparency of the different retail channels.

This is the main commitment that drives us: It is in the healthy and responsible gaming activities, rather than the harmful kind, where they key to the future of our industry lies.

La Banca reiterates its commitment and collaboration to achieve these objectives, which allow the gaming sector in our country to have a long standing and prestigious history; one that has been acknowledged not only at national level but also abroad as it is recognized as a model thanks to the gaming institutional policies adopted.

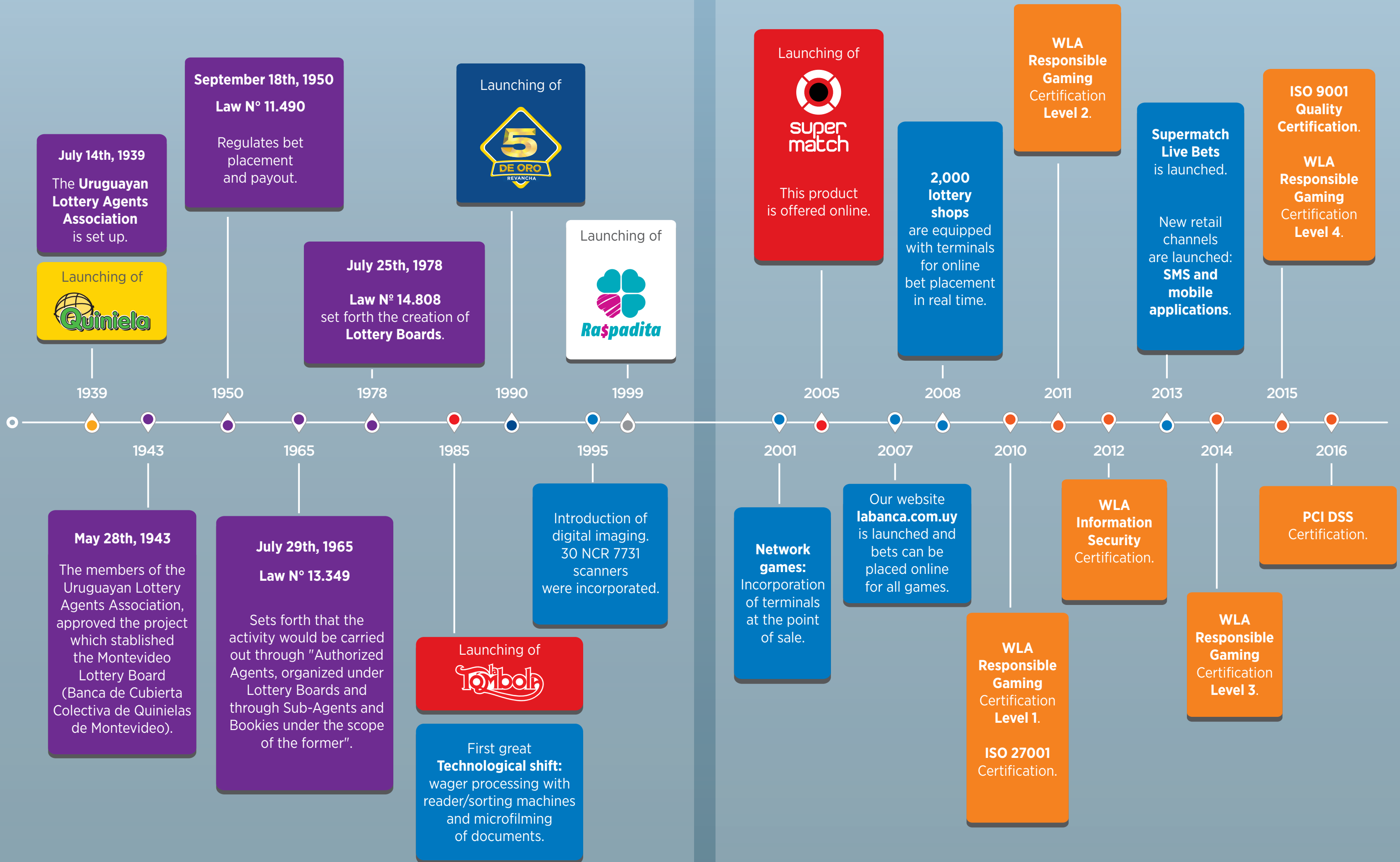
We would like to provide a brief overview of La Banca's business development and highlight some of the projects that have contributed to the growth of our company focusing on two core dimensions for sustainability: the social and economic dimensions.

The corporate purpose of La Banca is to:

- Manage, operate and retail the entire scope of gambling activities available, for example, number games, Keno, Lotto, Scratch cards and Sports betting (listed and live games), whether in-person or through electronic, digital, telematic, online or interactive channels nationwide.
- Run any technical activity, IT related or supplementary enterprise to the management, operation and retail of gambling activities.



HISTORICAL OVERVIEW:

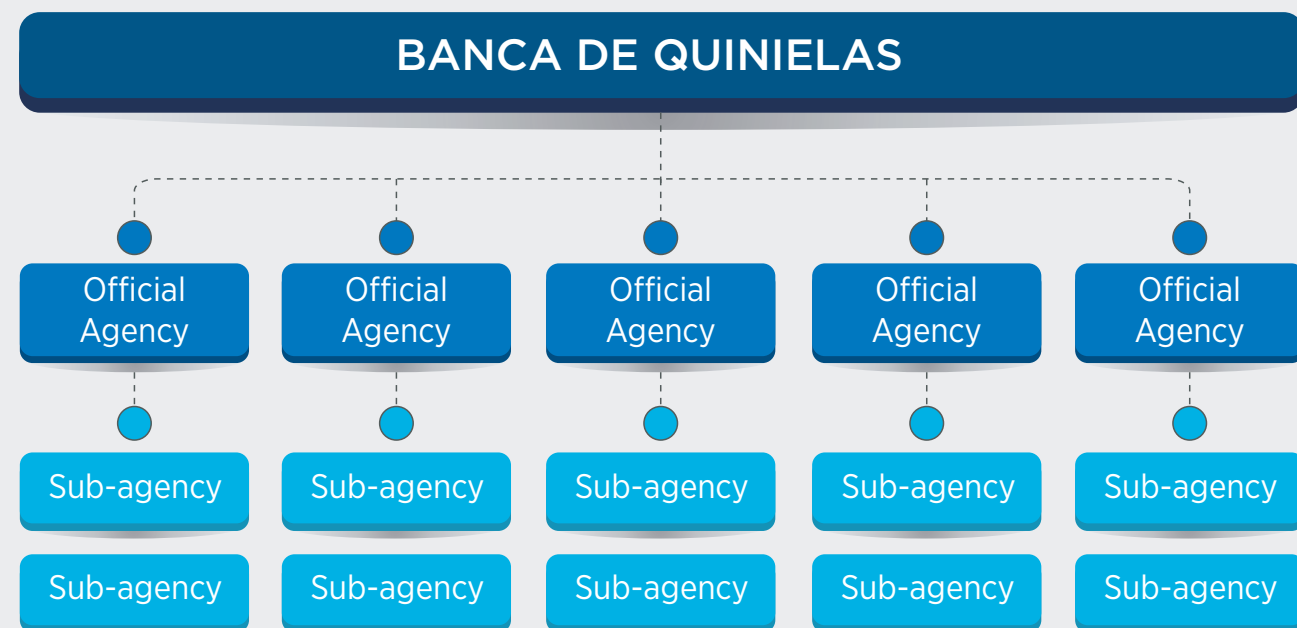


La Banca's organization and governance

The **Montevideo Lottery Board** (La Banca) is a private, non-government legal entity created by Law No.14,808 (published on 8/8/1978) that gathers all the Lottery Agents appointed and authorized for running and operating the games conceded by the State. Article 1 of this Law defines the Uruguayan Lottery Boards as "...an association comprising, for the sole purposes stated in this law, the agents authorized for processing the corresponding wagers...". In addition, the law sets forth the obligation to make readily available in banking institutions the amounts required by the Executive to guarantee and provide for gaming activities. Moreover, it set forth the main responsibilities of the Lottery Boards:

- To pay out winning bets.
- To centralize all documentation regarding the financial side of the lottery operations conducted by the Agencies.
- To become a withholding agent for the taxes levied on gambling activities and to pay them within the deadlines stipulated by law.

Law No. 14.808 is regulated through Decree 584/978 dated October 11th, 1978, which sets forth the contents of La Banca's bylaws and determines different formal aspects regarding its relationship with the National Lottery Authority (hereinafter, the DNLQ).



The governing structure of the organization is made up of an Executive Committee of eleven members, including the Chair, who is the highest authority and is appointed by the General Meeting.

The Executive Committee has broad capacities for management, representation, operation and decision-making, enter into agreements and adopt any decision leading to the fulfillment of the purposes of La Banca pursuant to what the bylaws set forth.

The Executive Board, comprising the Chair, Vice-Chair, Secretary and Treasurer, or their substitutes, is in charge of implementing the decisions adopted, supervising and coordinating, analyzing and authorizing the investments and expenditures required to run the normal operations of La Banca.

La Banca has a very complex and rigorous control system. Pursuant to the company's bylaws the Supervisory Commission carries out permanent internal control activities. This Commission is composed of three members who are appointed by the General Meeting together with the Executive Committee.

The Executive Committee also appoints a Supervisory Team of Agents. They oversee different stages of the operations, for example, they attend the draws carried out by the DNLQ and control the bet settlement process.

EXECUTIVE COMMITTEE



CHAIR:
Roberto Palermo Suárez



VICE - CHAIR:
Daniel Tirelli Ardoino



SECRETARY:
Silvia Malcuori Ebole



TREASURE:
Cr. Antonio Ollero González



ASSISTANT SECRETARY:
María Victoria Pollio Peña



ASSISTANT TREASURER:
Cr. Miguel A. Biere Díaz



MEMBER
Miguel A. Monetti D'Orsi



MEMBER
Diego Gonda Arismendi



MEMBER
Lic. Marcelo Ramis Caffiro



MEMBER
Gustavo Martino Donati



MEMBER
Carlos A. Baffa Sagaría



REPRESENTATIVE AG.10
Carlos Paz



REPRESENTATIVE AG.10
Cra. Lizet Stancati



REPRESENTATIVE AG.19
Carlos Maiorano



REPRESENTATIVE AG.19
Julio César Bava

SUPERVISORY COMMISSION



CHAIR:
Dra. Alicia Marrero



MEMBER
Dra. Anahí Fazzino



MEMBER
Esc. M^a Paula Solé

Code of Ethics

The operations undertaken by Lottery Agents are governed by a Code of Ethics approved on February 24th, 2000.

It was designed to preserve the core principles Lottery Agents must meet.

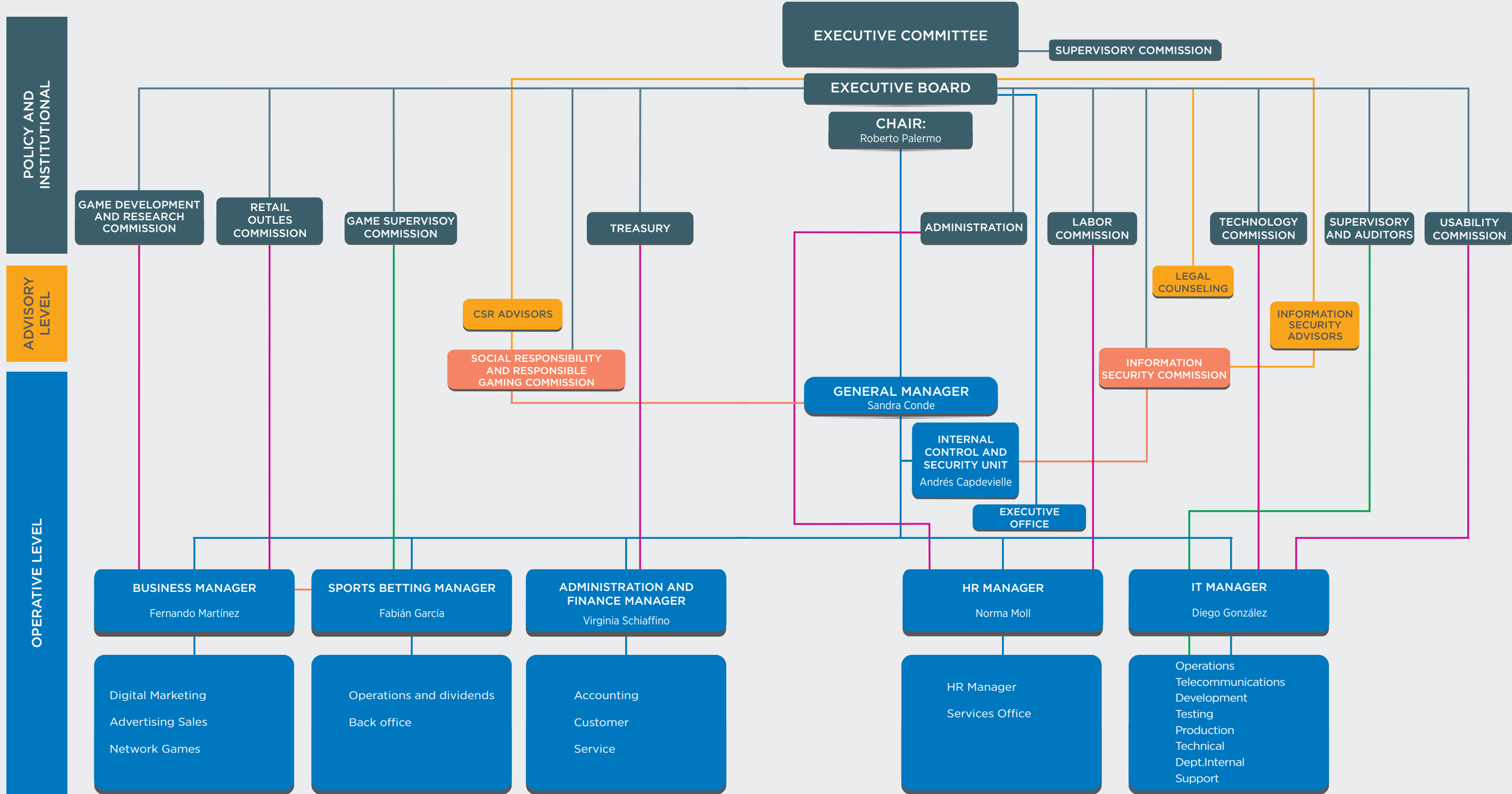
As mentioned in the Code:

"Honesty has been, is and shall always be an inherent attribute of the operations undertaken by Lottery Agents".

The existence of a Code of Ethics, does no more than preserve in writing the original conditions from any attempt of deviation that may arise."

The Code calls for responsibility when adopting the role of Lottery Agents and strict compliance with the law, regulations and provisions set forth in the Code. It also imposes the penalties for actions or omissions.

ORGANIZATION CHART



References:

— Political link
 — Hierarchical link
 — Operative-policy link
 — Non-hierarchical link

— Executive-operative control link
 — Counseling link

 Mixed integration team: management and operative level several sectors
 Advisors

MISSION

To operate manage and promote responsible lottery gaming practices, rendering an efficient entertainment service that will meet the recreational needs of our customers while strictly complying with national regulations and creating added value for all stakeholders.

To promptly respond to market needs through product innovation and sales channel development, always aiming for the use of cutting-edge technologies to ensure the quality and safety standards needed to duly protect our customers, the community and the State.

VISION

To be acknowledged by the society and the State for our longstanding leadership in striving to provide greater certainty, transparency and reliability in lottery gaming operations, for delivering service excellence to customers, continuously maintaining technological edge for a comprehensive management of transactions and for our protection of vulnerable groups.

VALUES

ETHICS

All staff members abide by the highest individual and corporate integrity standards in the fulfillment of their duties so as to be worthy of the trust and respect of customers, which is an essential element for corporate sustainability.

EXCELLENCE

We take on an ongoing challenge in our day-to-day activities to meet the quality standards our customers deserve and that will set us apart as the leading company in the field.

CONFIDENTIALITY OF INFORMATION

The company maintains and protects the confidentiality of our clients' information and that of our business partners, ensuring the privacy of personal information.

INNOVATION

We encourage the development of new sales channels and products to meet the latest market trends, investing in cutting-edge technologies to ensure the quality and safety of all processes.

SOCIAL RESPONSIBILITY

Under the company's Social Responsibility Framework, we aim to contribute to overall financial development, to improve the quality of life of our employees and of the society.

Gaming activities are managed under the premise of healthy entertainment, taking the necessary measures to protect customers and vulnerable groups, fostering responsible gaming behaviors, pathological gambling prevention and fighting against illegal gambling.

TEAMWORK

In an environment of mutual respect and open communication, interaction and teamwork are encouraged, setting the necessary conditions to help develop capacities and creativity that will lead towards meeting objectives.

Core Policies

Quality Policy

La Banca delivers efficient gaming services in order to meet the recreational needs of customers, creating added value for all stakeholders and looking after vulnerable groups and legal gaming.

La Banca's stakeholders comprise: clients, agents, sub-agents, employees, the State, other Lottery Boards (Bancas) around the country, vendors, other Institutions involved in pathological gambling treatment and prevention and the community as a whole.

The games conferred by the State are designed, developed and managed considering client requirements and satisfaction, delivering sale and after-sales services as well as an array of information and retail channels.

La Banca's business is based on reliable and accredited management systems that undergo continuous improvement, supported by its own robust technological infrastructure, thoroughly complying with national regulations.

Operations at La Banca are defined taking into account the best practices in the field both at national and international level, to ensure the quality of our services and provide certainty and transparency in our products and transactions, integrating continuous feedback for improvement.

La Banca's staff members and their commitment are very much valued. We strive to provide them with a comfortable working environment, looking after their personal well-being. Continuous training is in place to make sure that everyone can contribute to their fullest potential to meet La Banca's goals.

We aim to establish long-term relationships

with our strategic vendors, paying special attention to security, compliance and service delivered

Information Security Policy

La Banca's management is well aware how important it is to identify and protect information assets, avoiding the unauthorized destruction, modification and use of any information related to strategic and business plans, management and accounting data, client and staff information, knowledge bases, manuals, case studies, documents related to technological capabilities including source code, among others. We are committed to developing, implementing, maintaining and continuously improving the Information Security Management System (hereinafter, the SGSI).

Information security is based on the preservation of:

a) Its confidentiality, making sure that only authorized people can have access to the information;

b) Its integrity, making sure that the information and its processing methods are accurate and complete;

c) Its availability, making sure that authorized users have access to the information and associated assets whenever necessary to meet business demands.

Information security is achieved by implementing an appropriate set of controls, such as policies, practices, procedures, organizational structures and administration of every aspect related to software, telecommunications and the technological infrastructure involved.

As a policy La Banca expects to:

- Set annual Information Security objectives.
- Conduct a risk assessment process and, based on the outcome, implement the necessary actions to eliminate, mitigate, transfer or accept the risks that have been identified.
- Set oversight goals and the subsequent controls necessary, based on the needs identified in the risk assessment process.
- Comply with the legal or regulatory requirements of the business and with the contractual obligations in terms of security.
- Raise awareness and train all staff in the field of information.
- Provide the means necessary to ensure the continuity of the business.
- Analyze any violation of this policy and any SGSI policy or procedure, and impose

any penalties to those responsible when appropriate.

- All employees are responsible for recording and reporting security breaches, whether these are confirmed or suspected.

- All employees are responsible for preserving the confidentiality, integrity and availability of information assets in compliance with this policy and any policy and procedure SGSI related.

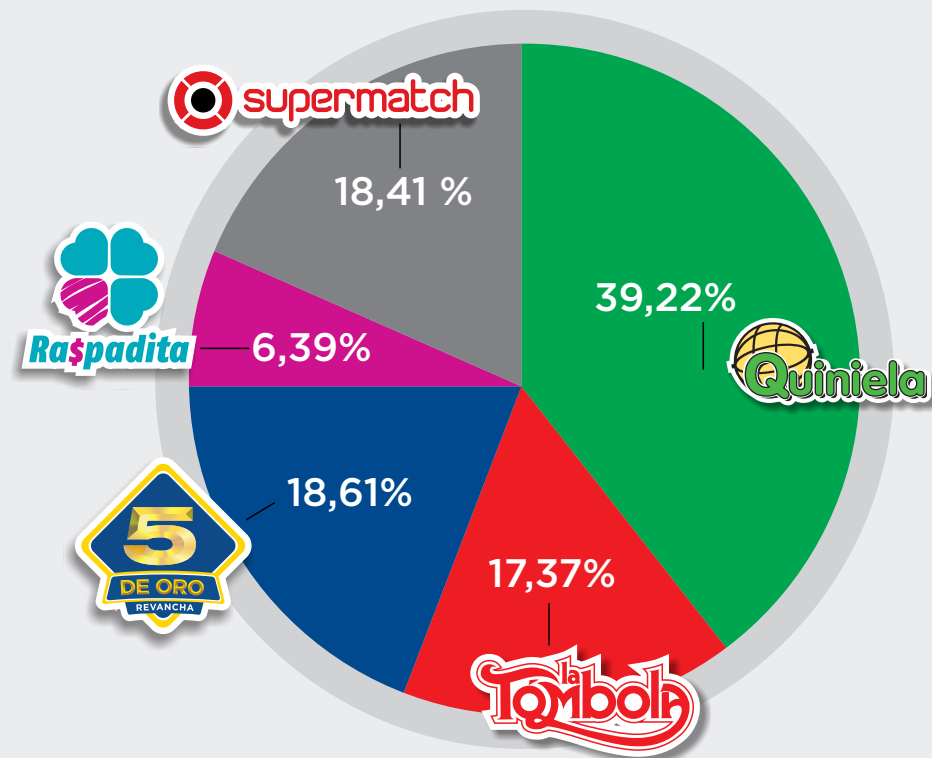
- The Head of the Internal Control and Security Unit is directly responsible for the continuity of this policy, its implementation, and investigation if there are any violations reported by the staff.

Responsible Gaming Policy

Our goal is to prevent and reduce the unwanted effects of problem and pathological gambling and to raise awareness about how to play in an informed, recreational and healthy manner.



THE GAMES



Quiniela (Lottery)

The Quiniela lottery game is the oldest and most popular game in Uruguay.



It is a classic game of numbers.

The drawing consists in the extraction of balls numbered 0 to 9 from three draw machines set for the hundreds, tens and unit, obtaining therefore 3-digit numbers. Afterwards, another ball is drawn from a universe of 20 to assign each 3-digit number a position in the table of winning numbers. This is how the list of 20 winning numbers for each Quiniela draw is achieved.

How to play

"3-Digit" - choose a number between "000" and "999" and its position in the table of winning numbers (1st) or a range (for example, within the first 5). The payout is up to 500 times the amount wagered.

"3-Digit with an option for the last 2" - The bet is placed in the same way as the 3-digit modality. The payout is up to 365 times the amount wagered if you match the 3 digits and up to 15 times the amount wagered if you match the last 2 digits.

"2 digits" - it is the same procedure except you choose numbers between 00 and 99. The payout is up to 70 times the amount wagered.

"1 digit" - it is the same procedure except you choose a number between 0 and 9. The payout is up to 7 times the amount wagered.

"Redoblona" - Choose 2 2-digit numbers (between 00 and 99) and two positions, one for each number. For the first number you may pick between position 1 to 20, and for the second between 5 to 20, but it may never be lower than the one picked for the first number.

The payout for the combination (Redoblona) is calculated based on the amount won for the first number which is taken as the amount wagered on the second number. This calculation is simplified by a specially designed payout table.

The payout is calculated based on a table under which in order to calculate the payout we multiply the amount wagered by the value on the table that corresponds to that option, selecting the row that corresponds to the position picked for the first number and the column that corresponds to the position picked for the second number.

Draws take place from Monday to Friday twice a day: Afternoon draws at 3 p.m., evening draws at 9 p.m., and Saturday nights.

Draws are carried out by the National Lottery Authority (DNLQ) in their facilities located in Cerrito 220. Draws are a public event supervised by a public notary from the DNLQ and overseen by La Banca authorities.

La Tómbola



Around the world this game is known as "Keno".

How to play

You pick a set of 3, 4, 5, 6 and 7 2-digit numbers out of a universe of 100.

Payouts are calculated according to a table where the amounts for picking the sets of winning numbers are 60, 180, 900, 3,600 and 12,000 times the amounts wagered. For each set of numbers prizes are paid starting at 3 winning numbers picked.

The frequency of draws is the same as for Quiniela lottery games and the tens and units of the three-figure numbers drawn for this game are used as Tombola results. If any number is repeated, additional balls are drawn to put together the set of 20 different numbers.

5 de Oro con Revancha



This type of game is known around the world as "Lotto". "5 de Oro" (Golden 5) was launched in September 1990 and it was the first jackpot game sold in Uruguay. The game was designed after a thorough analysis of the specialized literature and the study of this type of game in other countries. All of these elements as well as the adaptation of its variables to the Uruguayan market were considered in the design process of 5 de Oro.

It was released with a "5/36" matrix, that means, players had to pick five numbers out of a universe of thirty-six.

The frequency of draws was once a week, on Sundays, and it became the first game for which draws were televised live.

In 1993 a new weekly Lotto game was released with a "5/44" matrix and it was called "5 de Oro Junior". These draws took place on Wednesdays and the retail price for the new game was lower than that of 5 de Oro. This game coexisted in the market with 5 de Oro.

By mid-1998 the game was modified and this last one was replaced by a new Lotto called "5 de Oro con Revancha", under a 5/44 matrix and two weekly draws (Wednesdays and Sundays).

In addition to this change a new draw came about, the "Revancha" draw or "Rematch" draw. It consists of performing another draw right after the main "5 de Oro" draw, with the same total number of balls, out of which 5 will also be drawn.

The participation of the clients in this second draw is optional and there is an additional cost. The same 5 numbers picked for the main "5 de Oro" draw are used. In this case you only win if you match all 5 numbers.

Over the years and in some cases whenever the retail price was adjusted, we increased the percentage allocated to the jackpot but kept the amounts of the fixed dividend prizes unchanged.

In March 2014, after the State reduced the price of the stake by 33%, we changed the design of the game so that it would not lose its appealing jackpots. The matrix was modified to 5/48 and so was the payout scheme by incorporating a new payout segment when matching two winning numbers.



Raspadita (Scratch cards)



Instant games were very successfully launched in Uruguay in August 1999.

Raspaditas are cards with play areas that need to be scratched to find out whether you have won or not. These cards are manufactured abroad by one of the leading international vendors who offers the highest guarantees in terms of security and quality.

We are constantly updating the Scratch Card offer that is made available in the market with attractive designs, different price levels and attractive prizes.

We have been enhancing this game since its release by adopting different measures to cater to the needs of our clients.

We have designed games with higher winning percentages and very attractive main prizes, as well as greater win frequency, thus increasing the number of winning tickets.

Also, in an attempt to achieve an omnichannel retail strategy, we have begun offering our clients a second chance on the Internet as a way to supplement our retail channels. This requires clients to register the code printed on their Scratch Card online so as to participate in a draw for different prizes.



Supermatch

It is the sports betting game of Uruguay.

Bets can be placed on a wide range of sports: football, basketball, tennis, boxing, volleyball, motor racing, ice hockey, beach volleyball, indoor football and handball.



In order to design and implement this game we conducted market research and studied European markets where this type of betting is well-developed.

The game was released in April 2005. In the beginning it was only available through the bricks and mortar network but was made available online in August the same year, becoming the first game to use this channel. La Banca's staff was trained by international experts.

Supermatch offers two prematch products (this means bets are placed before the events): "Lista larga" (Long list) and "Resultado Exacto" (Exact score).

Live betting has also been available since December 2013 exclusively through the online channel. This type of bet allows clients to place bets while the event takes place on different feats, for example, the outcome of the game, who scores the first goal, or the number of yellow cards in a football game. A wide variety of sports and betting options are offered.

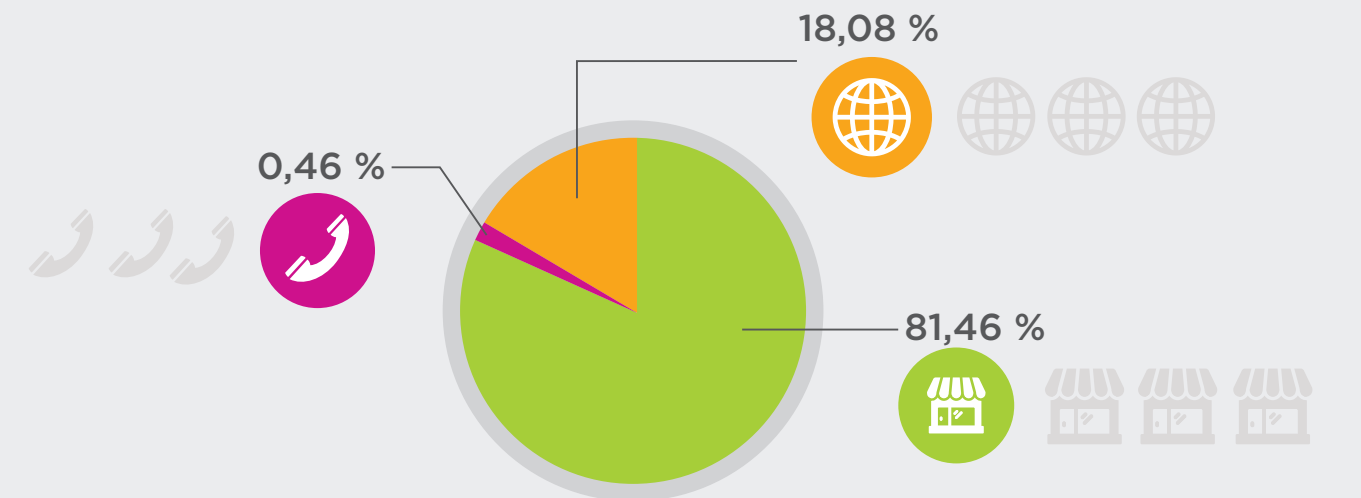
This product has been in constant development since the beginning, incorporating a large number of sporting events and increasing the dividends offered. During this past year we have also added new services for our clients such as the live streaming of some of the games offered.



SERVICE AND COMMUNICATION CHANNELS

La Banca provides a multi-channel service as it offers the possibility to access games through the retail channel each client finds more comfortable and convenient.

It provides services through both a bricks and mortar network and remote channels: internet, mobile applications, mobile phones and landlines.



In the bricks and mortar network our products are marketed in an anonymous form but the remote channels require the registration of a personal account, which can be used online, on mobile applications or SMS. Money can be deposited through different means. In addition to electronic payment methods, credit, debit and prepaid cards, bank transfer and by telephone (0905 0100), you can also deposit by purchasing pins on the physical network. This is one of the reasons why we say that we display an omnichannel strategy. The aim is to achieve a seamless interaction with our customers and the complementarity of all our retail channels.

We have the most important bricks and mortar network in Montevideo with about 2,100 stores. These are identified by our corporate identity under the brand "Hoy Juega" (Play Today).



This traditional channel is the main channel for our sales.

Since 2005, with the launch of Supermatch online and the growing development of digital media, La Banca has been investing in technology and the resources needed to provide a range of digital services to meet the needs of users nationwide.

Our customers can choose to combine the bricks and mortar and digital channels to use our services.

Payout

To pay out winning bets we follow these guidelines:

- If the bet has been placed in the bricks and mortar network the prize can be cashed in any point of sale.
- If the bet has been placed by phone, you can cash the prize in any of our bricks and mortar stores, showing your Identity Card.

If the bet has been placed online or through a mobile application the amount will be automatically credited to the user account

and withdrawals can be made through bank transfers or the bricks and mortar network. Certain procedures have to be followed to pay out winning bets. The National Lottery Authority has decided that the "Pozo de Oro" and "Revancha" jackpots shall be paid at the time of the draw. The DNLQ has also decided that all winning tickets over 150,000 U.I. (indexed units of account) and the "Pozo de Plata" jackpot, regardless the amount, shall be presented at its headquarters for their validation prior to payment.

Customer service

Our approach is to establish a comprehensive relationship with our clients, this means that in addition to the customer service call center we promote communication through social networks to be able to meet the needs of increasingly interconnected customers who demand immediate answers. This approach enables us to develop a competitive advantage, helps us enhance our effectiveness, efficiency and quality in the relationship with our customers.

Corporate Image and Advertising

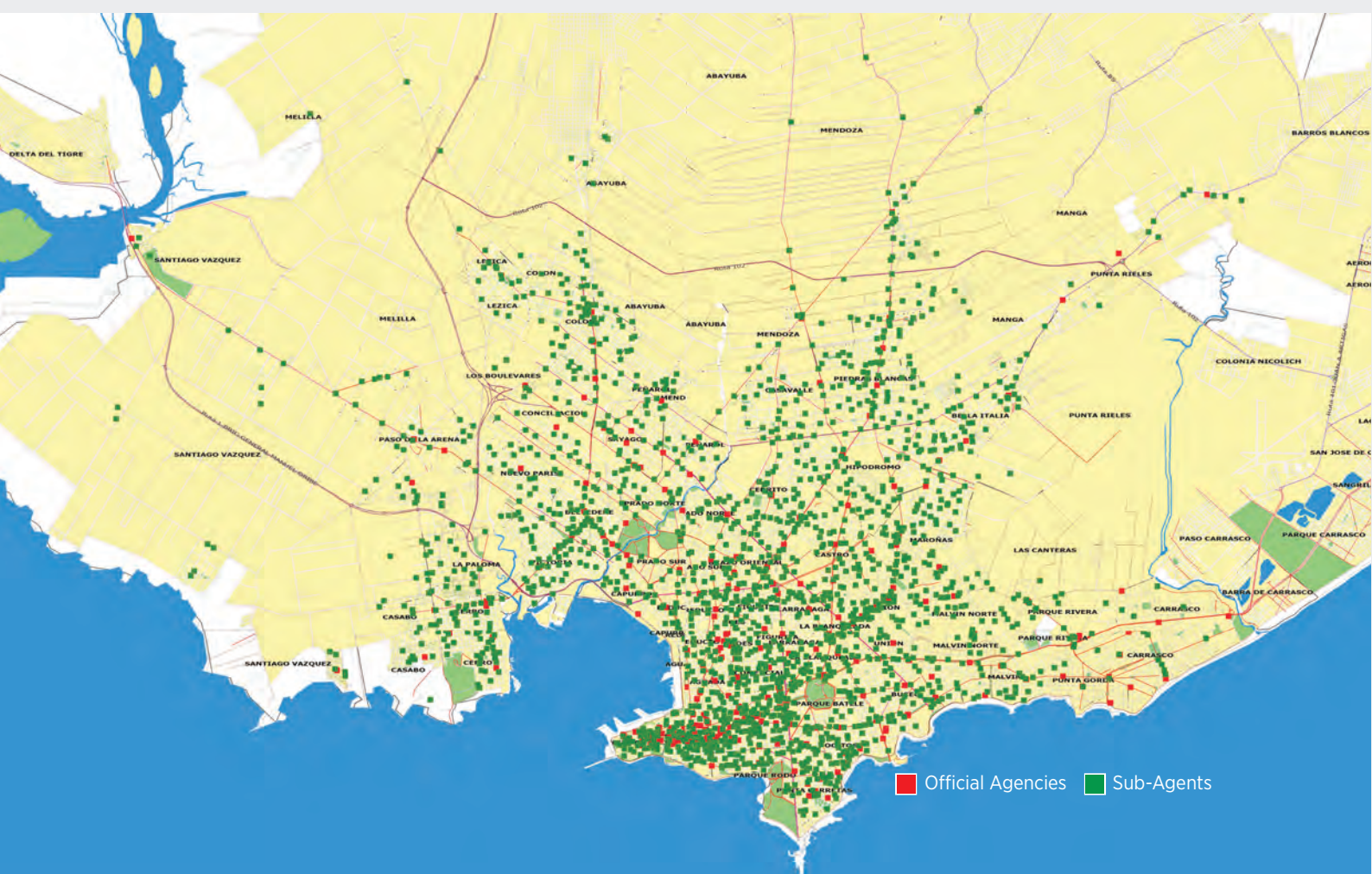
Communication and monitoring in the retail network

In over half the stores within the network, La Banca's points of sale are equipped with a two-monitor system, one facing the client. Information about the different games is displayed in these screens.

About 200 stores are equipped with a closed circuit system for advertising with 42-inch full HD LED displays. In addition to the information about games and draws, these screens are used to display messages about Responsible Gaming. Leaflets and posters of the games are also available at the points of sale.

The "Retail Network" department at La Banca is responsible for the network of retail outlets. They carry out advisory visits and collect data about how the business operations are running.

The structure of the bricks and mortar retail network in Montevideo is as follows:



Digital Communication

In the last year we began having a very active participation in social networks, through our presence on Twitter, Facebook, YouTube and Instagram. Through these channels we keep our clients informed about the draws and results, we advertise the jackpots and launch of new scratch cards, notify the winners, share special dates and we also roll out different promotions that allow us to interact with our users.

Since we set up our social network accounts our community has been growing exponentially. Thanks to the dialog we have with the users we have been able to improve our products and services.

LA BANCA'S TECHNOLOGICAL DEVELOPMENT

The beginning: manual systems and off-line terminals.

At the beginning bets were placed and processed manually.

This system evolved over time thanks to the incorporation of technology. We have made significant investments in infrastructure and skilled human resources to carry out this transformation.

Keeping up to date with the latest technology is a strategic objective of the organization, this is why we allocate resources to research and development and to the consolidation of a robust and world class technology infrastructure.

Bets for our first game, the Quiniela lottery, used to be placed on special notepads that were produced in a printing press owned by the company. These consisted of several copies, where the bets were handwritten.

Far-reaching changes were introduced with the launch of the Tómbola game **in 1985**, as bets were now placed in play slips. A modern Data Processing Center with the highest levels of security for the time was set up. Play slips were processed using high speed reader/sorting machine.

Shortly after an additional module was introduced to microfilm the play slips, which

translated into greater security for all sectors involved.

There were three records in order to ensure the safety of the processes: the actual physical play slips, microfilm from image capture and the digital file.

A microfilm processing laboratory was set up at the Data Processing Center to obtain the images immediately after reading.

A third reader/sorting machine was purchased in **1990** after the launch of 5 de Oro in order to process the large number of play slips this game produced nationwide.

Subsequently, **in 1997**, in view of the need to change the slips where bets were placed and improve costs we acquired:

- 3 NCR 7780 readers, which allowed the reading of almost 300,000 coupons/hour.
- 4 7731 readers to process individual play slips (canceled and paid out).

These machines, which were latest generation at the time, allowed the marking of each slip processed. In addition, these readers had a device for the digitalization of images which replaced microfilming process. The new image file of the games was stored on a CD to later submit to the DNLQ and La Banca's oversight authorities. That same year the Quiniela bet placement pad was replaced by play slips with crosses just like the other games used.

After overcoming the challenges brought about by the year 2000, migrating operating systems and servers, we introduced a new change to Quiniela play slips: we began using slips that allow you to place the bet with Arabic numbers instead of crosses. This change was very much requested by the public.

One step forward: live online betting.

In 2000 we embarked in a very ambitious project that aimed to: **take bets through electronic terminals and print slips in thermal printers**, thus eliminating the physical coupons and to transfer them "online-real time" (the very moment they are placed), to La Banca's Data Processing Center and the DNLQ before draws take place.

The main driver of this project was to equip the entire betting process with the best conditions of transparency and security so as to provide our clients with the best protection possible.

The entire project was completed in 2008.

The first stage of the project began with the bets being placed on the terminals but in an

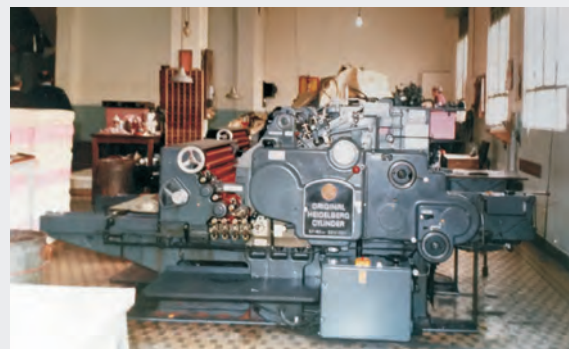
off-line mode. Batches were sent every 30 minutes through dial-up modem and we controlled the total gaming transactions for each retail outlet. We ran a pilot scheme in 7 Official Agencies monitored by a central software that controlled the communications. The bets placed on the terminals would then be consolidated with those placed on traditional play slips for final processing and delivery to the DNLQ.

In 2001-2002 we began the widespread installation of betting terminals in those Official Agencies and Subagencies that had a considerable number of betting transactions. At the same time, improved communications enabled us to increase the number of terminals installed.

La Banca's website was developed as a means to report the results of the draw.

The first handheld type betting terminals were installed **in 2003** and we continued working on technological improvements of the communications system with the points of sale.

New software was developed both for the central gaming administration and the Official Agencies.



Launch of Tómbola and major technological change

In 2005 we began using an **electronic signature and time stamp on the betting files** delivered to the DNLQ, supervisors and those sent to the other Lottery Boards nationwide. These elements provide security as the electronic signature ensures that the information on the files has not been tampered with and the time stamp attests to the date and time the signed information was generated, being this time prior to the draw.

The present looking into the future: web, live betting and mobiles.

In 2005 we launched Supermatch, this marked the **beginning of online betting**. We launched the site: **www.supermatch.com.uy**

We also made a telephone line available, which was initially opened to place 5 de Oro bets and later on we expanded it to Tómbola bets in 2006.

We launched the web retail channel for our traditional games **in November 2007: www.labanca.com.uy**

Between 2007 and 2008 we completed and streamlined the **On Line - Real Time Betting project**, and we finally got the entire sales

network up and running. Bets are printed at the point of sale after being stored on La Banca's database. The transaction takes one second to be completed. The system used for placing bets is one of high availability and performance with real-time replication of all transmissions in an alternative Data Center in addition to the Central Data Center. In November 2008 we completed the play slip reading process at La Banca. All 100% of the Subagencies are on-line.

In 2012 we introduced bar code readers throughout the entire sales network. There were profound changes in the Scratch Card system as it required the use of the reader to register the sale, validate wins and inventory control. They are also currently used to validate wins throughout the entire range of games.

In 2013 we launched mobile phone betting.

At the end of this year the CD that used to be submitted to the DNLQ was replaced and the files are now transmitted through a private VPN communication channel directly to the server of the DNLQ.

Also at the end of 2013, we launched a new Supermatch product: **Live bets** which

required significant software development. At the same time, we made all our games available through **the mobile betting channel**, launching mobile applications for cell phones and tablets and enabling the option via **SMS**.

La Banca considers keeping the equipment of the retail outlets up to date to be a priority, whether it is the PCs available at over half of the physical retail outlets, or the handheld devices and peripherals, such as bar code readers.

In 2016 we incorporated PinPads as part of the equipment of our Subagents, so they can soon process transactions with electronic payment methods and to sell additional services.

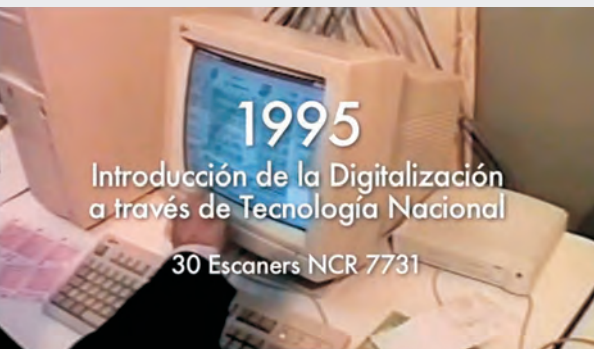
We have also made significant investments in the equipment used at our headquarters. We have a world class Datacenter that was completely updated after a full renovation done last year. Such renovation consisted of a major expansion and remodeling following the recommendations of the TIA942 standard.

It is important to remember the following strategic action of La Banca:

Software development is 100% carried out by La Banca with Uruguayan engineers who are members of our staff. We strive for technological independence and believe in the capabilities and expertise of national resources.



Strategy:
La Banca develops its own technology with Uruguayan engineers



Introduction of digitization using national technology.

30 NCR7731 Scanners



La Banca has a very solid IT department that services the infrastructure and communications of the 2012 outlets with over 2500 terminals.

2.012 outlets  | **2.500+** terminals 

This department is responsible for the installation and configuration of the equipment that make up the technological infrastructure at the point of sale: PCs, handhelds, routers, barcode readers, printers, keyboards, pinpads.

2016 in we performed | **31.701** visits

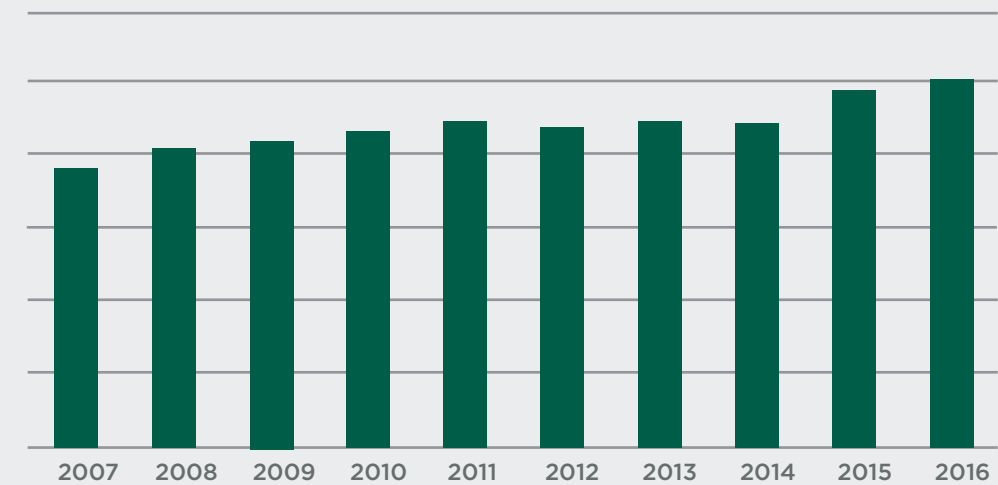
We assessed the quality of the service through surveys to the members of our network and they have indicated a high level of satisfaction.

ECONOMIC PERFORMANCE

Operating income


La Banca's gross sales have seen an increase of 33% for the past 10 years in constant currency terms. They increased 12.78% in 2016 at current rates compared with those of 2015, which represents an increase of 2.91% in constant currency terms.

Evolution of gross sales in constant currency terms



Online accounts

A total of 25,402 new online accounts were created in 2016, which doubled the existing accounts to Dec. 31st, 2015.

 online accounts | **2015** | **2016**
24.045 | **49.447**



Financial solvency indicators

Current assets account for 52.10% of the total assets.

The financial solvency indicator (current assets / current liabilities) for 2016 was 1.01.

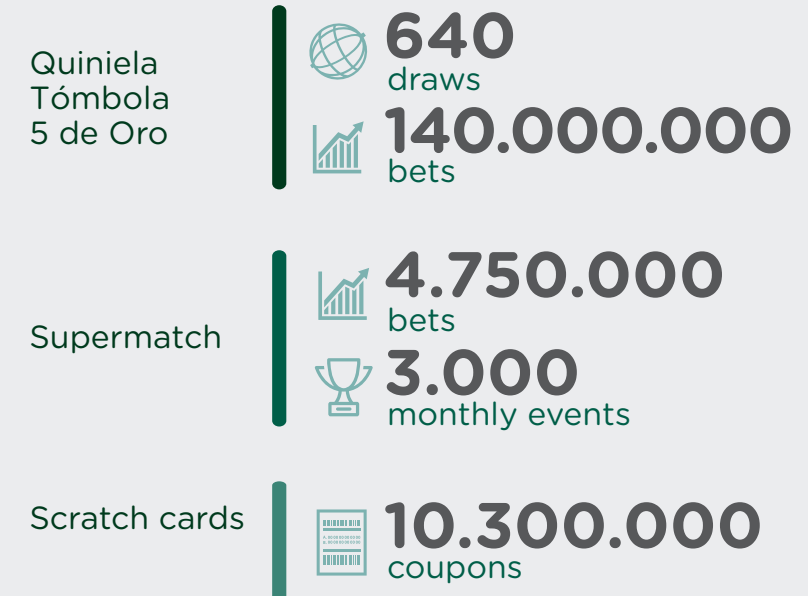
Economic Responsibility - Contribution to the State

2016
tax
contribution

\$ 797.477.779
Uruguayan pesos

D.G.I. (Tax Authority)	
VAT	\$ 551.616.938
IRAE (Economic Activities Income Tax)	\$ 70.622.502
IRPF (Personal Income Tax)	\$ 55.170.622
IRNR (Non-Resident Income Tax)	\$ 557.512
Wealth Tax	\$ 3.161.814
	\$ 681.129.388
D.N.L.Q.	
Unclaimed winnings	\$ 49.364.787
Invalid	\$ 139.178
Patents	\$ 7.937.004
5% tax on jackpots FNR	\$ 19.533.307
	\$ 76.974.276
B.P.S. (Social Security Bank)	
Social security contributions	\$ 39.374.115
AGGREGATE TOTAL	\$ 797.477.779

Transactions processed in 2016:



Audit

The financial statements of La Banca are audited every year by the international firm of independent auditors, KPMG, who issued, as in previous years, an opinion with no observations.

02

SUSTAINABLE DEVELOPMENT



MATERIALITY AND BOUNDARIES

Since the very beginning La Banca has been driven by the principles of ethics and accountability in our operations and this is why we have been able to consolidate our position in the market and be acknowledged by the population.

La Banca is well aware that there are vulnerable groups within society that may be adversely affected by our business activity and it is for this reason that we have been careful to undertake our operations in a responsible manner.

To this end, it has adopted the recommendations of the World Lottery Association (WLA) which, through its certification program, promotes best practices of social responsibility that focus on the negative impact of these operations in society.

It is on this account that La Banca has incorporated a set of principles, standards, processes and best practices, aligned with our corporate values and mission, to provide stakeholders with sufficient safeguards and to contribute to the sustainable development of the organization.

We have also aligned our responsible management practices to The United Nations Global Compact, and its core values in the areas of human rights, labor, environmental and anti-corruption provisions, the ISO 26,000 standard, the Social Responsibility guideline and the AA1000 standard, as a statement of commitment to stakeholders.

Materiality Analysis

In line with the materiality principle established by GRI to determine the contents of the Sustainability Report we have followed the following steps:

Step 1: Identify the material aspects and boundaries considering the impact both within and outside the organization.

The analysis of the material aspects was made considering:

- 1) The company's Strategic Plan. As part of its CSR strategy the Plan includes the adoption of the WLA Responsible Gaming Framework, whose implementation has had an impact on the entire organization.
- 2) The Stakeholder Engagement Program.
- 3) The assessment of the aspects proposed by the GRI G4.

Below we will elaborate on:

- Stakeholder identification
- Stakeholder engagement and communication
- Assessment of stakeholder impact, interests and/or expectations in terms of the repercussions of our business activities considering all three sustainability categories:

Economic
Social
Environmental

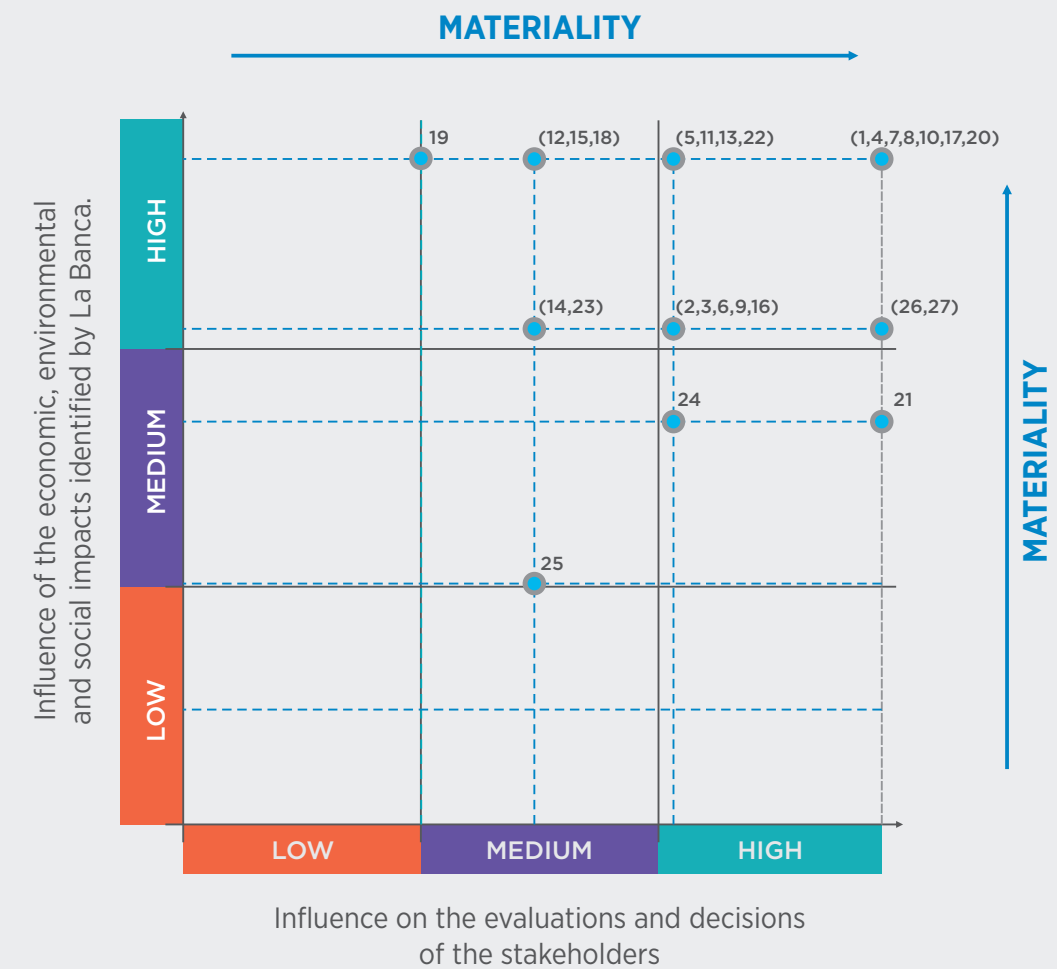
Step 2: Prioritize the relevant aspects identified.

We analyzed the material aspects from La Banca's standpoint and from that of each stakeholder concerned.

Step 3: Validation to make the final decisions in terms of contents. Senior management, represented by the Executive Committee and the Executive Board take the final decision and validation.

The CSR and RG Committee has complied with the 3 steps and senior management has validated it.

Prioritization of the material aspects



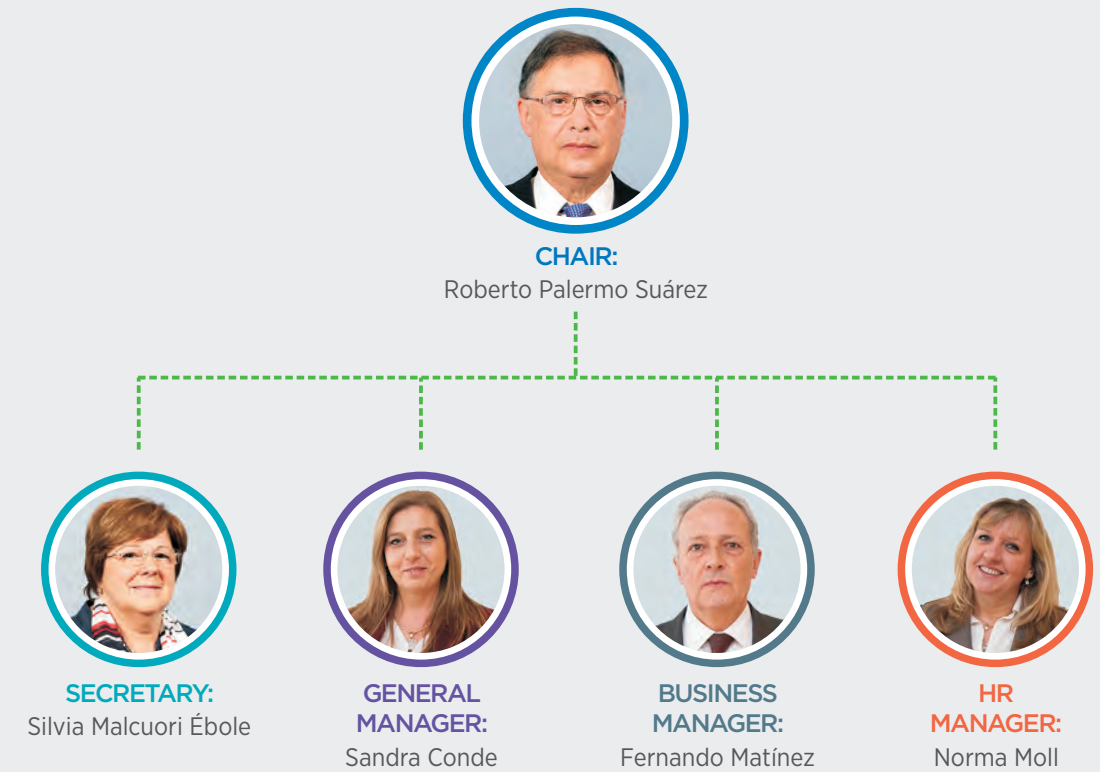
Note: The numbers refer to the references indicated in the table on pages 48-49.

Stakeholders	Reference	Material Aspect	Means of communication	Management approach
Employees	1	Remuneration, benefits and collective bargaining agreements.	Personal Interviews/working environment survey/meetings with trade union.	We seek to promote our people's professional and personal development and help enhance the quality of working life. We aim to strengthen our customer service culture based on the values of the organization where ethics and responsibility are fundamental.
	2	Professional development and training.		
	3	Quality of working life (food, health, comfort, etc.).		
Clients	4	Attractive games.	Satisfaction Surveys/claims management/social media engagement.	Most of the company's efforts go into developing customer satisfaction and providing a high-quality service.
	5	Accessibility (several retail channels).		
	6	Claiming prizes (ease)		
Members - Agents	7	Profitability	Formal and informal meetings /assemblies/newsletters.	La Banca's management looks after the sustainability of the business and strives to remain at the forefront of technology and gaming offer, while complying with high management standards and with all existing regulations.
	8	Reputation and solid corporate image.		
	9	Good administrative support of La Banca.		
	10	Regulatory compliance.		
	11	Sustainability of the business.		
	12	Investment.		
Sub-agents - Retail Network	13	The availability of up-to-date equipment and good technical support.	Claims management satisfaction surveys/communications.	The subagents are the sales force of the main retail channel for our games and therefore it is our priority to establish a contractual relationship of commitment to the objectives of the business.
	14	La Banca's support in marketing aspects.		
	15	Training.		
	16	Support service.		
National Lottery Authority (DNLQ)	17	Compliance.	Formal communications with representatives. Audits and Inspections. Written communications.	Being able to establish a proper relationship with the regulatory body in the field is a priority of the organization by complying with all the provisions concerned.
	18	Reputation.		
	19	Readiness for game approvals.		
Vendors	20	To comply with the contracts agreed upon. To comply with quality and safety standards.	Formal and informal communications annual evaluation.	We require our strategic suppliers to comply with quality and safety standards.
	21	Stability of service.		
Community	22	To act in a socially responsible way.	Participation in local and international associations/collaboration with charities and sporting institutions.	La Banca's management strategy is to run operations in a socially responsible way in keeping with the Responsible Gaming programs.
	23	Prevent and refer cases of pathological gambling.		
	24	Donations.		
	25	Environmental conservation practices.		
Pathological gambling treatment centers	26	Sustain a collaborative relationship.	Regular meetings/exchange of research information /training/dissemination of information.	As part of the Responsible Gaming program La Banca has established a collaborative relationship with the problem gambling treatment centers.
Other Lottery Boards (Interior)	27	Support gaming operations.	GIE involvement (Economic Interest Group) weekly meetings, trainings, briefings, assemblies.	La Banca attempts to integrate all the Lottery Boards in the country by running operations according to best practices.

Within the overall sustainable development strategy of the organization, we have defined the CSR strategy around the following priorities.



CSR AND RESPONSIBLE GAMING COMMISSION



This Commission was appointed in 2010 and it is responsible for planning and implementing the actions under the CSR and RG strategies set forth by management, developing the Responsible Gaming strategy pursuant to the WLA principles and framework and implementing and monitoring all associated actions. They are

also responsible for the certification and certification maintenance processes before the WLA.

There is no regulatory RG Framework in our country. La Banca has committed itself to comply with the best practices.



STRATEGIC ALLIANCES

International Memberships

La Banca has become a member of the international associations that gather the official gaming companies around the world so as to keep up to date and comply with current trends and the best practices governing the sector.

Its memberships include:



World Lottery Association - www.world-lotteries.org/

The WLA gathers 148 official gaming companies from 82 countries in 6 continents.

It is the world's leading company in the business in terms of sustaining the highest ethical principles and best practices in the sector. Their values are based on a commitment to the highest standards of corporate responsibility, which include the Responsible Gaming principles and the utmost respect of the legal systems that determine where and how the gaming products can be offered to the citizens of a geographical area or nation in particular. The WLA also promotes knowledge and experience exchange among its members so as to improve business operations, through conferences, seminars and working groups.

La Banca has an active and committed engagement with the aims of this international organization that works to protect the interests of the industry. This is why it has adopted their certifications which set high standards for business operations.

In November, during the World Lottery Summit in Singapore (WLS 2016), the WLA Executive Council appointed a member of La Banca to take part in the international working group on Responsible Gaming representing South and Central America.



GLMS (Global Lottery Monitoring System).

It is an organization recently created by the WLA to monitor sports betting activities in an effort to fight against corruption in sports.



CIBELAE (Iberoamerican Association of State Lotteries www.cibela.com/) This regional corporation is comprised by members located in Ibero-America. Its members are state lottery agencies or gambling institutions

including the State Lotteries and the associations that represent them, and also those agencies that run lottery activities independently pursuant to a direct or indirect state mission and, finally, companies or institutions that provide goods and services to the former.

National memberships



Since 2012, La Banca has been a member of Deres, the organization that promotes Corporate Social Responsibility in Uruguay.

EXISTING CERTIFICATIONS

We comply with the highest standards when running our business by applying international information security, social responsibility and quality standards.

Information security

Information security is a strategic objective of La Banca and therefore, in 2010, we began the implementation of a security management system in the organization. We invested in qualified human resources to design the system and in material resources to provide a robust infrastructure.

The core principles of information security are: Integrity, Confidentiality and Availability. These are the principles that help define the policies, procedures and controls of our management system.

This well-documented and visible security structure and environment we have built is instrumental for La Banca as it helps us build and sustain the trust of our stakeholders in our business operations.

1) ISO 27001 Standard 2016 version- British Standard Institution (BSI).

This certification was first awarded in 2010.

Implementing and sustaining this standard and the information security management system it entails is essential for the development of the organization, while keeping the necessary controls and risk management efforts within a continuous improvement framework.

This certification is a necessary requirement for the WLA SCS certification, which is our main goal as it comprises the best security practices for the gaming industry.

2) "WLA Security Control Standard: 2012" - British Standard Institution (BSI).

This standard is the only internationally recognized security standard for the gaming industry

and it is awarded by the WLA. It was prepared and it is updated by its Security and Risk Management Committee. This committee is comprised of security specialist and representatives from different gaming and sports betting organizations from all over the world.

It has been designed to help organizations achieve a level of control in line with both the generally accepted best practices as with the specific requirements of the business in terms of operational integrity and security of the information.

The fact that La Banca's operations are governed by this standard is of utmost importance for the State, as it provides further safeguards to their oversight duty.

This certificate was first awarded in May 2012 and it is renewed through annual maintenance or recertification audits by BSI (British Standard Institution).

3) PCI DSS Certification (Payment Card Industry Data Security Standard) version 3.2.

As electronic payment methods have become more widespread, debit cards in particular, we have developed La Banca's own network of POS.

In order to run this network it was necessary to provide the system with the security conditions of the financial sector and become PCI DSS certified.

This certification confirms compliance with the payment card industry data security standards. We were awarded the certification in November 2016.



Corporate Social Responsibility:

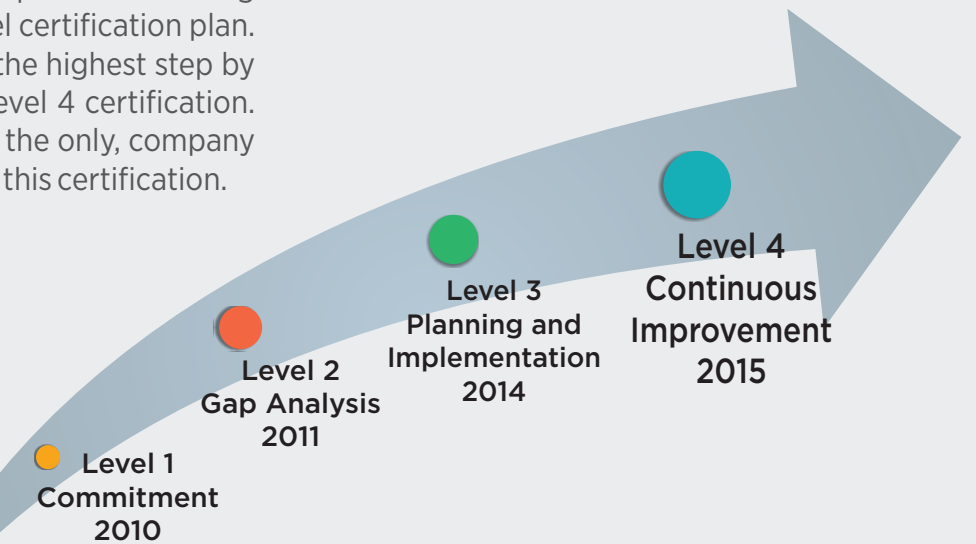
Under La Banca's mission, vision and values, we have defined policies and strategies that will enable us to manage gaming activities in a sustainable and socially responsible way.

To this end, we have adopted the WLA Responsible Gaming Principles and Framework, to be in line with the international requirements.

4) Responsible Gaming - WLA Level 4.

The WLA promotes a Responsible Gaming Framework and a four-level certification plan. In 2015 La Banca reached the highest step by being awarded the RGF Level 4 certification. We are the first, and so far the only, company in Latin America to achieve this certification.

This was the process since 2010:



Each step entails submitting reports to the international organization explaining how operations are run and analyzing the different areas contained in the program. These reports are subject to an assessment by an Independent CSR Expert Panel hired by the WLA, who assess and score each requirement. The panel will issue a report indicating whether the certification level desired has been met or not, scores and recommendations for each area. The last stage, the request to be awarded the highest level, involves an international audit report that certifies compliance of the content submitted.



Quality:

5) ISO 9001 - LSQA.

We have been certified under this quality standard since 2015 and it is applied to all processes.

We have incorporated the recommendations under this standard into our operations, which has enriched the system already developed for security management.

This includes a more customer-centered approach and assessing their satisfaction level with the services we provide so as to be able to promote and sustain a continuous improvement process.



OUR STAKEHOLDERS

In our endeavor to run gaming activities in a responsible manner, as a strategy La Banca works towards consolidating relationships of trust and integrity with its stakeholders.

To this end, La Banca wants to establish a firm commitment with its stakeholders, based on an open dialogue, collaboration and mutual understanding, towards achieving common goals and an efficient development of the operations.

La Banca wants to learn about the expectations of their stakeholders and to communicate to them their objectives and programs, through a proactive dialogue that fosters a relationship of trust and produces benefits for all the parties involved.

La Banca incorporates the principles of inclusion, relevance and responsiveness associated to stakeholders into policies and processes, and they are also reflected in the mission, vision and major policies.

The "Inclusion" principle refers to stakeholder participation in the development and achievement of a responsible approach and strategy towards sustainability. "Relevance" defines which are the most meaningful and significant issues for La Banca and stakeholders. "Responsiveness" includes the decisions, actions, performance and communications concerning those relevant issues.





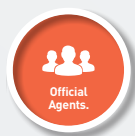
La Banca has identified the following stakeholders:



Clients: Those who take part in La Banca's games.



Employees: There are about 160 direct employees under La Banca's payroll.



Official Agents: They are the members of La Banca, operators appointed by the Executive who manage, in turn, their own team of Subagents.



Retail network: The distribution network includes approximately 2,200 retailers ranging from large premises where official agencies operate to small shops where Subagents operate.



State: - Legislative and Executive Branches: Pass laws and decrees that affect the business.

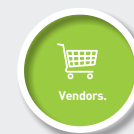
-National Lottery Authority (DNLQ): This State office under the Ministry of Economy and Finance is directly responsible for regulating and controlling the activity of La Banca.



Community: The community in general and in particular, local charities and volunteer and community groups.



Pathological gambling treatment centers: Institutions whose purpose is to address gaming addictions. These institutions implement preventive and support measures for addiction management.



Vendors: National and international companies that provide goods and provide strategic services or others of lesser relevance.

La Banca has defined the procurement policy so as to manage their supplies properly and build long-term relationships with its vendors. In addition, it has also established the criteria for selecting and evaluating suppliers.

This policy extends to all staff members authorized to manage the products and services procurement transactions on behalf of the organization.

The purchase of products and/or services takes place to meet the needs of the organization. To do so we consider several aspects:

- **Product or service.** All procurement processes require to first indicate the specifications of the product or service (what to buy) and to estimate demands (how much/many, when).
- **Vendors.** It is the responsibility of those in charge of procurement to draft a list of vendors who can meet the needs of the organization in terms of the products and services required. The vendor or service selected will depend on the needs previously established and the total cost of the purchase.

- When it comes to critical service vendors, the type of service required by the organization must be established under an agreement. The critical suppliers are those who, if there were a problem with the supply of their products and services it would affect the normal operation or continuity of the business.
- Once a year we conduct a vendor assessment survey. Under the critical vendor assessment we have established a protocol of actions to follow based on the results obtained to adopt the measures needed to improve their performance and efficiency.



Other Lottery Boards (interior of the country): The other Lottery Boards around the country. The Montevideo Lottery Board (La Banca) together with the other Lottery Boards around the country have formed an Economic Interest Group (GIE): Banquidur GIE to facilitate gaming operations that require so since games run nationwide. The Montevideo Lottery Board carries out certain activities different from the other Lottery Boards nationwide, for example, it consolidates all 5 de Oro play slips before the draw to report to the D.N.L.Q., and it is also responsible for processing all online bets, manages Supermatch and the instant lottery

Stakeholder Programs

Stakeholder engagement is undertaken through programs that entail different activities depending on the target group, always encouraging activities or processes that promote two-way communications.

General programs are defined annually and they integrate a wide range of methods: opinion and job satisfaction surveys, training courses, workshops, assessments, interviews, events, assemblies, negotiations, information exchange, and joint projects.

In order to develop our stakeholder programs and in an attempt to develop quality commitments, La Banca has followed the AA1000 standard framework on Stakeholder Engagement.

Opinion and job satisfaction surveys
training events
 workshops **interviews**
negotiations assemblies
 information exchange **assessments**
joint projects

03

RESPONSIBLE GAMING



In his long career in the administration gaming activities La Banca has built a solid and trustworthy image acknowledged by the entire population.

This has been confirmed by several market research studies carried out by external consultants.

La Banca has stipulated through its mission, vision, values, policies and strategies, to manage games in a sustainable manner, by understanding gambling as a recreational activity and an entertainment option. Through our actions we address the needs of our main stakeholders and carefully look after the impact on vulnerable groups.

We are well aware of the adverse effects gambling could have on certain groups of the population who present particular psychological characteristics, and the negative consequences suffered due to problem gambling behaviors by the people, their families and their social circle.

This is why we devote efforts and resources to prevent, limit and care for gambling related problems.

As a way to formalize our social commitment in line with international best practices, La Banca has adopted the World Lottery Association Responsible Gaming Principles and Framework. This program is a scientifically designed standard adopted by major Lottery organizations around the world.

SCOPE OF ACTION

We defined strategies and action plans based on the following ten areas:

1. Research

The objective is to gather information about the Uruguayan and international markets to provide greater knowledge and understanding for decision-making purposes for La Banca, stakeholders and decision makers on subject matters relating to gambling and those that have an effect on society, especially problem and illegal gambling.

La Banca has carried out several research studies both internally and externally hiring market researchers.

Through working groups we have conducted research on illegal gambling and the presence of slot machines in neighborhood shops and unauthorized online gambling. We have also collected information about what measures other countries have adopted to fight illegal gambling.



Illegal gambling is of utmost importance not only because it is unfair competition but also because it entails huge losses for the State and significant damage to society as the State does not collect tax income from these unauthorized operators and the society is affected by games that do not contemplate any responsible gaming measures towards vulnerable groups, multiplying with no protections to users, in inappropriate places and through digital platforms lacking controls.

We conducted a study about the motivations and prevalence of illegal youth gambling (conducted by Equipos Mori and the Catholic University of Uruguay). We also commissioned psychosocial studies to international experts.

It is worth noting that in 2014 La Banca conducted a nationwide quantitative study, the first of its kind in Uruguay, to determine problem gambling prevalence. In order to do so we administered the internationally renowned SOGS survey (South Oaks Gambling Screen), which provides results that can be compared with those of other societies.

We obtained open results sorted by gender, age range, educational level and major geographical areas.

The following are the most outstanding figures and they refer to people over the age of 18:

PREVALENCE OF PATHOLOGICAL GAMBLING OR GAMBLING DISORDER IN URUGUAY (4 affirmative answers or more):

1,1%

25.630 people

PROBLEM GAMBLING PREVALENCE IN URUGUAY (3 affirmative answers):

0,90%

20.970 people

PEOPLE AFFECTED IN URUGUAY

2%

46.600 people

2. Staff Training

La Banca has duly defined each of the profiles required for every position in the organization.

Such profile definition sets forth the requirements to be fulfilled by employees depending on their position, responsibilities and department. Responsible Gaming elements are among these requirements.

The Responsible Gaming Policy is transmitted to staff members through training initiatives:

Induction courses to new employees, annual training, specific training courses and those that are a regular part of the company's corporate culture.

- **General annual training for all staff members**

Responsible Gaming issues are part of the annual training agenda and we report about the measures adopted by La Banca. The main goal is for all employees to be aware of Responsible Gaming policies and the commitment made by La Banca

- **Specific Training Courses**

We design special training initiatives for La Banca staff members who are in direct contact with gamblers or vulnerable groups, for example, customer service, retail network and Supermatch representatives. Manantiales Foundation and Gamblers Anonymous have delivered courses to these departments.

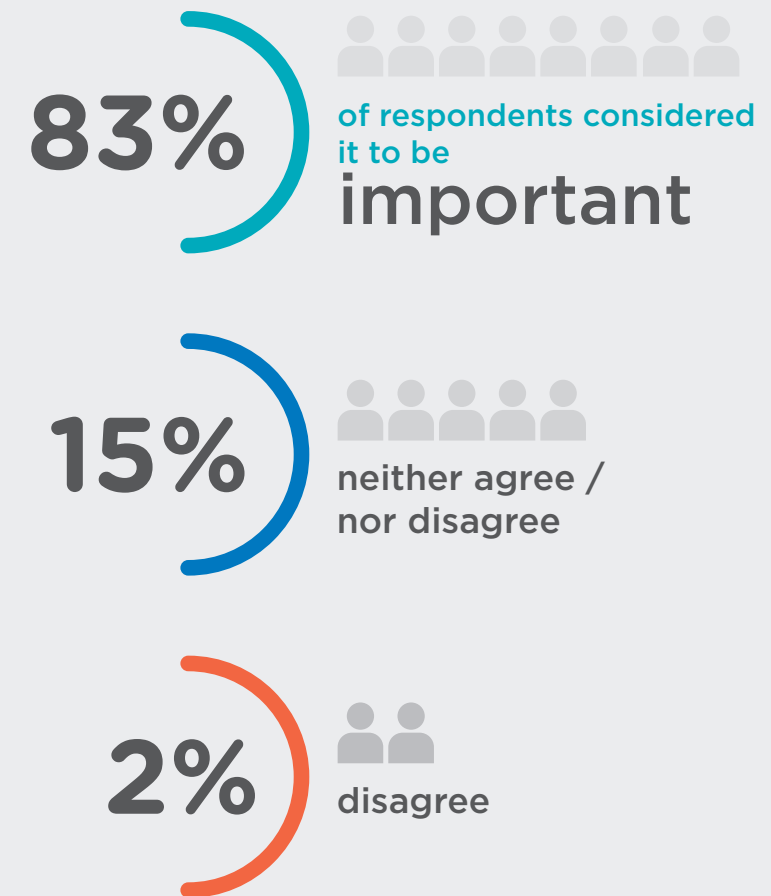
- **Induction courses to new employees**

The main objective of the induction courses to new staff members joining the company is for them to be aware, among other relevant aspects, of the policies and measures adopted by La Banca in terms of CSR and Responsible Gaming.

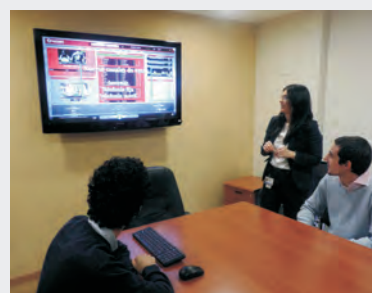
Work Environment

The Human Management & Human Capital consulting firm conducted a Job Satisfaction and Work Environment survey among La Banca staff members. It included the following question:

“Do you consider the RG actions undertaken by the company as part of the CSR policy to be important?”



Among the observations submitted we can mention the need to provide further information on the CSR strategies and enhanced communication with regard to the RG actions La Banca undertakes.



3. Retail Network

The program we run with the retail network members contemplates they include the Responsible Gaming requirements demanded by La Banca in their daily operations.

To this end, the following actions are regularly implemented:

1. RG training
2. RG induction courses for new members.
3. Monitor that signs stating the prohibition of underage gambling are correctly displayed.
4. Distribute material providing information about problem gambling treatment centers.
5. Monitor compliance with the underage gambling prohibition.

La Banca permanently informs and trains their retail network members and demands

they do not accept underage gambling; illegal gambling. The need to be able to address a client's request for help or that of a friend or family member who seeks information and be able to recognize the signs of a gambling problem.

The training courses in place for new Sub-agents help prepare them for retail activities by providing detailed information about the games and teaching them how to use the equipment.

Such courses include a chapter on Responsible Gaming.

In 2016 we provided RG training for 373 people who joined the retailer network.

Every year we commission a market research company to provide Mystery Shopping services, on a random sample of Sub-agents, to assess compliance with the underage gambling prohibition and assistance to problem gamblers.



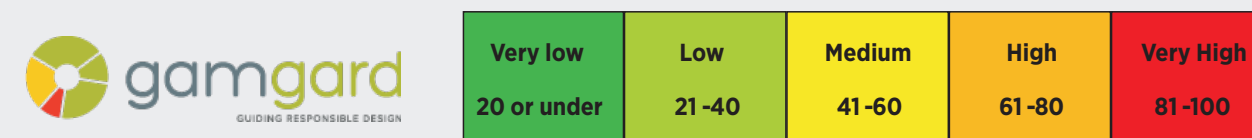
4. Game Design

La Banca's game design policy establishes that all game should address the needs identified in the market to make it attractive to clients and, at the same time, they must contemplate RG principles.

La Banca has established a detailed procedure for game design that has been assessed under the ISO 9001, LSQA and Quality Austria standards.

In order to comply with the RG criteria so as not to contribute to further promote addictions, the procedure contemplates the use of special software to assess the risks such game may entail for gamblers. We have chosen the Gamgard software (Gaming Assessment Measure - Guidance about Responsible Design). This is a well-known software in the industry which incorporates the most recent international research and it is used by other certified gaming companies. It was created by Dr. Mark Griffiths and Dr. Richard Wood (British experts who developed this product in collaboration with the University of Nottingham).

By using Gamgard we can assess how risky a new product, or changes on an existing game, may be to the vulnerable population. Test outcomes are scored ranging from 20 to 100 points. The scale is as follows:



La Banca has decided not to pursue the design of games that alert a high or very high risk. If Gamgard outcomes warn about such potential level of risk the game design process is halted and reviewed. This may entail adapting certain elements to reduce risk levels or disposing of it.

The process goes on if warnings are green or yellow. If the warning about the potential risk is high or very high (orange/red) we apply at least three of the recommendations offered by the software itself in order to mitigate the risk and reduce the score.

The assessment of our games produced the following results:

	Basic score without RG	Final score with RG
Quiniela	37	28
Tómbola	35	26
5 de Oro	33	24
Raspaditas	49	49
Supermatch Pre	53	41
Supermatch Live Betting	63	54

After using Gamgard we can confirm that La Banca does not offer games whose effects may represent a high level of risk to the vulnerable population.

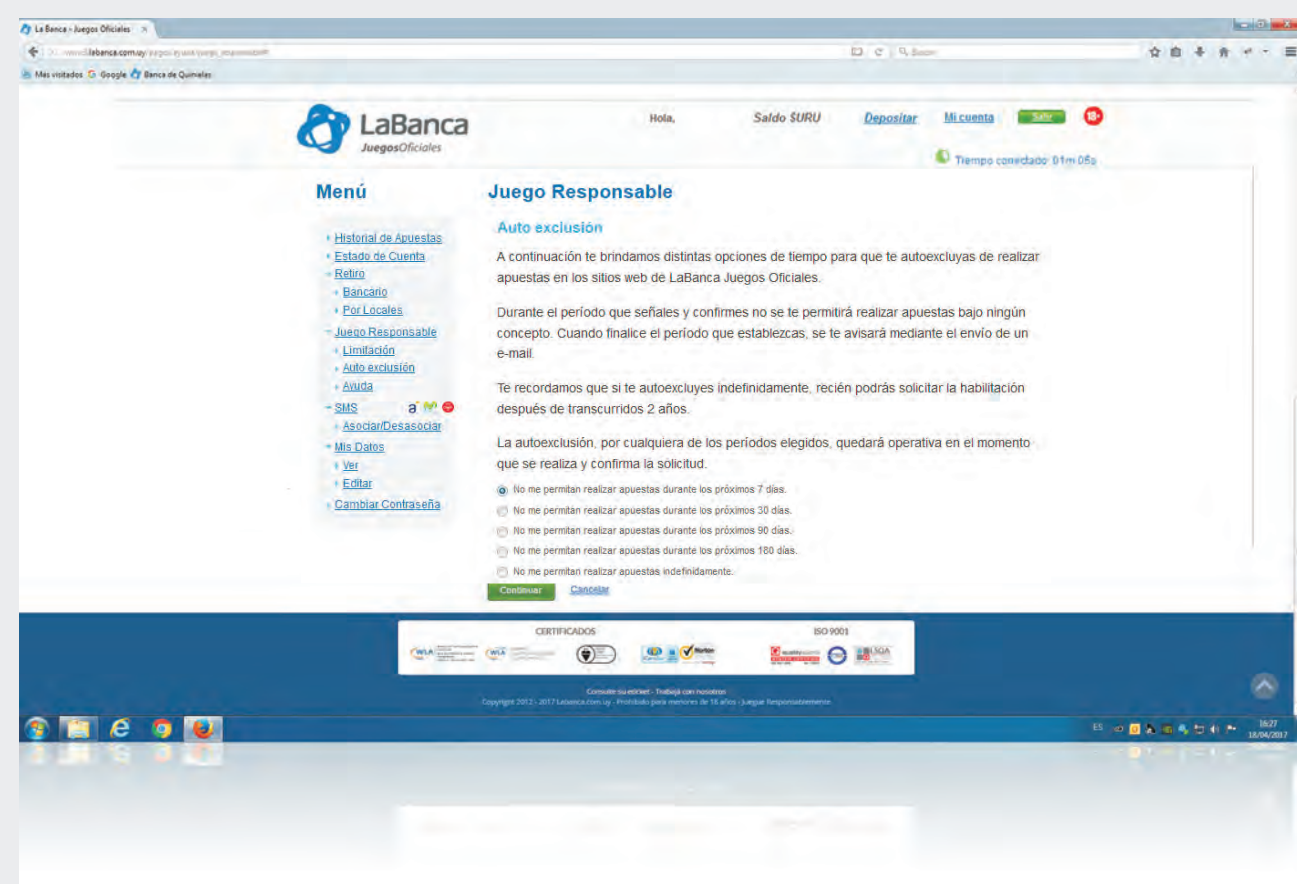
5. Remote Gaming Channels

Remote gaming channels require special considerations when implementing responsible gaming measures. This is why, this ecommerce channel has to be equipped with adequate safeguards for gamblers and make the underage gambling prohibition effective.

La Banca is authorized to operate lottery and sports betting games online.

Through this channel we currently offer "Quiniela", "5 de Oro", "Tómbola" and "Supermatch", which account for 18% of total sales.

Responsible Gaming measures on our website



The following Responsible Gaming tools are available on our web sites:

Self-assessment

This is a quick, self-administered test that helps the user to assess their gambling behavior. This is not a diagnosis, but rather it tries to provide an element that could be useful to recognize a pattern towards a gambling addiction.

Self-limitation when placing bets

This allows users to set a limit on the amounts wagered, time spent online and losses.

They can set daily, weekly or monthly limits. This option helps prevent users from losing control of their gambling behavior, it allows them to set their own limits.

Self-exclusion

Different options are provided so clients can self-exclude from placing bets on La Banca websites.

The can opt to self-exclude for the next 7, 30, 90, 180 days or indefinitely. They will not be allowed to place bets under any circumstances during the selected period.

If the client opts for indefinite self-exclusion, they may request new access privileges only after 2 years.

Age Verification

An age verification check is performed when the user creates their account on our website. It entails checking the validity of their identity card and if they are above the legal age. To do so we have hired the services of the National Civil Identification Office. Through their online service we are able to validate the data the users provided when signing up. If we are not able to verify the validity of the identity card, or if the user is underage, they are not allowed to create an account or place bets on La Banca's or Supermatch websites.

Warnings

Pop-up messages warn players about the time spent online every hour.

The display showing the time spent online remains onscreen during the entire session.

Information available

We have made available on our website a number of links for information and literature on service providers and documentation about problem gambling and gambling disorders.

We have begun developing software to measure users' behavior online to be able to detect those users whose gaming behavior matches some of the signs of problem gambling. By analyzing these parameters we will be able to adopt measures to help the user whether by delivering certain recommendations or by even blocking their account.

6. Advertising and Marketing

La Banca adheres to solid ethical principles in advertising campaigns that are based on our commitment to Responsible Gaming practices.

It is expressly defined under the Marketing and Advertising Code that the advertising content should not promote violence or discrimination in any form, it must uphold human rights and offer special protection to minors.

This Code sets forth guidelines for responsible communications. It applies to both the communications issued by La Banca directly and to the services provided by Advertising Agencies. This shall comply with the provisions of the Marketing and Advertising Code so any advertising content follows the CSR policies adopted by La Banca.

Advertisements shall portray Responsible Gaming messages and the prohibition of underage gambling.

Messages promoting Responsible Gaming are designed and displayed in screens at the points of sale and social media.

7. Information to gamblers

La Banca is responsible for educating our users and the general population about gambling-related problems, the pathologies caused by excessive gambling, to raise awareness on warning signs and provide tools for prevention.

All La Banca communications include information on Responsible Gaming. For example, we have produced tutorials to teach users how to play Supermatch and the presenter who gives the instructions also recommends the use of the different available tools to control gambling.



Promoting Responsible Gaming through advertising and awareness campaigns.



Responsible Gaming has been promoted through videos on YouTube, the screens displayed at the Agencies and by integrating to our regular gaming advertising materials messages about the underage gambling prohibition, the importance to play responsibly and the toll-free helpline.

We have placed informative stickers in all the retail shops to notify users about the toll-free telephone helplines.

On our website:

Recommended literature and links to useful sites on Responsible Gaming.

Self-assessment test and control tools.

Retail outlets:

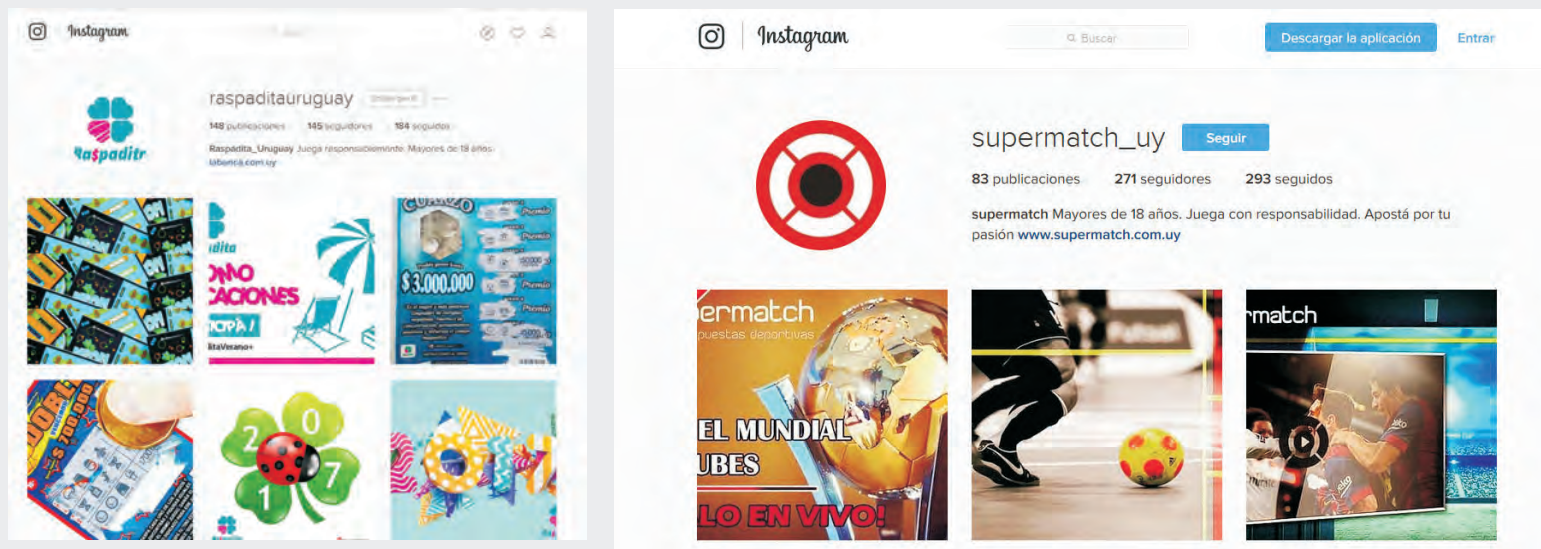
Toll-free help line (0800 2000) provides support and information about treatment providers and centers.

Headquarters:

Brochures with information about gambling disorder and treatment centers.

Responsible gaming on social networks

In 2016 we cemented the communication of all La Banca's games on social networks. All of them show images of the different games for advertising purposes and, at the same time, a warning message about Responsible Gaming is always included.

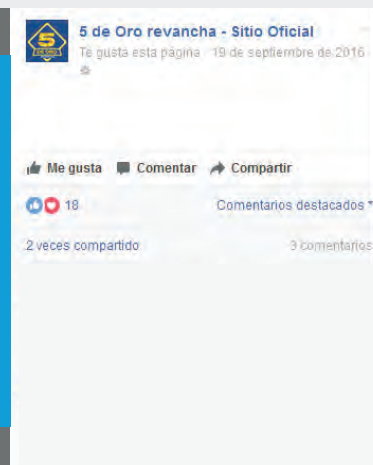


¿Tenés PROBLEMAS con el JUEGO o conocés a alguien que los tenga?

Línea gratuita de ayuda de La Banca

LaBanca **0800-2000**

más información en labanca.com.uy



8. Treatment Referral

La Banca has sustained a collaborative relationship with the problem gambling support and treatment institutions so as to prevent gambling problems and achieve effective treatments to control the disorder in Uruguay.

Through our own helpline, 0800 2000, we provide assistance and refer any user who requests so to these centers. The helpline is manned by staff members duly trained to provide support, answer the questions or concerns the general public may have about this disease and refer users to the most appropriate treatment center.

In addition, the information about these organizations is made available through all existing communication channels.

La Banca has built a relationship with the following organizations:

- Problem Gambling Prevention and Treatment Program at Clínicas Hospital in Montevideo.
- Gamblers Anonymous, non-governmental organization that works with people who wish to stop gambling.
- JUG-ANON, non-governmental organization of relatives and friends of Gamblers Anonymous.
- Manantiales Foundation, an international public welfare entity dedicated to the research, prevention and comprehensive care of addictions.

La Banca sustains a fluid dialog with their representatives through regular meetings, trainings, sharing information about the investigations carried out by La Banca and the experience of treatment institutions as input to understand the impacts of the actions La Banca may adopt as part of their business operations.

¿Tenés **PROBLEMAS** con el **JUEGO** o conocés a alguien que los tenga?

LÍNEA GRATUITA DE AYUDA DE LA BANCA

0800-2000

LaBanca JuegosOficiales

labanca.com.uy

9. Stakeholder Commitment Programs

Events on Gambling Disorders

Congress at Sheraton Hotel in Montevideo - September 18th and 19th, 2014.

La Banca sponsored and organized an International Gambling Disorders Symposium in September 2014. Leading international experts participated in the event and Dr. Oscar Coll, psychiatrist and director of the Pathological Gambling Prevention and Treatment Program of the School of Medicine of the University of the Republic was the academic coordinator.

The agenda of the event consisted of presentations and panel discussions.

International speakers and world renowned experts participated in the event: Dr. Fernando Fernández- Aranda and PhD Susana Jiménez-Murcia, Coordinators of the Problem Gambling Unit, Psychiatry Department, at the Bellvitge University Hospital in Barcelona (Spain), PhD Henrique Lópes, Head of the Portuguese National Council for Quality in Health Care at the IPQ and Dr. Antonio Alegría, member of the GREF -Gambling Regulators European Forum- Executive Board (Portugal), Dr. Christian Bucher, a specialist in the treatment of people with gambling disorders, researcher and author of several publications on the subject matter (France) and Dr. David Forrest, Honorary Professor in Economics, member of the expert panel of the Responsible Gambling Strategy Board, responsible for producing the report about the social and economic impact of gambling in Great Britain, and Dr. Mark Griffiths, Director of the International Gaming Research Unit and author of many publications on gambling disorders (United Kingdom).



Dr. Mark Griffiths

Dr. Fernando Fernández-Aranda, PhD Susana Jiménez-Murcia, Dr. Antonio Alegría y Dr. Mark Griffiths.



Dr. Oscar Coll

Dr. Christian Bucher, Dr. David Forrest y PhD Henrique Lópes.

The subject matters addressed by the experts were: impacts of online gaming regulations, problem gambling and crime, similarities and differences between online or on-site problem gamblers, Internet gaming addictions, impact of gambling problems on well-being, findings from a European study, clinical and psychopathological elements of gambling problems, social costs of gambling disorders, gambling disorders and new technologies, outlook and future of problem gambling.

This congress was sponsored by the Uruguayan Psychiatry Association and was declared of national interest by the Ministries of Education and Culture, Public Health, Tourism and Sports and Labor and Social Security.

The presentation and opening ceremony of the congress took place at Palacio Legislativo (Congress Building) where a press conference was held with the participation of many government officials and media outlets.

There is no history in Uruguay of an event on this subject matter, let alone one of this level of excellence. The event was widely covered in the media, and among the attendants there were government representatives, health professionals, agents, La Banca authorities and staff, representatives of the local gambling disorders treatment centers, gaming operators.

Gambling Workshop - Policies and Problems - June 13th, 2016.

La Banca participated in a day of conferences held at the Congress Building, in the "Salón de los Pasos Perdidos" -Hall of the Lost Steps.

This event was organized by trade union organizations and was sponsored by the Catholic University. The international speakers were: Juan José Lamas Alonso, Dr. Psych. Susana Jiménez Murcia, Dr. Psych. Mariano Chóliz from Spain and Dr. David Forrest from the UK, in addition to the representatives of the Catholic University, Dr. Freddy Da Silva, Dr. Oscar Coll from UDELAR, School of Medicine, Codere Group representative, Mr. Roberto Palermo representing the Uruguayan Lottery Agents Association, COFE and Fenaju (trade unions) and national representatives of all political parties (Frente Amplio, Partido Nacional, Partido Colorado and Partido Independiente).

The intense day was really enriching for all participants and contributed important information in light of the new Gambling Bill as the experts presented European experiences in the treatment and prevention of addictions, the regulations and gaming offer, the preliminary investigation before introducing new regulations, Responsible Gaming and different measures to control illegal gambling.

These events have involved several of our stakeholders. They have been organized and promoted to raise awareness in our country about the social connotations of gambling disorders and the importance of fighting illegal gambling.

The participation of recognized international experts in the field has been essential since they have shared their experiences in more advanced societies in the treatment of these problems.



Dr. Mariano Chóliz

Sr. Roberto Palermo

OUR BRANDS AND VALUES

Supermatch and the Society Campaign

Supermatch is our sports betting brand and it is the newest of La Banca's games. It was released in 2005 and from that date on it has grown significantly in the Uruguayan market. This game has a different profile to the rest of the games as it requires gamblers to have a certain knowledge. The target audience are sports fans primarily.

In 2016, and complying with our communications strategy to strengthen the brand, we ran a digital campaign that concluded with a sports event that was called: Chino vs. Tony

The initiative consisted of advertising on social networks a football match that would take place at the "Complejo Celeste" training center where two of the biggest idols and symbolic figures of the most traditional squads, Nacional and Peñarol, would play: Álvaro Recoba and Antonio Pacheco.

We extended an invitation on social networks to anybody who wanted to apply (through that same channel) by submitting a video explaining the reasons why Chino and Tony should choose them to play on their teams. The teammates were individually chosen by both players, except two who were selected by "the people", as those two were the videos that amassed the most "likes".

The campaign went viral on social networks and it became more popular than expected as it was broadcast in mass media outlets and sports shows on television.

The event was extremely successful due to the fact that a group of young people were able to fulfill their life-long dream of playing a game with their idols and then be able to share a BBQ all together. It was widely covered by the media and endorsed by authorities of the sport.

This campaign brought together two major objectives: promoting the image of the Supermatch brand and, at the same time, delivering a strong message to society about the values that should govern the sport.

As violence in football is currently a matter of concern to society, this event helped us convey a message of being able to hold a competition with respect, tolerance and inclusion and it was widely accepted.

The fact that Chino and Tony are close friends despite playing successfully for rival teams helped us illustrate this tangible message to the community.



04

LA BANCA AND ITS PEOPLE



OUR PEOPLE

La Banca has integrated human values into its corporate culture.

We are careful to look after a respectful, friendly and inclusive working environment that allows for the professional and personal development of staff members.

We promote teamwork to achieve the different goals of the organization by creating working environments that encourage engagement. We foster creativity and self-expression, capacity building, motivation and the development of a sense of pride in belonging to the organization.

In order to preserve our corporate culture we try to align all processes to these values.

Staff recruitment is a thorough process that seeks to find people who share these values.

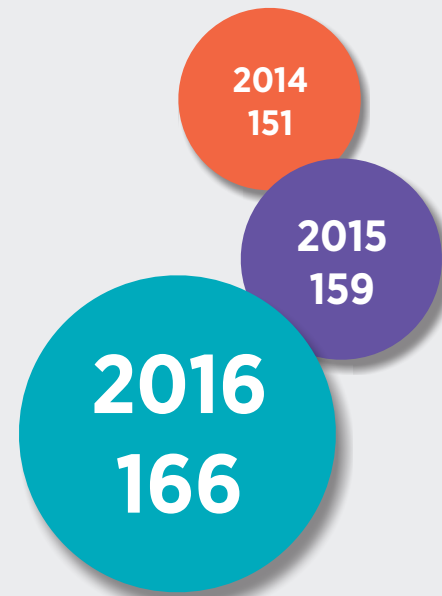
The relationship between Union representatives and La Banca's management has traditionally been one of mutual respect, open dialog and collaboration, as they both want to achieve the wellbeing of the employees.

There are no cases of discrimination, violation of human rights, forced or child labor, corruption, extortion or bribes.

Our HR policies are blind to gender, age, race, political beliefs, religion or sexual orientation of our staff.

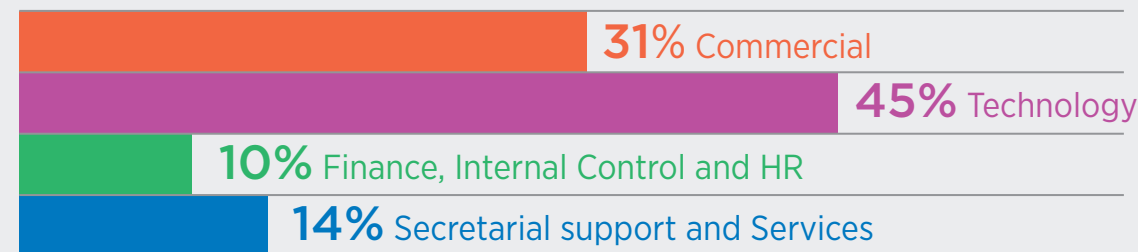
La Banca's payroll by the end of 2016 was 166 employees, which was a 5% increase compared with the previous year. This does not include outsourced staff.

La Banca upholds the equal opportunity principle, therefore, there shall be no gender pay gaps.



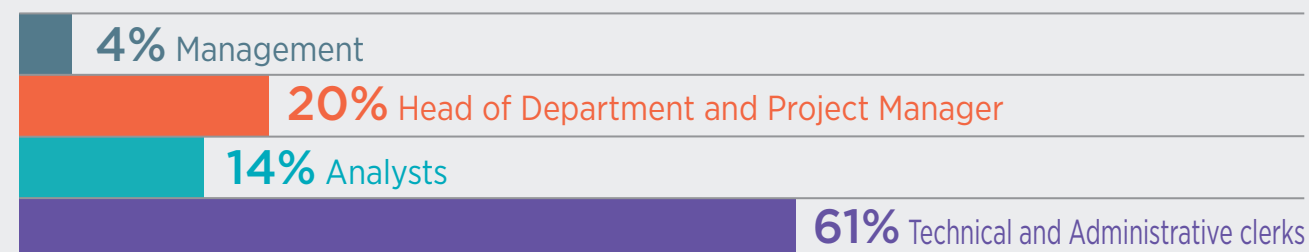
DISTRIBUTION BY AREA

Based on the duties and responsibilities undertaken our human resources are allocated to the following general areas:



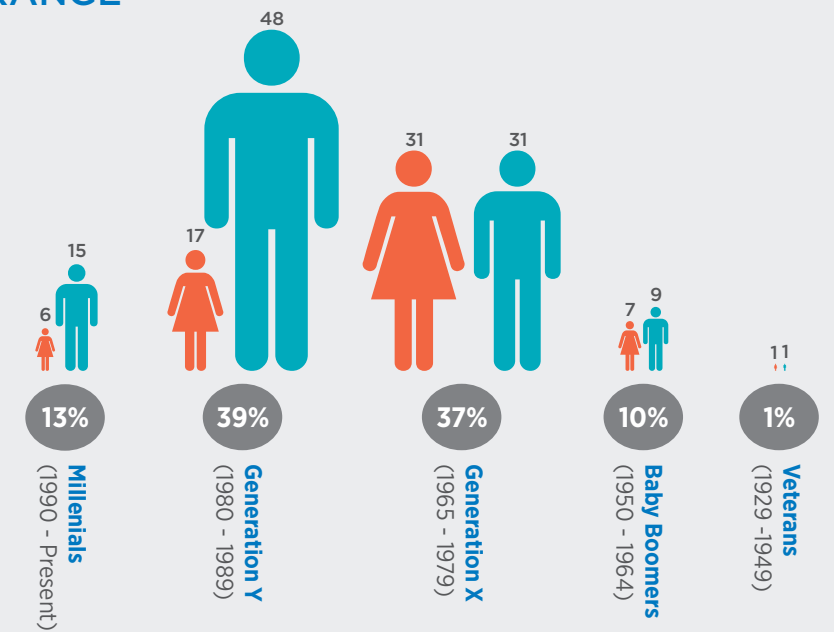
DISTRIBUTION BY POSITIONS

61% of our staff members performs technical and administrative tasks.

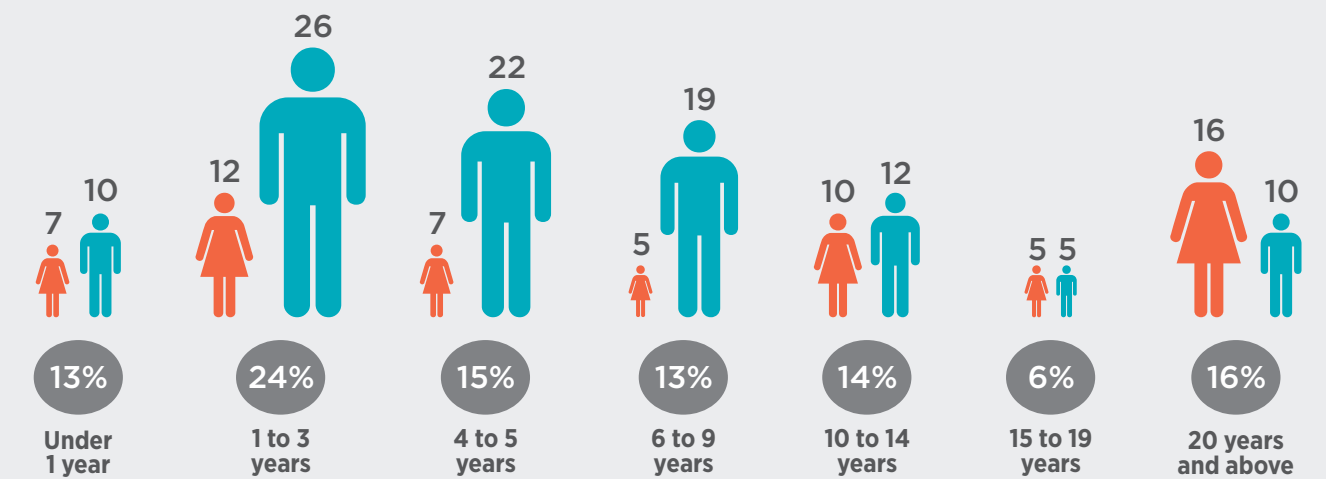


DISTRIBUTION BY AGE RANGE

52 % of our staff are under 36 years of age.

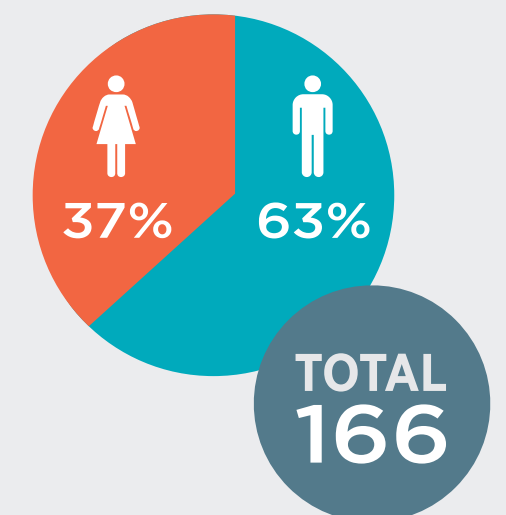


DISTRIBUTION BY LENGTH OF TIME WITH THE COMPANY



DISTRIBUTION BY GENDER

At La Banca, teams are conformed both by men and women and they share the same responsibilities and remuneration levels.



TRAINING

La Banca allocates every year a significant part of its budget to staff training.

We design an annual Training Plan that involves a general annual course for all staff members and targeted training initiatives addressed to certain departments, employees or groups of people depending on the specific needs.

The main focus of this plan is to help employees develop their skills and be up to date and also to improve communications and working methods.



Annual Training

This training initiative covers all core elements La Banca wishes to share with staff members for the fulfillment of their goals.

We conduct seminars and workshops to raise employee awareness about the subject matters considered essential to fulfill corporate goals. The areas covered include: Responsible Gaming, Staff quality of life and well-being, Information Security, Quality Management, Communications and CSR.

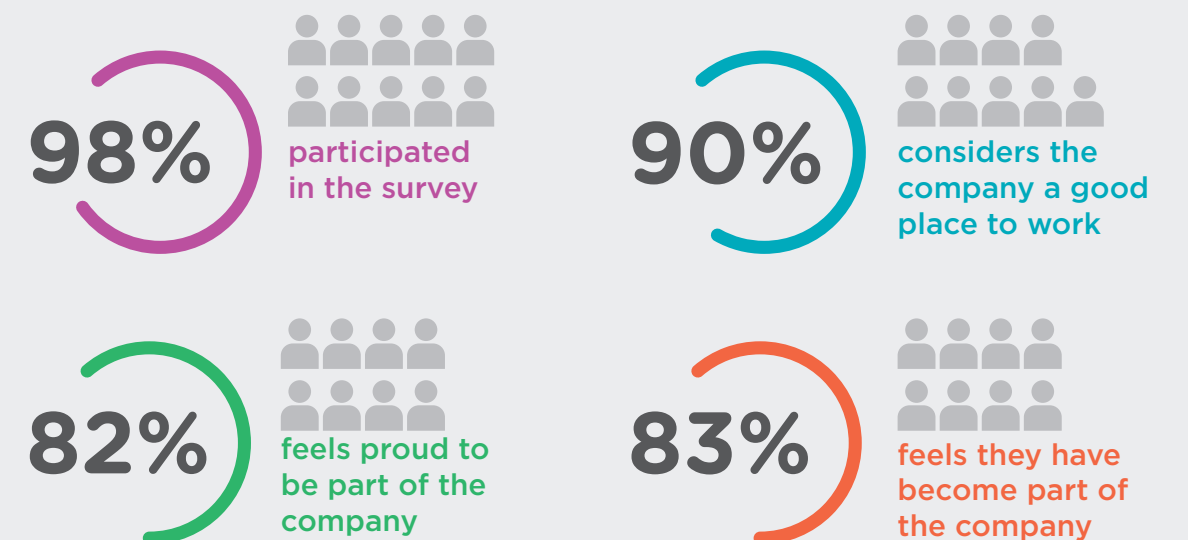
Induction course for new staff

All new staff members must undergo an introductory course. The objective of this course is for new staff to become acquainted with the Mission, Vision and Corporate Values of La Banca, the quality and security policy and the policies and actions undertaken within the CSR and Responsible Gaming frameworks.

WORK ENVIRONMENT SURVEY

In 2015 we conducted the first work environment survey by hiring an external consultant. The results of the survey were very positive:

Some figures



COLLECTIVE BARGAINING AGREEMENT

La Banca has a collective labor agreement and benefits in place with 100% of its employees. This agreement is in force until June 2019.

BENEFITS

1) Health care benefits

La Banca offers employees a number of health care benefits both when it comes to preventive care and treatment.

- Sick pay supplement

We make an additional payment to cover the difference between the statutory sick payment (BPS) and the employee's actual salary.

- UCM/SUAT coverage (within La Banca premises)

We offer UCM and SUAT emergency medical care to all employees in our facilities. In addition, La Banca has an agreement in place that provides employees with significant discounts.

- Agreement with "Asociación Española" Hospital.

This agreement involves discounts in fees and copays for the immediate family members of La Banca staff and employees at Official Agencies.

2) Benefits for our employees and their family members

The family is the core unit where people build their values, habits and behaviors. It encourages the education and development of all members. La Banca offers a set of benefits to staff members and their family as we consider this will lead to an improved quality of life to both.

Benefits offered by La Banca:	
	Baby Bonus
	Marriage Bonus
	Time off for personal errands.
	Time off to care for sick family members.
	Time off to study.

Corporate agreements (benefits):	
	Agreement with UTE vacation resort.
	Agreements with Antel and Movistar.
	Metlife life insurance for all employees.
	BROU social loans.
	CGN rent collateral services.
	MacromercadoCard.
	PINTELUX Paint shop.

BET ON YOUR HEALTH

This program entails health promotion and prevention initiatives through the Preventive medicine program, promoting a high-quality lifestyle.

The "Bet on your health" program was launched in 2013 and it was initially implemented by Dr. Edgardo Rienzi, sports medicine expert and Anthropologist - Grade 3.

The goal of this program is to undertake different actions to promote healthy habits, targeting not only employees but also our members, the retail network, clients and the general population through specific actions and information sharing.

The driving principle behind "Bet on your Health" was to promote healthy habits that will enhance the quality of life of our employees, and by doing so we want to show them how important they are to the organization.

The different issues addressed have been: high blood pressure, cholesterol, pre-diabetes, spine, sleep, physical exercise and healthy eating habits. We share information on these subjects through brochures that are made available online and in retail outlets.

Some of the "Bet on your health" program activities include blood pressure readings and diabetes assessment for employees and at some of the points of sale for the general population.



Smoker



As the company is committed to improving the quality of life of its collaborators it has arranged and undertaken the 0 Smoker Program.

We identified a group of smokers in our company who accounted for 16% of all workers.

A total of 19 participants signed up and took part in the program and 11 of them were able to complete it and quit smoking. It comprised 10 weekly workshops that took place during working hours.

Personal Trainer

In 2014 we rolled out a training initiative for employees organized by La Banca, where twice a week they would exercise with a Personal Trainer by the coastline. The initiative did not go on but most of the participants have incorporated physical activities into their routine.

Fruit Wednesday



Every Wednesday since 2015 we deliver seasonal fruit to our staff. This way we can promote a healthy habit to eat more fruits.

Fruit Wednesdays are very well-received by our staff members. The company Goodlife supplies our company and they offer a great selection of high-quality fruits.

Healthy Eating

In 2015 we included talks by psychologist Aldo Mosca de Mori as part of the Annual Training Programs to discuss healthy eating habits and weight-related complications.

In 2016, the Mosca de Mori clinic conducted anthropometric measurements for all employees at our offices. They submitted a report on the results and issued recommendations to help improve healthy eating habits. We also signed an agreement that offers significant benefits for treatment programs at the clinic.

All the activities undertaken under the "Bet on your Health" program are very highly regarded by our staff.

SOCIAL EVENTS

The organization promotes integration activities to celebrate special days, such as “Children’s day” or the end of the year party. We also celebrate other events such as birthday parties, graduations, farewells and promotions thanks to the friendly environment of cooperation and camaraderie we have built throughout the years.

Children’s Day celebration

Every August the company organizes this event to celebrate the children and grandchildren of our employees. Children are the stars of this celebration, where we also promote the integration among the employees and the directors of our company.



End of the year party

Every year we organize an end of the year party, where there are music performances and prizes for attendees. Everyone from directors to employees take part in this event.



05

SOCIAL RESPONSIBILITY



SOCIAL WORK

La Banca is a “FRIEND” of Aldeas Infantiles.

La Banca is a “friend” of Aldeas Infantiles and sponsors their activities every year.

We support their work as they are committed to the sustainable development of boys, girls and teens in a protective family environment.

Our employees volunteer to collaborate with Aldeas Infantiles collecting clothing, books and toys to be donated to this organization.





La Banca collaborates with the Teletón foundation as they promote the rehabilitation of children and teens with severe physical disabilities.



Every year we collaborate with Los Pinos educational center. This is a social endeavor, located in Casavalle neighborhood that seeks to improve the education of children and teens in the area through school tutoring and employment training programs. It also aims for social inclusion through sports. Every year they organize the Mathematical Olympiad nationwide.



SPONSORING SPORTS

“Complejo Celeste” training center - AUF (Uruguayan Football Association)

As a Sponsor, La Banca has contributed funds to build the roofed football field at Complejo Celeste training center.



Opening at the Complejo Celeste training center, Coach of National Football Team: Óscar Washington Tabárez, President of AUF (Uruguayan Football Association): Wilmar Valdez La Banca's Chair: Roberto Palermo.



ENVIRONMENTAL RESPONSIBILITY

Given the nature of our business we believe that our commitment to the environment lies in an efficient use of resources such as electricity, water, paper and in waste management initiatives.

To this end we have arranged for training courses for our staff for "Environmental education on solid waste management" delivered by "Fundación Logros". Through newsletters to our staff we promote an efficient use of energy resources, recycling and adequate waste sorting.

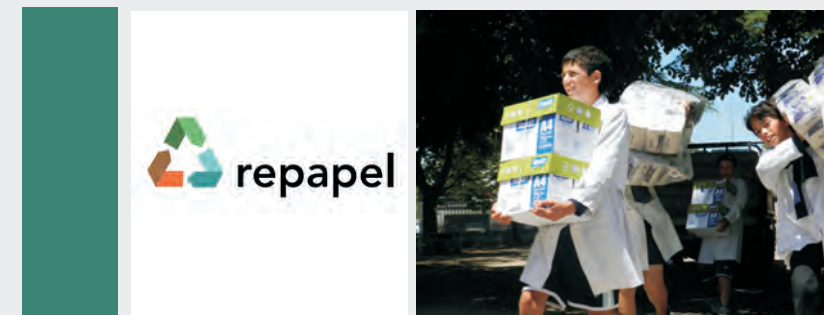


Waste Management



La Banca sorts all the waste produced at their facilities to contribute to environmental care. We have hired the company Taym for comprehensive waste management services. This company has been awarded the ISO 14001 Certification in Environmental Management Systems.

Collaboration with REPAPEL



As environmental care is one of the goals set forth in our mission statement as a socially responsible company, we continue to raise awareness on what to do with the paper we throw away. The paper collected is donated to REPAPEL, who recycles paper and turns it into notebooks for public schools. On average we donate 2,000 kg of paper a year.

Tree planting with the Municipality of Montevideo



We have a project in line together with the Municipality of Montevideo to plant trees based on the environmental and functional needs identified. This project will come about once the construction of buildings in the neighborhood is completed.



GRI G4 TABLE OF CONTENTS

GRI G4 TABLE OF CONTENTS

GRI G4 GENERAL STANDARD DISCLOSURES (core conformity)

General Standard Disclosures	Description	Page	Omissions
STRATEGY AND ANALYSIS			
G4-1	CEO statement.	Pg. 5-7 Chairman's message	
ORGANIZATIONAL PROFILE			
G4-3	Name of reporting organization.	Pg. 18	
G4-4	Primary brands, products, and/or services of the organization.	Pg. 28-34	
G4-5	Location of organization's headquarters.	Back cover	
G4-6	Countries of operation.	Pg. 18,33	
G4-7	Nature of ownership and legal form.	Pg. 18	
G4-8	Markets served (including geographic, sectors served, and types of customers and/or beneficiaries).	Pg. 33-34	
G4-9	Scale of reporting organization: number of employees, number of operations, net sales, capitalization, number of products and services offered.	Pg. 41-43/82	Net sales are not disclosed for confidentiality reasons.
G4-10	Workforce structure.	Pg. 82-83	
G4-11	Percentage of employees covered by collective bargaining agreements.	Pg. 86	
G4-12	Supply Chain.	Pg. 59	
G4-13	Significant changes regarding the organization's size, structure, ownership or its supply chain organization.	There were no significant changes in 2016.	
G4-14	Explanation of whether and how the is addressed by the organization.	Pg. 96-97	
G4-15	List externally developed economic, principles or other initiatives to which the organization subscribes or endorses.	Pg. 53-56	
G4-16	List memberships of associations and/or national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Has positions in the governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership due; • Views membership as strategic. 	Pg. 52 Pg. 52	
MATERIAL ASPECTS AND BOUNDARIES			
G4-17	List all entities included in the organization's financial statements.	Pg. 18	

GRI G4 GENERAL STANDARD DISCLOSURES (core conformity)

General Standard Disclosures	Description	Page	Omissions
G4-18	a) Describe the process for defining the report content and the aspect boundaries. b) Explain how the organization has implemented the Reporting Principles for defining report content.	Pág. 46-49	
G4-19	List all the material aspects identified in the process for defining report content.	Pag. 48	
G4-20	Report the boundaries for each material aspect within the organization.	Pag. 49	
G4-21	Report the boundaries for each material aspect outside the organization.	Pag. 49	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	This is the first report.	
G4-23	Report significant changes from previous reporting periods in the scope and aspect boundaries.	This is the first report.	
STAKEHOLDER ENGAGEMENT			
G4-24	List stakeholder groups.	Pg. 58-60	
G4-25	Basis for identification and selection of stakeholders.	Pg. 57	
G4-26	Approach to stakeholder engagement.	Pg. 57/61	
G4-27	Key topics and concerns that have been raised through stakeholder engagement.	Pg. 48-49	
G4-28	Reporting period.	Pg. 9	
G4-29	Date of previous report.	This is the first report.	
G4-30	Reporting cycle.	Pg. 9	
G4-31	Contact point for questions regarding the report or its contents.	Back over	
G4-32	a) Indicate the 'in accordance' option selected. b) GRI Index of the option chosen. c) Reference to external assurance if applicable.	Pg. 9 Pg. 100-103 Does not apply	
G4-33	Externally assured.	This report was not externally assured.	
GOVERNANCE			
G4-34	Governance structure of the organization, including committees under the highest governance body. Indicate who is responsible for decision-making in terms of economic, environmental and social aspects.	Pg. 19-20, 22-23,51	
ETHICS AND INTEGRITY			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Pg 21, 24-27	

GRI G4 TABLE OF CONTENTS

GRI G4 SPECIFIC STANDARD DISCLOSURES

#	Material aspects La Banca	Material Aspects GRI	Location	Page
1	Remuneration, benefits and collective bargaining agreements.	Employment/Equal pay among men and women.	Chapter 4	82/86-87
2	Professional development and training.	Training and education Diversity and equal opportunity.	Chapter 4	83-84
3	Quality of working life (food, health, comfort, etc.).	Occupational safety and health. No discrimination.	Chapter 4	82-83/87-89
4	Attractive games.	Does not specify.	Chapter 1	28-32
5	Accessibility (several retail channels).	Does not specify.	Chapter 1	33-34
6	Claiming prizes (ease).	Does not specify.	Chapter 1	33-34
7	Profitability.	Economic performance.	Chapter 1	41-43
8	Reputation and solid corporate image.	Fight against corruption.	Chapter 1	35/52-56
9	Good administrative support at La Banca.	Does not specify.	Chapter 1	36-40
10	Regulatory compliance.	Regulatory compliance.	Chapter 1	11-13
11	Business sustainability.	Indirect economic implications.	Chapter 2	44-61
12	Investment.	Economic performance.	Chapter 1	35-40
13	Having modern equipment and good technical support.	Does not specify.	Chapter 1	36-40
14	La Banca's support in marketing aspects.	Does not specify.	Chapter 1	35

GRI G4 SPECIFIC STANDARD DISCLOSURES

#	Material aspects La Banca	Material Aspects GRI	Location	Page
15	Retailer training.	Does not specify.	Chapter 3	68
16	Support service.	Does not specify.	Chapter 1	35/40
17	Compliance.	Regulatory compliance.	Chapter 1	11-14
18	Reputation.	Fight against corruption.	Chapter 1	14
19	Readiness for game approvals.	Does not specify.	Chapter 1	61
20	Comply with the contracts agreed upon. Comply with quality and safety standards.	Does not specify.	Chapter 1 / Chapter 2	26-27 / 53-56
21	Stability of service/ Vendors.	Does not specify.	Chapter 2	59-60
22	Behave in a socially responsible manner.	Local communities.	Chapter 3 / Chapter 5	62-79 / 93-95
23	Gambling disorder prevention and treatment referral.	Local communities.	Chapter 3	75
24	Donations.	Local communities	Chapter 5	93-95
25	Environmental conservation practices.	Energy Water Emissions.	Chapter 5	96-97
26	Sustain a collaborative Relationship with gambling disorder treatment centers.	Does not specify.	Chapter 3	61/75
27	Support to the interior Lottery Boards for business operations.	Does not specify.	Chapter 2	60



LaBanca
JuegosOficiales



MONTEVIDEO

Lima 1582 / CP 11800
Montevideo, Uruguay

Tel: 598 **2924 6405**
Fax: 598 **2924 5054**

montevideo@labanca.com.uy
www.labanca.com.uy



Contact:

CRA. SANDRA CONDE GÓMEZ DE FREITAS
General Manager
sandra.conde@labanca.com.uy
Tel: 598 **2924 6405**



2016
Montevideo / Uruguay

SUSTAINABILITY REPORT

