7 Caring for the Environment

photo:
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Caring for the Environment

A Principled Approach to Conservation

IGT's approach to environmental activities is guided by the following principles:

- Setting and regularly assessing goals for improving environmental performance.
- Following operating guidelines that protect the environment, employees' health, and the integrity of communities influenced by the Company's business.
- Complying with current regulations and applicable authorization requirements at all levels.
- Applying principles for ongoing improvement of pollution prevention.
- Reducing the environmental impact of production processes in an economically effective way.
- Sharing information about the environmental impact of its business performance in a transparent manner.
- Guaranteeing that staff have the skills and resources needed to achieve the established environmental goals.

As a global Company, IGT is committed to complying with accepted environmental practices, including the promise to meet or exceed applicable legal and certification requirements. The Company strives to continually improve its environmental management systems and reduce its environmental impact. Effective and reliable monitoring systems allow IGT to assess its progress in terms of reaching these goals.

Approach and Commitment

GRI: 103-3

The Company's activities that could potentially affect the environment include hardware and software implementation, research and development, warehousing, and administrative tasks. IGT's industrial activities include printing in Lakeland, Florida, and Tito Scalo, Italy, and assembly in Reno, Nevada.

The potential environmental impact on IGT facilities is related to:

- **Material consumption**: IGT's facility in Reno assembles sub-products provided by suppliers, having an indirect impact on material consumption. IGT's printing facility uses paper and inks, having a direct impact on material consumption.
- **Energy consumption**: Energy is used in fuel for heating and Company cars and trucks, electricity and natural gas is used for offices and manufacturing and printing activities, and propane is used for warehouse activities.
- **Emissions**: Energy use has a direct and indirect impact on emissions, as does the transportation of goods by service providers.
- **Waste production**: Assembling and printing processes do not generate a significant amount of waste. Generally, the waste produced in these processes is not hazardous, and most is sent to recycling, consistent with corporate policies.
- **Sub-processes**: The potential indirect impact can be significant for some sub-product assembly processes in Reno (such as chroming); the suppliers used for such processes are periodically monitored via on-site inspections to verify their compliance with regulations.

Since 2016, IGT has used an internal, web-based tool to collect environmental data from sites all over the world. The tool has systemized and harmonized the data collection process, giving a more comprehensive overview of the Company's environmental impacts.

In 2018, improvements were made to the tool, which allowed IGT to further increase the number of sites reporting compared to the previous year, and covering about 95% of all Company facilities. Due to a wider reporting boundary, the 2017

environmental data is compared to both 2018 and adjusted 2018 figures. The latter only considers the impact of sites within the 2017 boundary to ensure the most accurate comparability of IGT environmental performance over the years. IGT expects to increase reporting to cover 100% of the Company's sites in 2020.

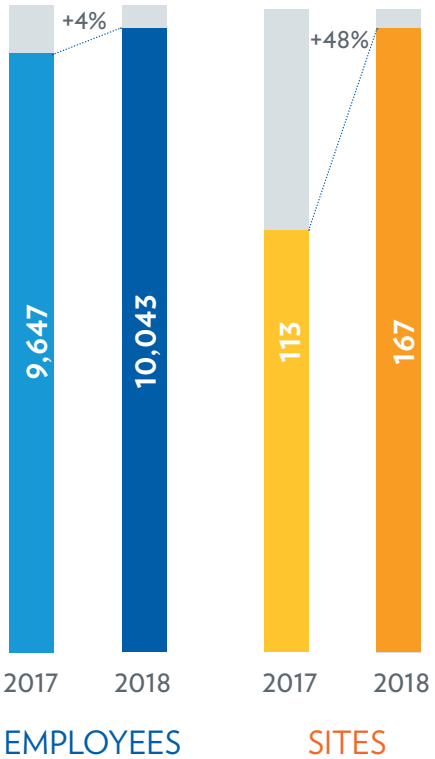
In accordance with the International Organization for Standardization (ISO) 14001 standard, the Company has Environmental Management Systems (EMSs) in the following locations:

- The Austin Technology Center (ATC) in Austin, Texas.
- Lakeland, Florida.
- Rome, Italy.
- Tito Scalo, Italy.
- Reno, Nevada.

Through these EMSs, IGT is committed to improving its environmental performance.

Reno, Nevada

Significant Improvements in Environmental Data Collection: Number of Sites Covered and Related Employees



SUSTAINABLE DEVELOPMENT GOALS

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

13 CLIMATE ACTION

ENVIRONMENTAL CERTIFICATION

The ISO 14001 Environmental Certification relates to the management of major environmental issues (energy consumption, waste production and management, office paper consumption, and supply management with environmental impact), the limitation of harmful substances, and the maintenance of information technology (IT) facilities. IGT has started the process to achieve certification.

The main actions taken on sites with an active ISO 14001 EMS are:

- Complete compliance with applicable environmental provisions of state or federal laws.
- Specific improvements in printing facilities such as reduction of solvent-related air emissions.
- Reduction of paper consumption through implementing software to measure employee paper use and a process to monitor the quantity of printed copies.
- Reduction of energy consumption through replacing air conditioning systems, adopting more efficient technology platforms, installing air conditioning fan coil sensors, replacing windows, and substituting fluorescent tubes with LED lights.
- Reduction of water consumption.
- Increased recycling.
- Extensive food waste composting at Rhode Island facilities.

Materials Consumption

GRI: 103-3; 301-1

IGT designs, develops, manufactures, and provides devices, games, systems, and software for customers in legal gaming markets. IGT uses a variety of raw materials to assemble gaming devices (e.g., metals, wood, plastics, glass, electronic components, and Liquid Crystal Display [LCD] screens). IGT's main manufacturing and production facility is in Reno, Nevada, with approximately 594,000 square feet dedicated to product development, warehousing, shipping, and receiving.

Moreover, nine sites worldwide provide a local presence, customized products, and regional production where it is beneficial or required. Manufacturing operations primarily involve the configuration and assembly of electronic components, cables, harnesses, video monitors, and prefabricated parts purchased from outside sources. IGT designs and manufactures products that are compliant with all regulations of the jurisdictions where IGT places products. For example, in compliance with the European Union (EU) Restriction of Hazardous Substances (RoHS) Directive of 2006 and its subsequent amendments, IGT manufactures RoHS-compliant machines for European distribution.

Although IGT is not required to do so, manufacturing now includes many parts that meet or exceed the RoHS standards in machines for the U.S. and countries outside the EU. Moreover, IGT machines comply with the European Waste Electrical and Electronic Equipment (WEEE) Directive on recycling. Recycling symbols may be present on some parts, but they are not required by IGT.

PURCHASED MATERIALS

IGT uses a variety of different non-renewable materials, such as raw materials (e.g., metals, wood), semi-manufactured materials (e.g., assemblies and electronic components), and other materials (e.g., cardboard for packaging, paper, plastic, toners, and inks).

Materials Purchased (ton)	2018	2018 Adjusted	2017	2016
Assemblies	327	12		
Electronic components (including monitors, printers, batteries and network hardware)	1,955	1,954	2,398	2,520
Cables	6	6		
Plastics (including packaging and foams)	492	491	907	917
Metals	4,692	4,591	6,440	6,049
Wood	572	572	643	524
Cardboard for packaging	432	392	421	396
Office paper	110	101	84	95
of which is FSC[1]-certified	29	24	9	10
Paper for lottery tickets *	14,350	13,964	28,447	27,496
Toner and liquid inks	1,766	1,730	1,761	1,576

1 FSC: Forest Stewardship Council

** This amount includes the consumption of paper used for machine testing at the Reno facility.*

Most materials purchased were for IGT's Reno facility and used for assembling Instant Ticket Vending Machines (ITVMs), Electronic Gaming Machines (EGMs), and packaging. In 2018, about 33,000 ITVMs and 40,000 EGMs were assembled in Reno.

Below is the consumption of materials used by the Reno facility, expressed as a percentage of the total materials consumed by the Company :

- 84% of electronic components.
- 98% of plastics.
- 98% of metals.

There is also significant paper, toner, and ink consumption in IGT offices and at ticket printing facilities. A large portion includes packaging, most of which involves cardboard and paper. IGT's printing presses in Florida are servo-driven and can be operated solely on water-based ink systems. The servo-driven press optimizes job changeover times, minimizes material waste, and offers high print quality.

The Company relies heavily on the supply of paper for instant ticket production, and is committed to reducing the impact of paper consumption on natural resources. This is in line with the commitments of its major paper suppliers that abide by several environmental standards. The Forest Stewardship Council (FSC), Sustainability Forest Initiative (SFI), and Program for the Endorsement of Forest Certification (PEFC) all promote sustainable forest management, reforestation, and continuous improvement of standards and practices to certify environmentally responsible paper-sourcing processes. .

Considering the same reporting boundary, the Company's consumption of office paper in 2018 increased by 19%. On the other hand, purchases of cardboard for packaging consumption decreased by 7%, as well as lottery paper consumption (-51%) and purchases of toner and liquid inks (-1.7%).

Sustainability activities are carried out at the Reno facility to recycle materials and reduce the use of non-recyclable materials. In 2018, a recycling program for wood pallets was initiated to return them to suppliers. When the facility receives unassembled cabinets, they are removed from shipping pallets and the latter are stored in the warehouse. Once a specific quantity of pallets (120) is reached, they are returned to the supplier for reuse. During the reporting year, 51,840 pounds of pallets have been returned for reuse, resulting in 824 trees saved. In addition, the logistics department of Reno is implementing activities aimed at reducing the use of non-recyclable materials, such as foam used for packaging.

Machine End-of-Life Management

The Reno facility manufactures two types of machines: ITVMs and EGMs. ITVM maintenance and replacement programs vary depending on the lottery contracts. The ITVMs' end-of-life treatment is determined by each individual jurisdictions' regulations, and these machines are not returned to the Reno facility. EGMs, conversely, can be sold or rented. In the latter case, rented EGMs in the U.S. are returned to Reno to undergo reconditioning or updating (software or hardware). Older or outdated machines are scrapped, and components that can't be reused are delivered to providers of disposal services.

In 2018, IGT continued to carry out gaming equipment refurbishment (mostly in the U.S.), with an annual volume of approximately 3,900 units equal to 9.71% of total EGMs assembled in 2018. The volume and percentage of reused materials at the Reno facility are below:

- 613.5 tons of metal (13.4%).
- 66.4 tons of plastic (14%).
- 131.4 tons of electronic components and cables (16.8%).
- 145.3 tons of monitors (12.7%).

Outside of the U.S., machines' end-of-life management is handled according to local regulations on reuse, recycling, and waste reduction.

Natural ventilation system installed in the Amsterdam office.

Energy Consumption

GRI: 103-3; 302-1; 302-4

Reducing energy consumption is a priority for the Company. IGT's direct energy consumption mainly concerns heating fuel (primarily natural gas) and its corporate fleet (cars and small trucks). In case of a power-outage emergency, fuel is used for back-up electrical supply. The indirect consumption of energy includes electric consumption for offices, data centers, manufacturing, and printing. Considering the same reporting boundary, the Company's consumption in 2018 is in line with that of the previous year.

IGT has earned Leadership in Energy and Environmental Design Certification for its Reno facility, and an ISO 50001 Energy Management Systems certification in Rome for improving energy management.

Moreover, in 2018, the Reno facility was recognized with a Green Globes certification following several sustainability performance assessments (such as those related to energy and resources used). The facility earned four Green Globes, the highest mark that can be achieved by an existing facility.

Energy Consumption

Gigajoule (GJ)	2018	2018 Adjusted	2017	2016
Natural gas *	110,526	105,729	57,724	55,843
Electricity	405,029	332,514	378,814	375,520
Gasoline (Fleet)	316,857	316,857	323,081	328,295
Diesel consumption for vehicles and generators	41,987	38,929	29,797	31,210
Liquefied Petroleum Gas (LPG)	290	290	354	390
Propane *	270	39	492	-
Total energy consumption	874,399	794,027	790,262	791,258

* *The difference between 2017 data and 2018 adjusted data is due to the fact that not all sites involved in the collection process provided data in 2017*

REDUCING THE ENVIRONMENTAL IMPACT AT IGT FACILITIES AROUND THE WORLD

In 2018, IGT offices and facilities worldwide implemented initiatives at the local level to reduce the Company's environmental impact:

- Billings, Montana: All outdoor and warehouse lights were converted to LED and the new service area now uses 100% LED lights. The estimated energy saving is between 1,500 – 2,500 kWh in 2018.
- Dover, Delaware: By shutting all lights off at night and on weekends, the site saved about 8,448 kWh.
- Galwin, Netherlands: A natural ventilation system based on compressed air was installed in the warehouse to minimize the use of energy and achieve a good work climate. This installation also decreased the need for heating thanks to a glass wall in the production site, making it possible to heat the space with the sunlight coming in.
- Reno, Nevada: In a continuous effort to increase energy efficiency, the Reno site implemented projects contributing to reduced electricity and gas consumption. The electricity consumption registered a reduction of 1,166,837 kWh compared to 2017.
- Beijing, China: Eco-friendly behaviors are encouraged, such as shutting down EGMs during holidays.
- Moncton, Canada: LED lights were installed in the building, replacing fluorescent tubes and resulting in 65,000 kWh saved per year; at the end of 2017, the largest heating and air conditioning system in the building was modified, resulting in an estimated saving of 131,527 kWh.

Overall, these initiatives contributed to reducing IGT's environmental impact in terms of CO_2 emissions by saving about 546.5 tons of CO_2, equivalent to the CO_2 emissions generated by charging 69,694,153 smartphones.

Leadership in Energy and Environmental Design (LEED) Certification

The Reno facility has LEED Gold certification, awarded by the United States Green Building Council. In 2015, the Reno facility was certified LEED Gold until 2025, entailing tax savings of $1.5 million over 10 years. IGT Reno operates as Nevada's first gold-certified facility, combining office, data processing, and manufacturing activities under the LEED "Existing Buildings: Operations & Maintenance" distinction. The Reno facility operates with less water and energy, reducing greenhouse gas emissions and, as a bonus, saving money.

Among the benchmarks met by the Reno office to earn LEED certification are:

- Eliminated approximately 1,530 tons of Greenhouse Gas (GHG) annually from commuting employees by providing a fitness center, cafeteria, and on-site childcare services;
- Diverted 81% of waste from the landfill through IGT Reno's extensive waste management program.
- Finished in the 35th percentile above the national median for energy efficiency performance.
- Installed efficient water fixtures that have decreased water usage by 15%.
- Reduced water used for irrigation by 50% from initial design.
- Purchased energy-efficient electrical and electronic equipment, high-recycled-content furniture, and low-mercury fluorescent lamps.
- Converted all hydraulic trash compactors to auger compactors, reducing the number of hauls per year by 15%, further reducing GHGs.

Moreover, IGT's Reno campus is an ISO 14001:2015-certified facility, which provides many benefits for organizations with environmental management systems. Organizations and companies find that the standard helps them to:

- Improve resource efficiency.
- Reduce waste.
- Drive down costs.
- Provide assurance that environmental impact is being measured.
- Gain a competitive advantage in terms of supply chain design.
- Increase new business opportunities.
- Meet legal obligations.
- Increase stakeholder and customer trust.
- Improve overall environmental impact.
- Manage environmental obligations with consistency.

ISO 50001 Certification

Since 2011, IGT has implemented an ISO 50001-certified Energy Management System (EMS) for the Rome, Italy, location. The ISO 50001:2011 certification specifies requirements to establish, implement, maintain, and improve an EMS that enables an organization to follow a systematic approach to continually improving energy performance, including energy efficiency, energy use, and energy consumption. Also, ISO 50001:2011 requirements with regard to energy use and consumption include measurement, documentation, reporting, design, and procurement practices for equipment, systems processes, and personnel that/who contribute to energy performance.

Emissions GRI: 103-3; 305-1; 305-2; 305-3; 305-5

GHG Emissions

The GHG emissions produced by IGT activities are caused by fuel and electrical consumption and transportation of goods and people. GHG emissions are divided into three categories:

- **Scope I Emissions**: These refer to fuel consumption (natural gas and Liquefied Petroleum Gas [LPG] for heating, diesel consumption for generators, and diesel and gasoline consumption for vehicles such as fleet cars and small trucks), and fugitive emissions from refrigerant gases. Many of IGT's U.S. contracts require the Company to install, maintain, and service lottery equipment throughout the country. To fulfill these contractual obligations, the Company uses a domestic fleet that fluctuates between 1,550 and 1,650 vehicles. In 2018, the fleets numbered 1,606 vehicles. The fleet comprises gasoline and diesel-powered service vans, as well as gasoline-powered sales force vehicles. IGT continues to focus on driver behavior by addressing fuel consumption affected by idle time, rapid acceleration, and cargo weight. In addition, the Company strives to keep its fleet appropriately sized for specific contractual needs and territorial requirements. In 2018, IGT eliminated the unlimited personal use of Company vehicles, which affected approximately 150 employees. This was an effort to not only reduce overall vehicle costs by keeping the vehicles in service longer with less mileage, but also limit IGT's exposure to liability.

- **Scope II Emissions**: These refer entirely to electrical consumption. IGT, beyond its commitment to reduce energy consumption, strives to use green energy where suitable.

- **Scope III Emissions**: These derive from paper consumption (both for office and production use), shipments of IGT goods by third parties, and business travel. In 2018, IGT continued a strategy in Italy aimed at increasing shipping efficiency by preventing vans from leaving when not fully loaded, and reorganizing routes and deliveries. In 2018, considering the same reporting boundary, CO_2 emissions were reduced by about 8% compared to 2017. To reduce the environmental impact, IGT has implemented Cisco Solutions to securely teleconference between offices to reduce travel and its associated carbon footprint.

Within the same reporting boundary, Scope II emissions have decreased by 13% compared to 2017,

Greenhouse Gas (GHG) Emissions

Tons CO_2 eq	2018	2018 Adjusted	2017	2016
Scope I	36,514	36,047	27,784	27,222
Scope II *	47,941	40,217	46,028	44,689
Scope III	34,937	34,763	37,886	41,650

* *In 2018, Scope II emissions based on market-based methodology are equal to 52.264 ton CO_2*

VOC EMISSION PROGRAM AT THE LAKELAND PRINTING FACILITY

At the Lakeland facility in Florida, a three-year volatile organic compound (VOC) emission reduction program was implemented to eliminate all solvent inks from IGT processes. Thanks to this program, IGT won in the Sustainability Programs category in the 2019 FTA Sustainability Excellence Award competition. The transition covered about a two-year period, with 2018 as the first operating year using an all-water-based system. IGT developed a suitable all-water-based product and completed the internal testing to ensure the required two-plus-year shelf life of the instant tickets, resulting in a significant reduction of the VOC output and 65% reduction of hazardous waste compared to 2017. The most positive impact was to the well-being of employees and the environment, as it made the plant a safer place to work.

while Scope I emissions increased mainly due to the increasing natural gas consumption and diesel for generators.

At the Lakeland, Florida facility, a GHG emissions reduction program details the most energy-efficient ways to run the printing press, including:

- Using natural gas to dry ink.
- Using better operating practices, such as shutting down the dryers when it doesn't impact quality and reducing downtime as operating efficiencies improve.
- Using faster-drying inks.
- Eliminating propane-driven forklifts.

Other Emissions

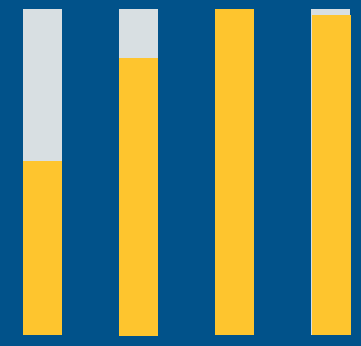
IGT's production processes do not have a significant impact on the atmosphere. The only significant emissions are volatile organic compounds (VOCs) resulting from printing activities, and very low emissions of ozone-depleting substances for cooling systems at various sites (both production and office sites). The two printing facilities in Lakeland, Florida and Tito Scalo, Italy, as well as the Reno manufacturing facility, adopted a similar approach to VOCs, ensuring the monitoring activities are compliant with the law, and staying significantly below the limit set by local authorities.

In 2018, VOC emissions from printing activity in Lakeland dropped by more than 24% compared to 2017. The other printing plant, located in Tito Scalo, constantly monitors VOC emissions while fully complying with stringent Italian regulations. In 2018, VOC emissions amounted to 79 tons.

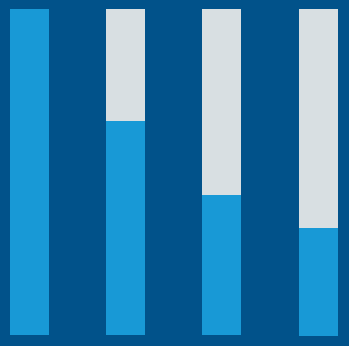
Waste GRI: 103-3; 306-2

Most of IGT's waste is produced at the Company's manufacturing and printing plants. Each one has obtained ISO 14001 EMS or LEED certification to ensure proper waste management and a commitment to improving performance. In 2018, IGT produced more than 11,000 tons of waste, of which 86% was non-hazardous and 14% was hazardous.

Instant Lottery Ticket Volume Growth



VOC/KSU* Reduction Monitoring



* *Thousand Standard Used produced*

Considering the same reporting boundary, IGT waste production in 2018 compared to 2017 has decreased mostly because of the considerable reduction in hazardous waste production. This is because, in 2018, all electronic devices (such as monitors, routers, televisions, and video lottery terminals) at retailers in Italy were replaced to comply with the new Lotto concession and the Italian WEEE (Waste Electrical and Electronic Equipment) regulation, and, as a consequence, hazardous waste production was much higher.

IGT's manufacturing facility in Reno complies with the RoHS and is registered as a Small Quantity Generator of hazardous waste. Since 2017, the Reno facility has diverted 80% of waste by using multiple balers to segregate waste streams. IGT's Reno office is making a continuous effort to eliminate the majority of expanded polystyrene cups used at the office coffee stations, and has supplied each employee with a reusable coffee mug.

In 2018, IGT's printing facility in Lakeland was able to complete the full transition from solvent ink to a fully water-based system, significantly reducing the hazardous waste by 65% compared to 2017.

Waste Produced

	2018		2018 adjusted		2017		2016	
(Tons)	Waste Sent to Recovery, Reuse and Recycling	Waste Sent to Landfill	Waste Sent to Recovery Reuse and Recycling	Waste Sent to Landfill	Waste Sent to Recovery, Reuse and Recycling	Waste Sent to Landfill	Waste Sent to Recovery, Reuse and Recycling	Waste Sent to Landfill
Non-hazardous waste	7,094	2,425	7,094	2,256	6,929	2,605	6,846	1,388
Hazardous waste	54	1,545	54	1,545	19	23,718	78	18

Water GRI: 103-3; 303-1

As a rule, all IGT facilities – except the printing facilities – receive water from local municipal sources. Water is primarily used in the cafeteria and washrooms, as well as for office purposes and silkscreen printing activities. Consequently, IGT is not a major user of municipal water. IGT does not currently reuse or recycle water in its facilities.

Water Consumption

(m^3)	2018	2018 Adjusted	2017	2016
Consumption	306,122	186,170	200,340	240,052
Discharge	244,647	124,696	143,243	181,259

Regarding consumption, 89% of water used comes from water utilities, and 11% is reclaimed water. More than 95% of wastewater is discharged through the local municipal water system for treatment and a little less than 5% into different wastewater plants. Considering the same reporting boundary, in 2018, water consumption decreased by about 7% compared to that of the previous year.