

KINDRED GROUP PLC

BOARD SUSTAINABILITY POLICIES – Updated December 2016

Background

Kindred Group plc is a company incorporated in Malta and therefore subject to the Companies Act and related legislation in Malta. Kindred Group plc is listed on Nasdaq Stockholm through Swedish Depositary Receipts (SDRs) issued by Skandinaviska Enskilda Banken AB (publ). One SDR represents one ordinary share.

Kindred Group plc has adopted the Swedish Code of Corporate Governance, including specifically in relation to the structure and procedures of the Board and the relationship between the Board and management.

The Swedish Code of Corporate Governance was modified in 2015 and now includes an explicit requirement for the Board of Directors to establish relevant guidelines for the company's social responsibility with the aim of ensuring its long-term capacity for value creation.

It is important to note that although the requirement in the Swedish Code is relatively new, sustainability (or "corporate social responsibility") is already at the heart of the Kindred Group's business operations.

Sustainability is increasingly important to Kindred Group plc's owners, with all major institutional shareholders now aligned with the **United Nations Principles for Responsible Investment**. As part of their commitment, these topics are central to their assessment of their current and future investments. The investment principles are aligned with the **UN Global Compact** for business.

What is "Sustainability" in the context of the Kindred Group's businesses?

Sustainability for the Kindred Group has a number of different aspects:

- Responsible gaming and player safety - as part of a customer-centric strategy
- Compliance with laws and regulations – as a major player in a highly regulated industry
- Best practice in corporate governance – as fits a high value publicly-listed company
- Environment impact – addressed both through disclosure and our decision-making.
- Employee engagement – as part of our commitment to play in our communities.
- Tax policy – so Kindred Group pays the right taxes in the right territories as part of its contribution to wider society

Corporate policies in each area have been approved by the Board. Each policy is designed as a high-level statement of position for the Kindred Group and in each specific area the management team will continue to build on the existing projects and processes.

Background and business/shareholder value of Sustainability

Since at least 2010, the Kindred Group has followed a strategy with a strong Sustainability agenda. The sustainability strategy evolved from the early phase reality of the online gambling industry – that the original focus of regulators, politicians and incumbent monopolies was to attack and seek to criminalise the innovative and internationally mobile digital sector.

As it became clear that European territories were starting on a wave of local regulation, it also became clear that the Kindred Group had to adapt its whole business strategy to face that new reality.

In this environment, the Kindred Group has secured significant shareholder value from the new strategy that was adopted from 2010 onwards. This is reflected in a new dynamic where the Kindred Group is now recognised as a key stakeholder and partner to governments and regulators facing the the challenge of how to regulate gambling in a sustainable manner. The significant credibility that the Kindred Group has allows us to contribute constructively to the debate in key countries.

It is not surprising that in this changing environment, all major operators have focused communication on some aspects of sustainability and responsibility, even if it is clear that in reality some competitors still follow a more high risk strategy.

Organisational responsibility for Sustainability

In the management team, the CFO has executive responsibility for Sustainability. Sustainability is a regular agenda item for the Audit Committee, allowing both for potential changes in policy or relevant regulation to be reviewed along with specific projects and initiatives.

The Board of Kindred Group plc receives regular updates through the Audit Committee reports to the Board, together with an annual review of policies.

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Note – As in all areas of the business, there is a focus on continuous improvement as our business environment and regulation develops, so it is to be expected that these policies will continue to evolve over time as well and will be subject to annual review by the Board to ensure policies remain relevant to the business and the external regulatory environment.

Responsible Gaming & Player Safety

Policy #1 – the Kindred Group provides a safe and secure online environment for our players, with our processes, products and technology subject to regular audit and a zero tolerance approach to fraud against both our players and our business. This zero-tolerance approach specifically addresses the issue of match-fixing, though the ability of online tools to provide early detection of risks, open co-operation with industry and sports bodies and proactive education.

Policy #2 – the Kindred Group promotes responsibility in all aspects of our business, including in how products are packaged and promoted to customers, in the continuous improvement of tools to monitor players and prevent unhealthy behaviour and a proactive approach to intervene whenever potential concerns are flagged.

Policy #3 – the Kindred Group strategy is based on developing a long-term sustainable relationship with our players, based on delivering an excellent customer experience. The Kindred Group aims to build its business by increasing our share of the gambling market through increases in customer numbers rather than from focus on growing revenue per customer. This ensures a healthy environment where customers have a positive entertainment experience at the Kindred Group's sites.

Compliance with Laws & Regulations

Policy #4 – the Kindred Group operates a regulated business in all of our markets and through all of our brands. Regulation may be either through a national licence scheme (where available) or through a trans-national regulation for other markets. Regulatory obligations affecting the Kindred Group’s business also include wider obligations including anti-money-laundering rules applicable to our various markets. The Kindred Group complies with all licensing and regulatory requirements across our markets and brands and is subject to regular independent audits to verify that compliance.

Policy #5 – in some markets in the European Union (EU) and European Free Trade Area (EFTA), it is not currently possible for the Kindred Group to secure licences under local legislation. Such national legislation is often based on out-dated models that pre-date both membership of the EU/EFTA and the related obligations on member states under European law and the development of the digital economy. The Kindred Group actively promotes a modern and sustainable re-regulation in all such markets in order to secure the highest standards of player protection and wider social objectives. Sustainable re-regulation in the modern digital economy can only be judged through the successful channelisation of the market. This means that for a re-regulation to be sustainable, tax rates and product restrictions need to be set in such a way that ensures that players play within the re-regulated system with licensed operators.

Best practice in corporate governance

Policy #6 – as a company listed on Nasdaq Stockholm, Kindred Group plc adopts the Swedish Code of Corporate Governance. As Kindred Group plc is not a Swedish legal entity, the principal legal framework that is relevant is the Maltese Companies Act. Full disclosure on Kindred Group plc’s Corporate Governance is included in the Annual Report published to shareholders and publicly available on the corporate website.

Environment impact

Policy #7 – Kindred Group plc provides detailed disclosure both in the Annual Report and through a private annual submission to the Carbon Disclosure Project (CDP) regarding the environmental impact of our business, including annual performance against specific improvement targets. The Kindred Group continuously monitors changes in regulation and investor expectations in relation to environmental reporting and seeks to achieve continuous improvement in reporting, including embedding environmental impact into our routine systems and processes.

Policy #8 – the Kindred Group includes both the assessment and optimisation of environmental impact in its evaluation and development of corporate strategy and plans as well as in relevant business cases. The Kindred Group includes evaluation of energy consumption and environmental impact in its procurement of technology and related products and services as well as its office and telecommunications facilities and has a policy to replace technology assets regularly in order to optimise efficiency including energy efficiency. The Kindred Group also seeks to use internal video-conferencing and similar technologies to minimise business travel and the related environmental impact.

Employee engagement

Policy #9 – the Kindred Group seeks to maximise employee engagement in the business, which helps us to attract, develop, retain and motivate the best employees and deliver the best business results. The Kindred Group is committed to equality of opportunity in all aspects of employment including recruitment, promotion, training, remuneration and benefits, considering only the individual's aptitudes, abilities and the requirements of the job. The Kindred Group has a policy of regular communication to employees on matters related to strategy, regulation and business operations (within the limitations of our obligations as a listed company) and seeks to foster an open and collaborative culture based on teamwork.

Policy #10 – the Kindred Group supports and promotes employee engagement in the wider community in various ways. These include a scheme to allow employees to take time off work to participate in community activities and matching of employee fund-raising for charities.

Tax policy

Policy #11 – the Kindred Group seeks to secure the right balance between its obligations to shareholders to manage the group's operations and cost base in an efficient and scalable manner, with its obligation to pay the relevant taxes in each country in which it has operations or customers.

Some of the Group's taxes are calculated based on where the Group's operations are located (including corporate tax, employee taxes and social contributions and some elements of the Group's VAT cost), while other taxes are calculated based on where customers are based (betting duties and VAT on GST on revenues where applicable). The Group's international operations are complex and accordingly the Group takes advice from external experts in each territory to ensure compliance with relevant laws and regulations, including tax laws.

In determining the appropriate tax cost in each relevant territory, the Kindred Group complies both with local laws and with relevant international frameworks that specify how profits should be allocated in multinational businesses. This includes compliance with the OECD Transfer Pricing guidelines, which specify that for the purpose of corporate taxation, the profits are allocated and taxed where operations and functions are located.