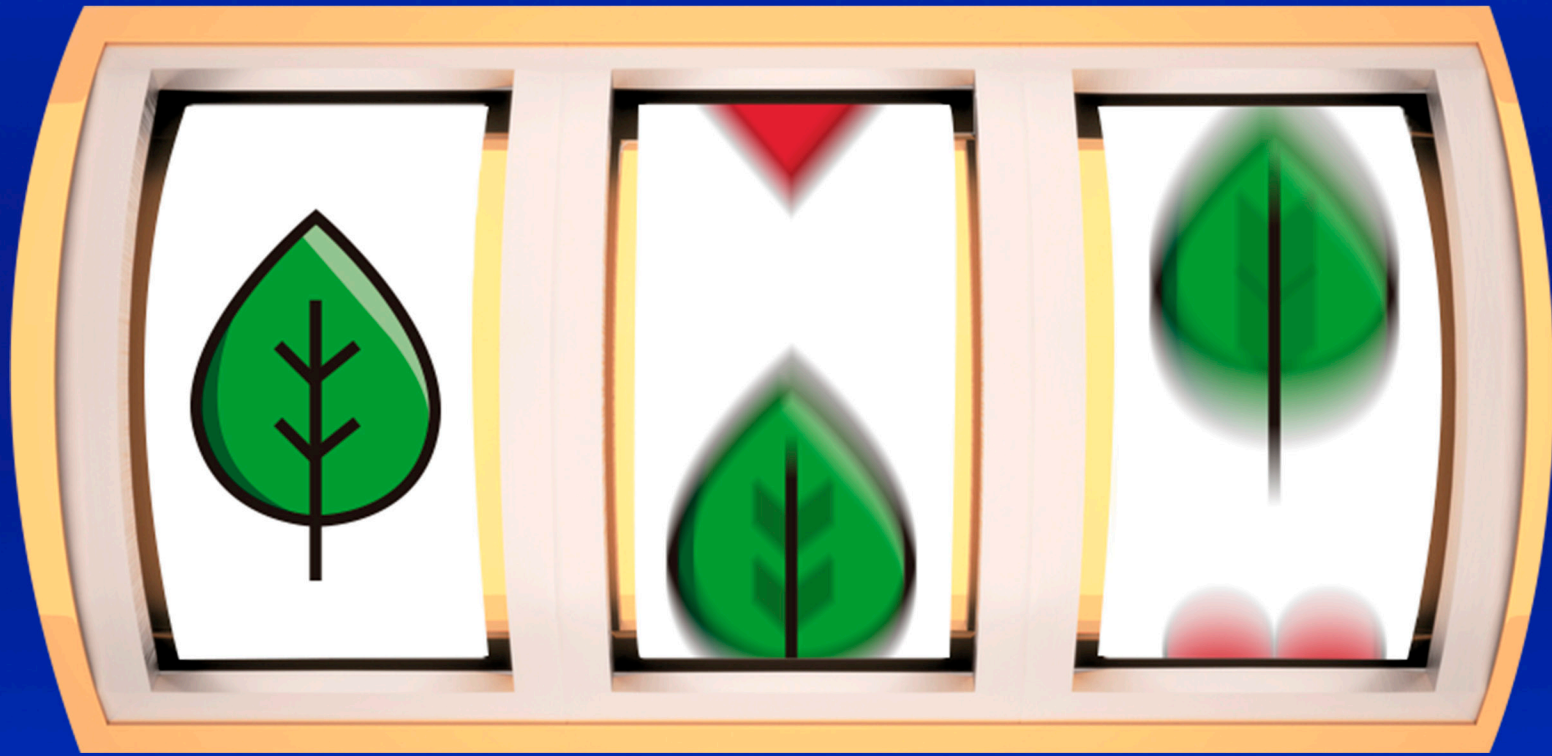


# 2<sup>nd</sup>. Sustainability Report



MAY - DECEMBER 2017

WE SUPPORT



**LOGRAND**  
ENTERTAINMENT GROUP



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## Message from the CEO



**A**t Logrand Entertainment Group we are convinced that our sustainability strategy does not only help us to become a more responsible and sustainable company, but that it will play a key part in setting the tone in the context of our industry in Mexico.

We are also convinced of how important it is to have a sustainability strategy that creates value for our stakeholders; for that reason, our actions are governed by responsibility toward our employees, clients, supply chain, the communities where we operate and toward the environment. We want that strategy to go hand in hand with our growth and to be present in all our operations.

During this period, we have taken important steps toward our consolidation as a responsible company committed to the environment. One of the commitments we made in the last report, was adherence to the UN Global Compact, and we have successfully achieved this goal in September 2017, when we joined the biggest network of companies implementing corporate social responsibility in their operations.

Furthermore, the launch of our Code of Conduct in October 2017, marked an important milestone for Logrand Entertainment Group and represents a significant element to ensure a decent work environment and the sustainable development of the company.

The publication of our first Sustainability Report has allowed us to set and follow-up concrete commitments. During this period for instance, we developed a Responsible Gaming Strategy,

we included social responsibility clauses in the contracts of our new suppliers to ensure our supply chain is also aligned to our commitments and we provided training on Human Rights to our employees.

We are pleased to have achieved the goals set and we are determined to make significant progress in every material aspect of the company. We recognize there are complex topics which require a joint effort from many areas within the company, as is the case with waste management, but we are convinced that this will not be an obstacle to making it possible.

In addition, our employees have started to raise their hand to propose sustainability activities, which confirms the commitment and interest at all levels of Logrand Entertainment Group.

This second report will set the tone for continued development of the five Sustainability Pillars of Logrand Entertainment Group, which will be great differentiators in our industry.

**Sergio Saide M.**  
CEO

(102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56)

# About the report

**T**his is the Second Sustainability Report of Logrand Entertainment Group and covers the period from May 1 to December 31 2017. In this report we include information on the casinos Hollywood Estanzuela and Constitucion, which were not considered in the First Sustainability Report published in 2017.

This report has been prepared in accordance with the GRI Standards: Core Option. It is in the company's interest to submit the non-financial information for external verification in the near future.

If you have any questions on the report or its content, please write to:  
[responsabilidadsocial@logrand.com](mailto:responsabilidadsocial@logrand.com)



COMMUNICATION ON  
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

A man with short dark hair and a mustache is shown from the waist up, wearing a dark navy blue jacket over a red patterned button-down shirt and dark trousers with a brown belt. He has his arms raised in a celebratory gesture, with his fists clenched and a wide, joyful smile on his face. The background is a solid, vibrant blue.

# About us

**L**ogrand Entertainment Group is a Mexican entertainment company based in Monterrey, Mexico. We began operations in 2005 and currently, we manage 14 casinos in 7 states of Mexico. Our business strategy is based on conservative growth aligned with social responsibility principles and strategies.

# Logrand Entertainment Group in Numbers

**14** Casinos

Presence in **7** states of Mexico

**6,000** Slot machines

**40** gaming tables

**3,715** employees

**5,000,000** visits per year

More than **\$2.2 million pesos** donated to social causes in 2017

**\$7 million pesos** invested in training

**9 years** in compliance with the Distinction H



# Our casinos



Located in Monterrey Nuevo Leon, operating since 2005.



Operating since 2007 in Merida, Yucatan.



Started operations in 2009 in Monterrey, Nuevo Leon.



Located in Ciudad del Carmen, Campeche, operating since 2010.



Operating since 2012 in Guadalajara, Jalisco.



Started operations in 2015 in Zapopan, Jalisco.



Acquired in 2016, operating in Monterrey, Nuevo Leon.

Located in Cdereyta, Nuevo Leon, started operations in 2007.

Located in Monterrey, Nuevo Leon, in operation since 2008.

In operation since 2009 in Cancun, Quintana Roo.

Started operations in 2012 in Villahermosa, Tabasco.

Located in Monterrey, Nuevo Leon, in operation since 2013.

In operation since 2015 in Guasave, Sinaloa







# Our Business Lines



# Slot machines

Our main offering is slot machines. We have gaming machines from more than 25 internationally approved providers; including manufacturers from Austria, Australia, Bulgaria, Brazil, Czech Republic, England, Germany, Italy, Japan, Slovenia and the United States.

Logrand Entertainment Group has more than 6,000 slot machines operating in 14 casinos. All the machines in the casinos of the group are tested to the highest standards of international certification laboratories such as BMM Testlabs and Gaming Laboratories International (GLI).



# Gaming tables

Our range of live gaming tables offers a wide variety with more than 15 original titles patented by the international brand of games, Shuffle Master. All our casinos are set with the latest technology and innovation in systems, card-shuffling machines, jackpot progressive systems and USB chargers installed at each table.



# Food and drinks

**W**e provide a Food and Drink service in every casino and through the different restaurants we offer choices from regional dishes to international cuisine.

We put every effort into providing a service of excellence with the highest standards in safe management of ingredients, which ensures the quality of every dish we serve. Eleven of our restaurants at the casinos have the certification Distinctive H, which is an award granted by the Tourism Ministry of Mexico (SECTUR as per its acronym in Spanish) to companies that demonstrate high standards in terms of quality hygiene. This award has been granted to us for nine consecutive years with assessments of full compliance.



# Online Casino

In 2017 Logrand Entertainment Group developed Strendus, an online casino that brings together sports betting, casino, poker, bingo, fantasy games, e-sports and social gaming. In 2018, this online entertainment platform, that incorporates more than 300 games and daily matches of the main sports, will be launched to the public.

Stendrus has the certification Cyber Security that protects the applications data and software, ensures regulatory compliance and improves performance. It also has the Payment Card Industry Data Security Standard (PCI DDS) through our payment system Openpay, aiming to protect data and avoid fraud. In addition, our technology provider has been awarded with prizes such as Best Digital Product 2017 in the Global Gaming Awards in Las Vegas, and the Best Sports Betting Innovation 2017, in the CEEGC Awards of the Central and Eastern European Gaming Conference.



(201-1)

# Financial Information

In 2017, the Economic Value Generated (revenues) by the company reached 3,489 million pesos, an amount 13% higher than in 2016.

The total Economic Value Distributed (including operating costs, employee wages and benefits, taxes, donations) for 2017 was 3,243 million pesos. This amount reflects the effort and commitment of our community and the fulfilment of our fiscal obligations for an amount greater than 1,200 million pesos.

From the above, our Economic Value Retained is of 246 million pesos.

**Table 1. Economic Value Generated and Distributed**  
(Million Mexican Pesos)

	2017*	2016*
<b>Economic Value Generated (EVG)</b>	3,489	3,084
<b>Economic Value Distributed (EVD)</b>	3,243	2,912
<b>Economic Value Retained (EVG-EVD)</b>	246	172

\*Information from January 1st to December 31st



# Our Culture and Values

One of our main objectives is to stand out as a responsible company with a culture of legality and professionalism. Our operations are governed by a mission, vision and values that help us to grow steadily with sound business ethics.

## Mission



To be leaders in creating unique and exciting experiences, surpassing the expectations of our clients, employees and the gaming and entertainment industry community.

## Vision



Entertain, Excite and Transcend

## Values



We make the client feel at home and the employees like family



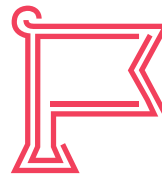
We dream and create the extraordinary



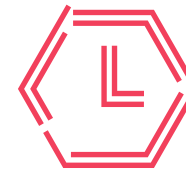
Passion is our drive



We lead by example



We do the right thing even when nobody is watching



We achieve more with less

## Logrand Entertainment Group's Code of Ethics

In October 2017, we launched our Code of Ethics, which guides our activities and helps us remain aligned to our Vision, Mission and Values.

### Decalogue of Ethics

Our Decalogue of Ethics summarizes in 10 points the Code of Ethics to promote its application in areas such as diversity, honesty, social responsibility and regulatory compliance.

### Ethics Committee

The Ethics and Behavior Committee is a working group appointed by the management group to address any issue related to the Code of Ethics and its application. In this group the departments of Human Resources, Management and Finances, Risk Management, Operations and Legal, are represented.

### Reporting Lines

Complaint mechanisms have been established (e-mail, hotline, website) and are available for every employee wanting to report any deviation from or breach of the Code of Ethics. The handling of these reports is done by the company Deloitte Mexico, which has many years of experience managing these types of transparency methods.

**All our employees and directors  
have received training regarding  
the Code of Ethics and the Reporting  
Lines.**

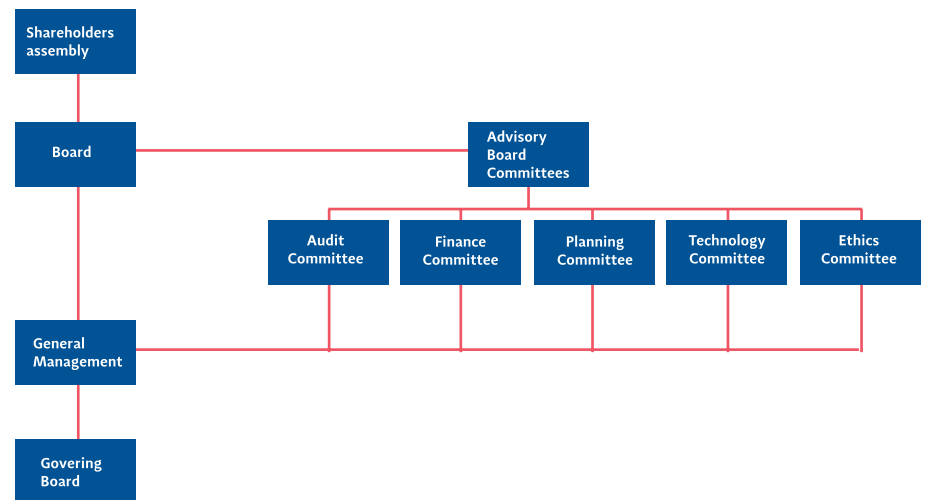
# Corporate Governance

Our company has a corporate governance that allows for more transparent, efficient and strategic management. The duties of the main governance bodies are as follows:

- 🕒 **Shareholders assembly:** Constituted by any person owing shares of the company.
- 🕒 **Board:** One of its main responsibilities is to oversee the strategic direction of the company, assess its management and provide support to achieve its objectives.
- 🕒 **Advisory Board:** External body that contributes to the definition of the company's strategy and provides its experience and knowledge.
- 🕒 **General Management:** Responsible of executing the strategy of the company.
- 🕒 **Governing Board:** Responsible for implementing the strategies of the company.
- 🕒 **Advisory Board Committees:** They oversee, assess and voice their opinion on relevant subjects for each committee. Currently there are five committees in operation: Strategic Planning Committee, Finance Committee, Audit Committee, Ethics Committee and Technology Committee.

One of the many responsibilities of the Strategic Planning Committee, is to guide the strategy related to topics of social, economic and environmental impact. The Institutional Relations Directorate is charged with the implementation of such strategy, reporting directly to the CEO and providing the Advisory Board with regular information on the initiatives and progress of the sustainable strategy of the company.

In addition, the Board is the body in charge of the development, approval, and update of the objectives, mission, values, strategies and policies related to social, economic, and environmental issues.



# External Memberships and Initiatives

**F**or our company it is important to collaborate and actively participate in initiatives that contribute to our sustainable strategy. Since September 2017, Logrand Entertainment Group is member of the UN Global Compact. This was one of our objectives in the previous report, and in this period, we have worked to fulfill the ten principles established by the Global Compact. Logrand Entertainment Group is a member of the following networks and business associations:

## Valle del Campestre District

We are active members in the community initiative Valle del Campestre District (DVC as per its acronym in Spanish) that seeks to improve the quality of life in the companies and neighborhoods of the area Valle del Campestre in the municipality of San Pedro Garza Garcia, Nuevo Leon. In October, Roble Avenue, where our main offices are located, was opened, becoming the first street with universal access in Mexico.

In addition, during this period, we worked on the second phase of the Plan for Mobility Strategies promoted by DVC which consisted of a tender exercise to select providers of executive transport and of a platform to facilitate shared transport. It is expected that members of DVC will have more transport options from April 2018, seeking to improve mobility and to make traffic more efficient.

## National Chamber of the Restaurant and Seasoned Food Industry (CANIRAC as per its acronym in Spanish).

In this reporting period we developed a strategy for participation in this network.

## Association of Licensees, Operators and Providers of the Entertainment and Gaming Industry (AIEJA as per its acronym in Spanish).

In this reporting period, we actively participated in AIEJA quarterly meetings and we have taken part in AIEJA events involving representatives of the Mexican Ministry of Finance to analyze Money Laundering Programs within the Industry.

## Chamber of Industry and Transformation (CAINTRA as per acronym in Spanish).

Our involvement in CAINTRA is focused on agreements related to job boards and internships. The internship agreement allows us to provide learning opportunities to university students.



# Our Sustainability Approach

**O**ur objective is to generate shared value through initiatives aligned to our business strategy and values. To achieve this we have developed a sustainability strategy around five pillars and 14 aspects considered relevant or material, that were selected as result of a consultation exercise involving our main stakeholders.



# Stakeholder engagement

The relations with our stakeholders are of utmost importance to our company and we work continuously to build and strengthen them. We believe that both the stakeholders who we serve (shareholders,

clients, employees) and the ones we interact with through our operations (providers, neighbors, government), influence our decisions.



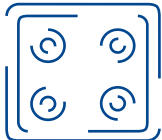
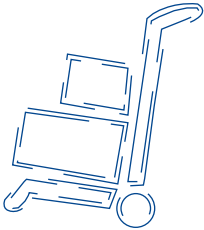

Figure 1. Stakeholder mapping within our value chain.



We started the identification of stakeholders of Logrand Entertainment Group in 2016, when for the first time we carried out a consultation exercise with neighbors, clients, employees, suppliers and directors. In the previous reporting period we committed to undertake consultations in a regular and systematic manner and the Directorate of Institutional Relations has fulfilled that commitment by carrying out surveys and interviews with some of our main stakeholders.

We have several communication mechanisms with our stakeholders through which they communicate to us the topics they consider relevant. We work on initiatives that allow us to address such topics in a timely manner.

Table 2. Communication mechanisms with stakeholders, relevant topics and company actions.

Stakeholders	How do we listen?	What topics are relevant for stakeholders?	What have we done?
<b>Clients</b> 	Interaction in the casinos of the group Social networks Surveys Direct communication	Safety Transparency Data protection	Protocols and inspections Slot machine certifications New guidelines and policies
<b>Suppliers</b> 	Suppliers survey Interaction with the purchase department Meetings and workshops on sustainability topics	Regulatory compliance Transparency Responsible product offer	Matrix of regulatory compliance Initiatives for Money laundering prevention Sustainability report Responsible gaming strategy
<b>Employees</b> 	Direct interaction Surveys Bulletins Newsstand Focus groups	Work life balance Optimal working conditions Training and education Diversity and equal opportunities Business profitability	Work schedule schemes New project on Working Conditions Growth ladder program Code of ethics Growth strategy

## Stakeholders

### How do we listen?

### What topics are relevant for stakeholders?

### What have we done?

#### Shareholders, Board



Board Meetings  
Financial reports  
Sustainability reports

Business profitability  
Health and safety of Clients  
Responsible product offering  
Privacy information of the clients

Growth strategy  
Protocols and inspections  
Responsible gaming strategy  
Privacy policy

#### Government Authorities



Direct interaction  
Business networks  
Contact regarding specific initiatives

Regulatory compliance  
Safety of clients

Matrix of regulatory compliance  
Initiatives to strengthen the Money Laundering Prevention Program  
Protocols and inspections

#### Community and Civil Society



Direct contact regarding specific initiatives  
Survey and interview on sustainability

Transparency  
Regulatory compliance  
Energy consumption and emissions  
Waste management  
Impact on the community  
Inclusion and diversity

Sustainability report  
Matrix of regulatory compliance  
Monitoring energy consumption  
Social support strategy  
Code of Ethics

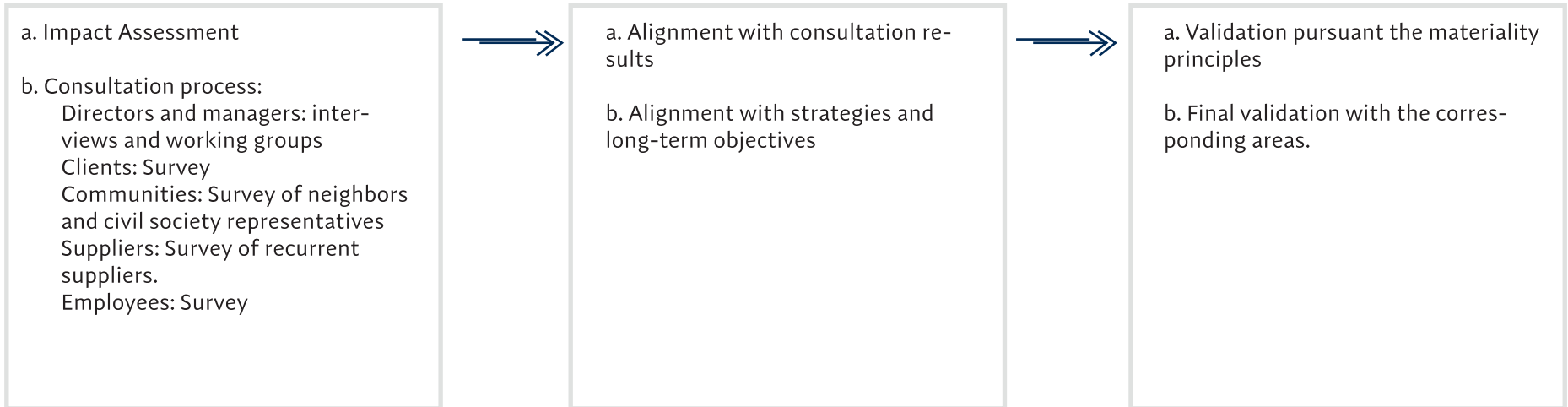
# Materiality Analysis

Table 3. Materiality analysis process

## 1. Consultation process and identification of material aspects

## 2. Priorization and selection

## 3. Validation and definition of material aspects



**FOLLOW-UP AND REPORTING:** Each of the 14 material aspects is assigned to a person who is responsible for reporting on progress against each material topic. Annually we report progress through our Sustainability Report.

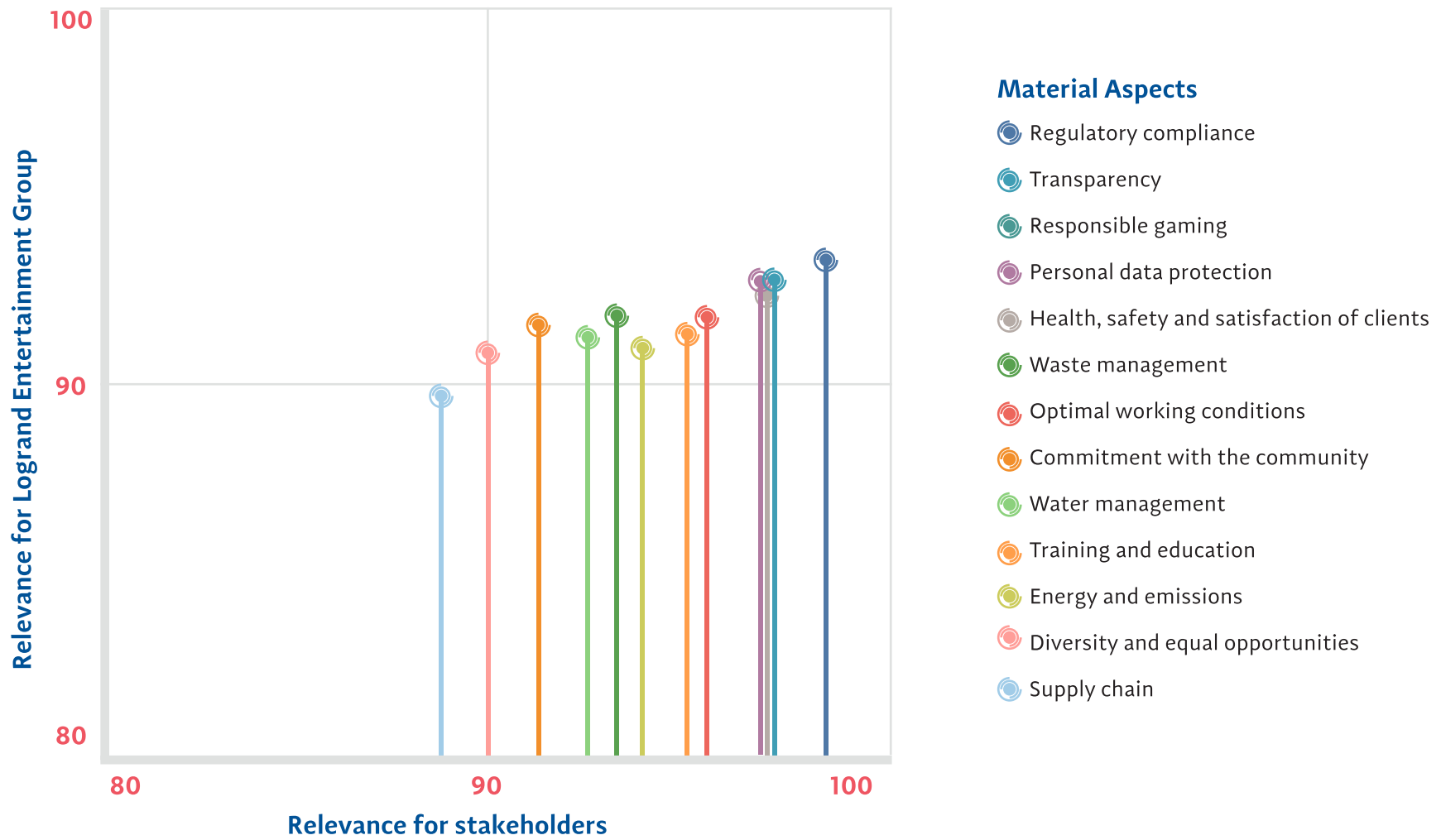


Figure 2. Materiality matrix of Logrand Entertainment Group



CLIENTS



# Responsible Gaming

Due to the nature of our services, one of our main concerns is to promote responsible gaming and to offer our clients a balanced entertainment option. For that reason, in 2017 we started working on a Responsible Gaming Strategy aiming to raise awareness of compulsive gambling and to provide our clients with the necessary tools to gamble in a safe manner.

The development of that strategy involved the departments of Operations and Social Responsibility who based on the best international practices within the industry, established a Responsible Gaming strategy for the Group. This strategy includes training for the staff of our casinos as well as the development of brochures with information and contacts of specialists for the information of our clients.

We also started work on an internal procedure for self-exclusion requests that aims to grant the client a self-exclusion option, promoting in this way a responsible environment in our casinos. In 2018, the Self-Exclusion Program will be implemented in Casino Paradise, located in Monterrey, Nuevo León and subsequently will be deployed nationally in the rest of the casinos.

In November 2017, we organized a talk about compulsive gambling delivered by representatives of the Directorate of Mental Health and Addictions of the State Ministry of Health of Nuevo Leon. The talk was targeted at casino managers and other key personnel of the company. In addition, the department of Social Responsibility conducted a presentation for all casino managers regarding the New Responsible Gaming Strategy and its objectives.



“Our main drive are our clients; we want to be their main entertainment option and for that reason we have developed a Responsible Gaming program to inform and warn the client in the event he/she does not play for entertainment anymore. It is very important for us that clients take part in this leisure activity in an enjoyable and safe manner”

Paulino Godinez, Casino Manager

---

## We trained our casino managers and key personnel of the company on Responsible Gaming.

At Logrand Entertainment Group we are committed beyond what is required by law, aiming to promote a culture of social responsibility in the entertainment industry. For that reason, in 2018 we will continue with the implementation of our strategy broadening its impact on the rest of the casinos of the company and promoting Responsible Gaming.

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## Our 2018 commitments

### Responsible Gaming

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Implement the Casino Self-Exclusion Procedure

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To initiate the Self-Exclusion Program and expand it to other casinos of the group.

---

# Health and safety of our clients

**A**t Logrand Entertainment Group we are concerned about providing our clients with a safe environment in which they can enjoy entertainment experiences that surpass their expectations. According to a survey we carried out, 26% of clients surveyed consider safety as the most important factor when choosing a casino. This reinforces our commitment to the safety and trust of our clients.

Our Risk Management department through its Civil Protection, Safety and Hygiene team and the Inspection team work continuously in the implementation of policies, protocols and processes to ensure safety in our casinos. Regarding health issues, the Food and Drink department is charged with the implementation of the best hygiene and food preparation practices.

Currently, we have two policies and more than 15 procedures regulating our initiatives and activities within these areas. During this reporting period the Policy for Medical Emergency Response and the Regulation for Contactors were updated. We also assessed based on health and safety criteria, the following product categories:

Health and safety impact assessment		
Category	Assessment	Results
Casinos	24 inspection rounds by the Health and Safety Commission that identified 201 findings in relation to safety.	201 corrective actions were completed.
Food and Drink	72 inspections in food preparation areas and evaluations of the infrastructure of each casino.	9 of our casinos have the Distinctive H award.

During this reporting period, 18 drills took place as well as 48 courses for emergency brigades, equivalent to 240 hours of training were provided. These activities are part of our commitment to provide a safe environment for our clients and employees.

In addition, we carried out health and hygiene initiatives to fulfill the guidelines of the Mexican Standard for Food Hygiene and Safety NMX-F-605-NORMEX-2015 which are required to obtain the Distinctive H. This award endorsed by the Health Ministry is granted by the Ministry of Tourism to companies fulfilling safety and hygiene requirements of the standard.

## Our 2018 commitments

### Health and safety of our clients

92% of our casinos will have Distinctive H

Clients' inclusion in the Control and Registry of Accidents System (CRA as per its acronym in Spanish) to identify causes and prevent incidents.

To broaden the scope of the health campaigns for our clients.

# Satisfaction of our clients

Our mission is to create unique and exciting experiences surpassing the expectations of our clients. When we do this, we contribute to the loyalty of our clients and to differentiate ourselves from our competitors.

## We make the client feel at home

To ensure that our clients are satisfied with our services and with their experiences within our casinos, the Department of Marketing and the Internal Service Quality team work to implement strategies in accordance with our mission, vision and values.

**THE ONE REWARDS.** Logrand Entertainment Group offers their clients a loyalty reward program of cumulative points and exclusive promotions. Through this program we contribute to our mission and provide a personalized service to our clients.



During the reporting period May-December 2017 we assessed the satisfaction of our clients in order to implement appropriate strategies that allow us to continue providing unique entertainment experiences. We have been working with a Customer Centric approach that will help us identify every element of the client's experience in our casinos and will

allow us to know better their profile. In addition, through this methodology, we will identify areas of opportunity in our processes based on client feedback.

During this reporting period we have carried out the following activities focused in the satisfaction of our clients.

**Mystery Shopper Assessments:** In the period of May to December 2017, we have carried out 2,883 external assessments in our casinos to ensure that all our employees provide an exceptional service aligned to the company guidelines.

**Visual Study:** An audit was conducted to reduce the visual clutter in the casinos. The work was carried out by industry experts aiming to provide clients with pleasant experiences in a more sophisticated, modern and welcoming environment. Logrand Entertainment Group will implement strategies based on this study in the years to come.

**Service Training:** We provide continuous training to our employees to equip them with the appropriate and necessary tools to provide quality services. During this reporting period, we have provided 6,345 hours of training on service related subjects.



# Protection of Personal Data

**W**e care about protecting the personal data of our clients. We believe that data is an important asset for our operation, service provision as well as for the decision-making process within our organization. As part of our corporate strategy there is a strong commitment to protect our most relevant assets encouraging the company to adopt a culture of risk management, which ensures business continuity to implement a culture of information security.

During this reporting period there were no complaints or breaches of privacy, theft or loss of personal data of clients.

In addition, during this period we created the area of Information Security to reinforce the strict security and protection controls in place to protect their information and in this way, to maintain their trust in our products and services. The objective of the new area is to generate and execute data protection policies and to communicate the importance of data protection and their processes.

In 2017 we developed the Policy of Information Security which sets the appropriate use of information and computer resources for staff, partners, providers and third parties that have a business relationship with the company as well as the measures needed to protect them.

In addition, with our new complaint mechanisms we gave employees a new tool to communicate any potential personal data loss involving our clients. In the event of a report or complaint, the Department of Risk Management would be responsible for assessing and following-up any issue.

In 2018, we aim to carry out an awareness raising and training program on personal data protection, as well as to identify the responsibilities for each position according to the Federal Law of Data Protection.

Also, we will develop guidelines to handle vulnerabilities in the technology infrastructure to prevent loss or theft of information and will develop a mitigation plan to eliminate potential vulnerabilities.

With these actions we reinforce the security of the personal data of our clients and although we did not suffer any loss of information in the reported period, we are working to avoid potential incidents in the future.

## Our 2018 commitments

### Personal Data Protection

To develop guidelines for handling vulnerabilities of the technology infrastructure.

Awareness raising and training program on the use of personal data and on the Federal Law of Data Protection.

Ensuring the accuracy of client's information by the Master data team.

# Transparency

For Logrand Entertainment Group it is of the utmost importance that our clients trust our services thus, transparency is a priority for the company. In addition, our clients have identified gaming transparency as one of the key social responsibility topics.

We focus on transparency both in gaming and in the delivery of prizes to our clients. We have the highest quality standards in gaming tables including elements such dices, shufflers, and chips. In addition, all our machines are certified by the Ministry of the Interior.

In addition, in the last quarter of 2017, we opened the Gaming Tables Academy in Casino Jubilee to help our clients understand the rules of live gaming tables. The games offered at the Gaming Tables are blackjack, roulette, baccarat and all poker variants, which are taught by a Dealer and a Supervisor at the special training table.

All the slot machines in our casinos are tested to the highest requirement standards. Tests are carried out internally and machines' randomness is verified by international certification laboratories such as BMM Testlabs or Gaming Laboratories International.

Given the controversy the industry may cause and the existing mistrust in the programming of slot machines, in 2017 we worked so all our slot machines and gaming systems have the certification of origin which attest to their operational legitimacy. By December 2017, we verified the documentation of 40% of our machines and our goal for 2018 is to reach 100%.

Also, we make sure our staff are up to date on gaming procedures and the appropriate operation of the gaming tables. In 2017, Logrand Entertainment Group provided 13,774 hours of training on these subjects.

## Our 2018 commitments

---

To inform clients about our partnerships, patents, and other tools that provide transparent gaming.

To inform our clients about the operation of our equipment such as shufflers, which guarantee 100% statistical randomness and are handled by highly skilled personnel.

To increase by 10% the hours of training for Dealers.

To offer a seminar on gaming protection and fraud prevention to the areas of Gaming Tables and Video Surveillance.

To fulfill 100% documentation proving our machines are certified.

---

## Transparency



EMPLOYEES



# Optimal work conditions

Our employees are the backbone of our company. Without a stable, committed and prepared workforce, it would be difficult to reach our growth objectives.

To count upon such workforce, it is necessary to provide optimal working conditions and a professional development strategy that makes Logrand Entertainment Group an attractive and long-term option. The actions we take on a daily-basis to provide a safe work environment with appropriate economic benefits have an impact not only on our employees' wellbeing but also on their families' wellbeing, and contribute to the economic development of the communities where we operate. For these reasons, our objective is to provide optimal work conditions in accordance with our values.

## We make the employee feel like family

The company closed 2017 with 3,715 employees, 59% per cent men and 41% women. There are 26 part-time employees, which is a new work schedule recently added at the casinos. In the reporting period covering May to December 2017, 1,847 employees have been hired, of which 47% are women.

New hires		Employees	
Women	Men	Women	Men
840	961	41.05%	58.95%

Figure 3. Number of employees and new employee hires

At Logrand Entertainment Group we developed Attraction, Formation and Retention strategies aimed at positioning our brand in the labor market and becoming an attractive company to work for. These strategies will help us provide comprehensive training to our employees and to have the talent required to achieve our current objectives and grow our organization. To that end, we put in place projects such as the Logrand University, the Leadership Program, Casino School, Job Skills, the Growth Ladder and the Retention Operational Committee.

## Conditions, benefits and work environment

• **Strategic Project on Work Conditions:** This year we began a project aimed at standardizing work conditions, including tangible factors (facilities, canteens, break areas etc.) and intangible factors (such as work time schedules). During the first stage of the project we worked on establishing metrics and factors as part of the standard, which we expect to apply at all our casinos in 2018. With this initiative, Logrand Entertainment Group will ensure that all employees of the group work under the same standards and conditions.

• **Extra benefits:** The department of Human Resources has added new benefits beyond the statutory ones. These include life insurance, car insurance at a preferential price, a subsidized lunch service, among others. A savings fund for employees was implemented nationally as well as free night-transportation in some casinos.

• **Flexible schedules:** Some new pilot work schedules were implemented, contributing to a better work life balance. In addition, at the head office a new work schedule option was added, amounting to five work schedules now available. The department of Human Resources continues working in the promotion of these types of initiatives.

• **Focus Groups:** In order to know first-hand the opinion of our employees on specific topics, we organize focus groups. This exercise revolves around specific topics proposed by the Operational Tactical Committee (CTO as per its acronym in Spanish). Every session includes a follow-up plan with concrete actions. Resulting from these focus groups, during this reporting period we have included healthy options on the menu offered to employees and the cleaning services in the canteen area have been improved. The area of retention also uses focus groups and round tables to obtain the employees' views on certain initiatives.

• **Improving organizational initiatives:** The cultural transformation project of the company that began in 2016, consolidates all the activities whose objective is to promote a positive work environment focused on our employees and clients. During this period, initiatives such as "Casual Fridays" where employees can dress in casual wear, were implemented at our head office. Also, this project drives initiatives that respond to the concerns of our employees, such as the introduction of healthy snacks through a mobile unit.

• **Social activities:** In this reporting period, a football tournament was organized for the employees of the casinos. Bowling and volleyball tournaments took place and cultural competitions such as the exposition of altars for the Day of the Dead were organized for administrative employees.

Staff turnover in this industry remains generally high, however resulting from the efforts of Logrand Entertainment Group to provide optimal work conditions, the turnover percentage in the company has decreased significantly as shown in **figure 6**.

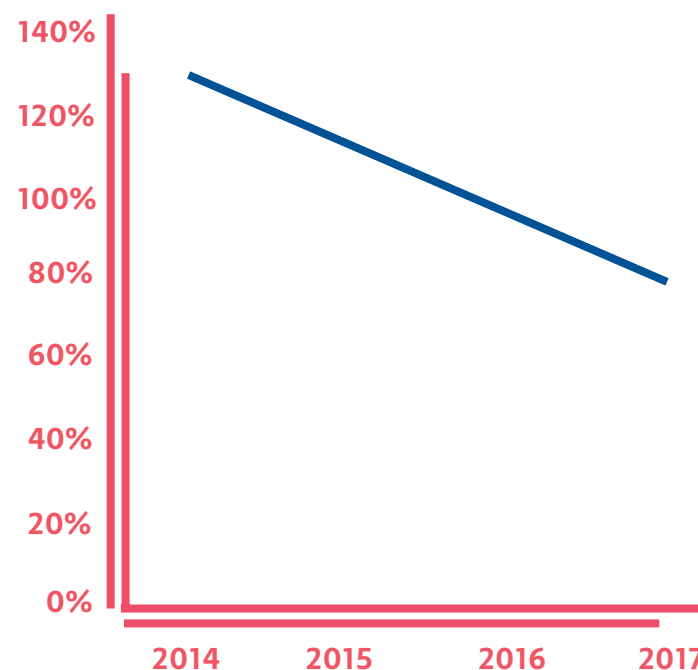


Figure 6. Turnover of the operational staff in Logrand Entertainment Group (2014 to 2017).

(403-2)

In the previous reporting period we agreed to continue exploring initiatives that contribute to improve the health of the employees and to reduce work accidents. During this period, the department of Civil Protection, Safety and Hygiene carried out several initiatives related to those commitments.

One of these initiatives was the creation of an accident and injuries monitoring system which provides important inputs for reducing incidents. As a result, the number of work related accidents was reduced from 114 in 2016 to 100 over the same period in 2017. Figure 6, shows the number of work related accidents that occurred during the period May to December 2017.

### Work accidents per year



Figure 4. Work related accidents during the period May to December 2016 and 2017.

### Work-related accidents involving women (May 1- December 31, 2017)



### Work-related accidents involving men (May 1- December 31, 2017)

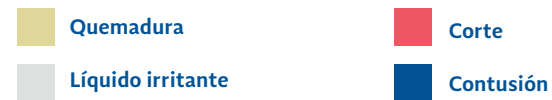


Figure 5. Work accidents by gender and type of injury

## Health and Safety Initiatives for our Employees

•**Accident Investigation and Monitoring System.** This tool developed by the Information Technology Department together with the Civil Protection, Safety and Hygiene Department, allows us to investigate in-situ accidents, capture occurrences, and give prompt follow-up to accidents, with the objective of reducing accidents through investigation and taking corrective actions. The system is in place since November 2017.

•**Vaccination campaigns and medical check-ups.** We launched a vaccination campaign to prevent Tetanus and Hepatitis B as well as a medical check-up for employees.

•**Visual health campaign.** This initiative included a free eye test for employees.

•**Emergency Brigades.** In September 2017, we provided training for emergency response, first aid, search and rescue and prevention and firefighting as well as evacuation exercises.

•**Evacuation drill.** In October 2017, the Civil Protection team organized an evacuation drill where all the employees of our head office participated.

•**Health and Safety Studies for the Casinos.** During this reporting period, three studies to guarantee safety in our casinos were carried out. These included an assessment of confined spaces, classification of containers subject to pressure and an assessment of exposure to extreme temperatures. In the three areas Logrand Entertainment Group was within the ranges allowed by the Health Ministry. However, to reinforce the safety for our employees we developed procedures to keep these factors within desirable levels.

## Our commitments for 2018

To implement the Logrand Standard of Work Conditions in all our casinos.

To implement corrective and preventive actions based on the results of the Accident Investigation and Monitoring System aiming at decreasing the number of work related accidents.

To complete an analysis of safety compliance for the future certification of the Work Health and Safety Self-management program granted by the Ministry of Labor and Social Welfare.

To explore and analyze flexible work schemes to promote work life balance for our employees.

### Optimal work conditions



# Diversity and equal opportunities

**A**t Logrand Entertainment Group, we value human dignity and reject any kind of discrimination. We believe that the promotion of equal opportunities has a positive impact on the professional development of our employees. In addition, promoting respect and non-discrimination contributes to a worthy and diverse workforce which in turn, contributes to the satisfaction of our employees.

Our accession to the UN Global Compact inspires us to work continuously to develop the necessary tools to prevent discrimination, harassment or any incidents of disrespect within our organization.

Our objective is to be an example of responsible business, providing a respectful, equal and decent work environment to our employees. To achieve this, we launched our Code of Ethics in November 2017. This code establishes the rules of conduct of the company including a decalogue that serves as a guide for our employees.

*“We respect the dignity of the individual and recognize their freedom and privacy, rejecting discrimination based on gender, marital status, religious affiliation, race, social status, sexual orientation, political affiliation, ethnicity, nationality, special needs and any other condition protected by the Law”*  
*Code of Ethics, Logrand Entertainment Group*

In 2017, we committed to convey a message of diversity and equality within the organization. In this reporting period, the Social Responsibility department offered training on Human Rights and its application within companies to raise awareness among employees from key areas such as Risks, Purchases, and Human Resources.

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**Principle 6 of the UN Global Compact**  
*“Businesses should uphold the elimination of discrimination in respect of employment and occupation.”*

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**Principle 1 of the UN Global Compact**  
*“Businesses should support and respect the protection of internationally proclaimed Human Rights”*



## Our 2018 commitments

In addition, we agreed to continue working on the standardization of the process of personnel selection. This commitment included actions such as developing guidelines to provide equal opportunities to all. In addition, we have achieved progress in this area by implementing competency interviews based on specific profiles for middle management positions. This will contribute to a personnel selection based on specific criteria focused on abilities. Also, during this period we mapped the hiring process and the staff selection guideless aiming to standardize and improve processes, which will also contribute to a fairer and more efficient personal selection process.

To promote greater diversity in our company and to encourage the inclusion of people with disabilities, since May 2017 we have worked with the Open Doors Association. This organization promotes inclusion through training and links people with disabilities to companies. As a result of this collaboration, a pilot program was implemented in the Casino Hollywood Estanzuela and has provided learning experiences regarding inclusion.

Another initiative started during this reporting period, was the creation of a complaints system by which our employees can report any deviation from the Code of Ethics. This tool promotes greater transparency and facilitates a more structured handling of reported incidents of abuse or discrimination. At the close of this reporting period, no complaints of discrimination were reported.

It is worth mentioning that since the publication of our First Sustainability Report, Logrand Entertainment Group, has closely monitored the diversity of our workforce to implement specific measures to promote inclusion and equal opportunities. In this reporting period, 29% of leadership positions within the company are occupied by women. We remain committed to achieve an even greater balance.

### Diversity and Equal Opportunities

Organize awareness talks focused on Women Empowerment and Leadership.

Strengthen the Talent Bank with women leaders.

Organize awareness talks on Human Rights for Managers.

Develop internal communication campaigns to promote the Code of Ethics and its Decalogue.

Update Recruitment and Operational Personnel Selection Policies.

# Training and education of our employees

**A**t Logrand Entertainment Group we believe that training and education for our employees are fundamental in achieving our growth objectives. Providing relevant training opportunities helps us retain the talent required and contributes to the satisfaction of our employees.

In addition, the training opportunities we provide to our employees have a positive impact on their long-term development of capabilities. For these reasons, we continuously invest in training and education that responds to our needs as a company but that also contributes to the personal and professional development of our employees.

## We develop the capacities and abilities of our employees

During the reporting period May-December 2017, we carried out the following initiatives as part of our training and education efforts.

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**In this reporting period we have offered a total of 17,927 hours of training to our employees.**

**Growth Ladder:** This program is part of the strategic activities of the department of Human Resources. It aims to develop specific competencies for the different functions of service staff of the casinos through certifications specific to the industry. Having defined competencies will ease training and assessment activities. The certifications will serve as the base for personal growth and professional development pathways of our employees. At the closing of this report we had four defined competency standards and we expect to get the official certifications by the end of next year.

**High School Program Logrando la Prepa:** During this reporting period we continued providing scholarships and work schedule flexibility, so our employees can finish high school. In August 2017 the third generation of Logrando la Prepa began classes with 25 students that will graduate in December 2018. We have added classroom-based modules to complement the online material and to reinforce the analytical abilities of the participants.

**Logrand University:** We are currently working on the design of training courses to enable staff in each defined position. This program covers all levels of the company and aims to map competencies or functional abilities for each area. In 2017, the department of Human Resources deployed this project in all client-facing positions. For every position, introductory and specialized training topics were identified. The goal is that in 2018 all training for client facing positions will be based on the new plan.

**Managerial Leadership Program:** This program aims to offer training designed and adapted to the specific needs of our company but also to provide tools for managers and middle management employees. It includes two courses with leadership modules. We have begun training for 96 managers and we are developing modules targeted at middle management positions and expect to start the corresponding training in 2018.

**Socially Responsible Leaders Course:** During this reporting period we invited 12 employees from different departments to participate in the course “Socially Responsible Leaders” organized by the civil association SELIDER. The course comprised of 10 weekly sessions aimed at disseminating a culture of social responsibility in young people interested in having a positive influence in their companies. Through this course, Logrand Entertainment Group proved its commitment to convey its sustainability approach to every area of the company. Within this course, several teams were formed to develop proposals for social projects on topics such as education, civic participation, health and community development. The projects were assessed and selected by experts. The three teams with winning proposals were comprised by employees of Logrand Entertainment Group.

**Table 4. Hours of training during the period May-December 2017**

Type of position	Hours of training
Supervisors	8,830
Operations	1,806
Administration	7,220
<b>Total hours</b>	<b>17,927</b>



"The Socially Responsible Leaders course has given me the opportunity to realize our ability to generate ideas and projects with social impact, both as individuals and as team. It is nice that the dynamic can be translated to the business arena and that our company Logrand Entertainment Group takes an interest in these initiatives. Now I have the necessary training to identify a social need allowing me to develop a study and proposal that can serve as a solution to a social issue".

Esmeralda Mata, Legal Department

## We promote talent

The Incorporation and Development team is responsible for organizing and managing the training programs in the Annual Training Plans. During this reporting period, we continued working in accordance with the Strategic Planning Process of the department of Human Resources, which helps managing the identification and development of talent.

In the previous Sustainability Report, we committed to expand the individual development plans and assessments of our employees. We have achieved this with the introduction of the Logrand Talent Bank which seeks to identify employees who for their loyalty, commitment, and performance could be candidates and natural successors to higher positions. This initiative includes competency assessments and follow-up through group development plans.

In this reporting period, 50 employees were selected nationally and were assessed in managerial competencies such as planning, strategy, administrative supervision, decision making among others. A training plan was developed according to their results. To date, we have provided training for all middle management positions of the casinos. In addition, we designed a Training Plan for 2018 for some supervisory positions.

With the Logrand Talent Bank and other assessment activities for managers and directors such as 360° and 9box evaluations, we increased the number of assessments of staff from 101 to 140. In addition, we carried out 50 Individual Development Plans, fulfilling the commitment acquired in the last period in respect the number of assessments and development plans for employees.

## 7 million pesos allocated to Development and Training in 2017

We also have initiatives such as Mentors and Pupils, focused on guiding employees through their development within the company. This program provides direction and accompaniment for participants. In 2017, we began a pilot program in Casino Jubilee and we expect to deploy it to other casinos in 2018.

With these initiatives we expect to continue providing assessments and development plans that help our employees reach their maximum potential.

## 11 million pesos allocated to Human Resources Strategic Programs

### Our 2018 commitments:

#### Training and Education

To double the number of scholarships for the program Logrando la Prepa compared to 2017.

To implement middle management training plans from the Logrand Talent Bank.

To implement training programs for managerial competencies for middle management positions and managers.

To implement the training and education programs of the Logrand University for operations and middle management levels.



**Supply  
Chain**

**SC**

(102-9, 308-1, 414-1, 408-1, 409-1, 412-3)

**S**ustainability in the supply chain is becoming more relevant for companies due to its internal and external impact. An appropriate management of the supply chain generates long-term profitability, creates value and offers important competitive advantages.

At Logrand Entertainment Group our objective is to achieve a sustainable supply chain and we work continuously to contribute to the social and economic development of the communities where we operate. The Procurement Department is responsible of incorporating the best Supply Chain practices in the company and has direct contact with our suppliers.

Including sustainability practices in the supply chain can have positive implications both on the environment and society. For Logrand Entertainment Group is very important not only to improve our internal processes but also to extend our positive impact externally. For this reason, we started to include in our Code of Ethics and in our supplier contracts this type of considerations.

## **We lead by example**

Aiming to expand our commitment with society and the environment, we organized meetings with our suppliers to communicate our sustainability strategy and to stress the importance of joining our sustainability efforts. As result from these meetings our suppliers signed a letter of commitment addressing the 10 Principles of the UN Global Compact. We adopted this practice in 2017 and since then all the new contracts will include that letter aiming that in subsequent years 100% of our suppliers align their operations and activities to the 10 Principles of the UN Global Compact.

In addition, we implemented measures to guide us in the selection of suppliers with better practices. In this reporting period, we included a Social Responsibility Clause on the tender requirements, which stresses the added value and importance of environmentally friendly products and services that respect the Human Rights.

**Principle 2 of the UN Global Compact**  
**“Businesses should make sure that they are not complicit in Human Rights Abuses”**

In addition, since August 2017 we have included in all our legal contracts a new clause promoting the respect to Human Rights in accordance with our commitment to the UN Global Compact and the Universal Declaration of Human Rights. With this, our suppliers agree that both in their work place and in their spheres of competence to comply with the principles of the UN Global Compact including the ban of forced or compulsory labor, elimination of child labor, the elimination of any kind of discrimination and the promotion of a safe work environment.

**Principle 4 of the UN Global Compact:**  
**“Business should uphold the elimination of all forms of forced and compulsory labor”**

**Principle 5 of the UN Global Compact:**  
**“Business should uphold the effective elimination of Child Labor”**

One of the most important indicators for this material aspect is the percentage of expenditure on local suppliers, which we have maintained at 97%. We believe that the development of the communities where we operate is a key aspect for the company, thus we choose to buy local products and services.

## We drive local economy: 97% of our suppliers are local.



“To develop our supplier base is a continued effort that adds value to our supply chain. Growing hand in hand with our business partners, ensures business continuity and proves the commitment of our department to the strategic supply”

Nelson Badillo, Procurement Department Manager

### Growing together: Supplier development.

Carnes Gomez is a local company that commercializes meats and has 54 employees. The company began as supplier of the Casino Jubilee, stocking more than 15 meat cuts and specialties. At the start, Carnes Gomez had only two vans with monitored refrigeration.

The accelerated growth of Logrand Entertainment Group that led to the establishment of norms and certifications in every casino as result of their commitment with the Distinctive H and the increased food consumption, were challenges for the supplier.

Carnes Gomez was subjected to new processes and procedures in which both companies worked together, particularly regarding new requirements and servicing the rest of the casinos of Logrand Entertainment Group in the metropolitan area of Monterrey. As result of the company’s growth, Carnes Gomez has now a fleet of 11 vans with monitored refrigeration.

For Logrand Entertainment Group it has been beneficial to have a business relation with a supplier willing to growth together in terms of operational efficiency, certification compliance, good service and product quality.

## Our 2018 commitments

### Supply Chain

To carry out internal environmental assessments of the products more relevant.

All our new contract suppliers will sign the letter of commitment covering the 10 principles of the UN Global Compact.

To carry out a supplier census.







# Environment



# Energy and emissions

For our company, energy consumption is one of the most important aspects due to the high energy requirement of this industry. In accordance with the UN Precautionary Principle, we make sure our actions and products do not have negative impacts on the environment or on the community.

**Principle 7 of the UN Global Compact**  
**“Business should support a precautionary approach to environmental challenges”**

We aim to reduce our impact on the environment through the efficient use of energy in our operations. During 2017, we carried out projects to reduce our energy consumption making it more efficient.

The maintenance team works in the implementation of these initiatives in each casino. Initially, employees of the operations department were asked to assess energy efficiency actions and programs.

## We achieve more with less



"At Logrand Entertainment Group we are committed to sustainability and we aim to reduce our impact on the environment. We are working to adapt our maintenance and infrastructure processes to make them more sustainable through a permanent joint."

Anna Canton, Construction and Maintenance Manager

In addition, we started monitoring the energy consumption of our casinos in a systematic manner and we are identifying our areas opportunity for the implementation of projects.

From May to December 2017 we used 22,252 MWh, increasing in 23.7% our electricity consumption compared to the same period in 2016, which was of 17,978 MWh. The inclusion of the Casinos Hollywood Estanzuela and Hollywood Constitucion in our reporting, contributed significantly to this rise.

## May - December 2017

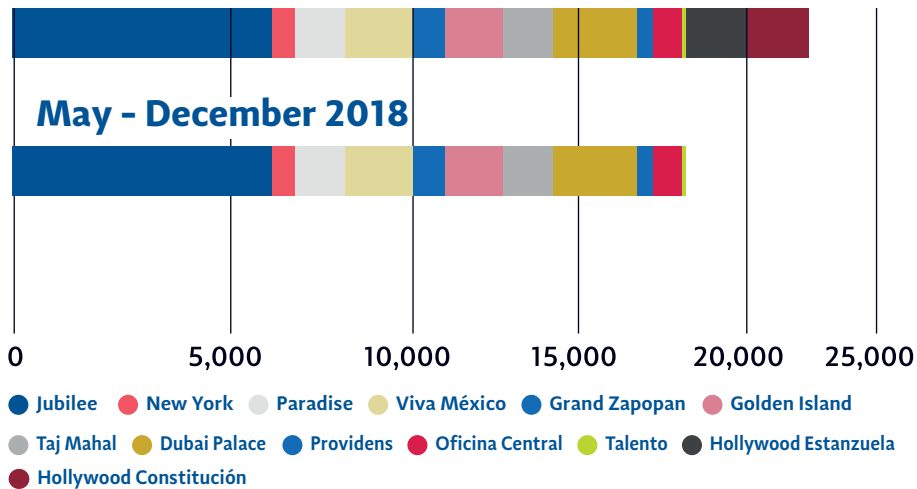


Figure 7. Energy consumption in the Casinos during the period May to December 2017

According to the Calculator of the National Registry of Emissions of 2017, our emissions resulting from the consumption of electricity, gas, and LP gas, amounted to 10,652 tons of CO<sub>2</sub> equivalent.

Emission source	Consumption (May-December 2017)	Emissions (tons of CO <sub>2</sub> equivalent)
Electricity	22,252 MWh	10,191.46
Natural Gas	123,099 m <sup>3</sup>	283.70
LP Gas	108,241 liters	177.32
<b>Total</b>		<b>10,652.48</b>

Table 4. Primary and secondary emissions generated by the company during the period May to December 2017

Some of our energy efficiency and energy saving activities were:

- ✓ Installation of energy efficiency infrastructure, including capacitor Banks in the casino Jubilee.
- ✓ LED technology in 80% of the luminaires of the casinos located in southern states.
- ✓ Pilot plan to save energy in our head offices.
- ✓ Exploring alternative sources of energy primarily solar energy and cogeneration.

### Principle 9 of the UN Global Compact “Business should encourage the development and diffusion of environmentally friendly technologies”

In 2018, we allocated budget for the installation of LED lighting in our Casinos, to drive the use of energy efficient technology. In this way 100% of lighting replacements will be LED technology.

## Our 2018 commitments

### Energy and Emissions

Every replacement of luminaries will be with LED technology.

Energy saving campaigns in the head office.

Thermal insulation and 100% of LED lighting in future casinos.

# Water

Every water-saving initiative we deploy is aimed at an efficient use of resources that contributes to reduce our environmental impact. Our commitment goes beyond the regulatory compliance.

As part of our sustainability efforts, for the first time we started to monitor water consumption on our facilities with supervision of our maintenance staff.

In the reporting period May to December 2017, we used a little more than 87 thousand cubic meters of water.

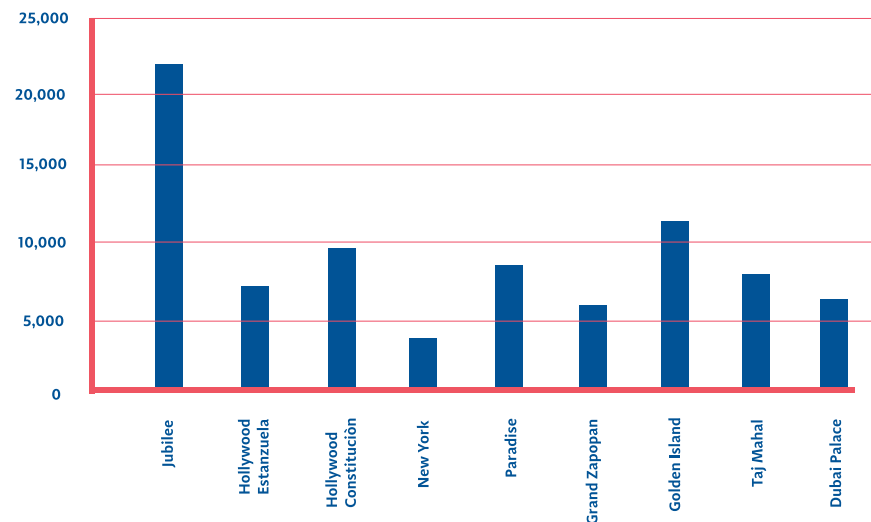


Figure 8. Water consumption in cubic meters (m3) in our Casinos during the period May to December 2017\*.

During this reporting period, our maintenance team developed proposals to reduce our water consumption. As result of this exercise we began exploring solutions for a better use of water.

In March 2017, we implemented a process to recover water from the cooling systems of the casino Dubai Palace located in Cancun. This system was implemented in 6 of 12 chillers of the casino and so far, we recovered five thousand liters of water, daily.

Thanks to this initiative in 2017 we saved approximately 1.5 million cubic liters of water. In 2018 we will implement this system in the remaining chillers of the casino. In addition, we aim to expand this system to other casinos in the southern area where the high level of humidity helps this water recovery system.

## Our 2018 commitments

### Water

To extend the water recovery system to other casinos in the southern area.

\*Due to the location of the casinos Viva Mexico and Providens, it was not possible to include them in this reporting cycle.

# Waste management

**A**t Logrand Entertainment Group we want to reduce the amount of waste that ends in the landfill. Our long-term objective is to reduce the environmental impact of our waste generation. To that end, during this period we worked to identify our main sources of waste, seeking alternatives to reduce, reutilize or recycling them.

In 2017 we identified the systematic monitoring of our waste as an area of opportunity. We then decided to identify the main waste products in our casinos and offices and as result we started developing initiatives for better disposal alternatives.

The systematic monitoring of waste that we intent to implement, requires a combined effort of several areas of our operation and although we have achieved significant progress, we still have a long way to go. In this period, we measured some of our waste generation such as cardboard and cooking oil, and we started assessing our PET consumption which is generated primarily from water bottles.

As result of the assessment, teams from the Support, Food & Drink, Procurement and Social Responsibility departments, worked together to develop a plan and a strategy for the implementation a PET recycling pilot program in the casino Hollywood Estanzuela, which will begin in the first quarter of 2018.

Although in the localities we operate recycling is not yet compulsory, at Logrand Entertainment Group we aim to create value in our daily activities. Some of the initiatives to reduce our environmental impact regarding waste generation are:

## **Styrofoam cups replacement**

In December 2017, we stopped using Styrofoam disposable cups in our head office. Due to its structure, Styrofoam is believed to take more than 500 years to discompose. For that reason, we carried out an awareness raising campaign on Styrofoam's environmental impact and we asked our employees to use reusable cups. In this way we can reduce the environmental impact of using more than 75 thousand Styrofoam cups per year in our head offices.

Per each kilo of Styrofoam we do not use, we avoided producing 3.46 kg of CO2 equivalent and we saved almost to 2kg of fossil fuels and more than 9 thousand liters of water used in their manufacture.

## **Cardboard recycling**

Since 2012, we recycle the cardboard waste of biggest casino, the Casino Jubilee in Monterrey, Nuevo León. With help of the support staff we separate the cardboard packaging from products, recycling in this way more than 8,800 kilos of this material. This has the following environmental benefits:

- ◉ 151 trees saved, that would produce oxygen for 567 persons and that would capture 1,801 kilos of Carbon Monoxide (CO2)
- ◉ 18 m3 of waste avoided
- ◉ 2,390,580 liters of water saved
- ◉ 13,281 kg of carbon monoxide (CO2) saved

**Principle 8 of the UN Global Compact**  
**“Businesses should undertake initiatives to promote greater environmental responsibility”.**

### Using residual cooking oil to generate biodiesel

The kitchens at our casinos generate cooking oil residues. We decided to send this residue to a third party to recycle it and produce biodiesel. Biodiesel is a fuel made of vegetal oil and produce less carbon monoxide emissions and other pollutants. We managed that 70% of the residual oil of our casinos be used to produce biodiesel, giving a new use to the more than 15 thousand liters oil residues generated in 2017.

### From organic waste to compost

In 2017 we started working with a waste collection service who uses our organic waste to make vermicomposting, which we use as fertilizer in our gardens. Apart from avoiding waste to go to the landfill and reducing our environmental impact, the vermicomposting provides multiple benefits for our gardens, including more nutrients and better water retention of plants.

### Biodegradable packages

A 100% of the sanitary and hygiene products and their packages, such as napkins and toilet paper, are biodegradable. The plastic package of these products decomposes 5 times faster than normal plastic. The packaging has a biodegradable additive, made of natural environmentally friendly materials. This technology controls the quality and life span of the products; the decomposing starts when it is exposed to the heat, UV rays and oxygen.

## Our 2018 commitments

### Waste management

To develop waste management procedures, including the disposal of batteries and tonners.

To implement a pilot recycling program of PET bottles.

To expand the recycling of PET plastic bottles to at least two casinos

To explore the replacement of disposable polystyrene items for more sustainable alternatives, starting this year with a pilot program.



**COMMUNITIES**



# Our commitment with the communities

Logrand Entertainment Group has a commitment to promote harmony within the communities we operate and with our employees. We aim that our balanced and continuous growth generates benefits and social value for the community surrounding us through every action we perform.

## Passion is our drive

In a survey for neighbors of our operations, 94% stated that they would like local companies to support their community. For many years, at Logrand Entertainment Group, we have carried out initiatives benefiting communities and we will continue with these efforts which are also relevant for our stakeholders. In 2017 we focused on formalizing our social initiatives to consolidate our community strategy. In this way, we ensure greater transparency regarding the impact of our support.

### Adoption of the Bonanza Park – Casino Taj Mahal

Since 2016, the Casino Taj Mahal participates in the local government program “Adopt a Park” which aims to rescue public spaces. The Bonanza Park was selected by our Casino as it is located in the same neighborhood.

Since then, the Casino has contributed to the installation of a surveillance boot and a grass football pitch, as well as a playground for younger children. The Casino organizes regular maintenance works such as painting, tree trimmings, lawn mowing and fixtures when are necessary. In 2017, the investment we made for improvements of the park was of more than \$450,000 pesos.

In addition, in December, employees of the Casino Taj Mahal organized

the traditional Christmas party for people of the neighborhood Bonanza, who enjoyed the gathering and the different activities throughout the day.

### Donation of backpacks for outstanding students- Casino Taj Mahal

In August 2017, it took place the event “Children of Ten” recognizing students with the highest grades in the 17 municipalities of the State. Staff of the Casino Taj Mahal participated in this event giving backpacks to the 909 students with higher grades.

### United we are stronger: Supporting affected population of the earthquakes

In November 2017, we organized a donation campaign in our Casinos and head office. We collected 7,500 food and supply items that were distributed through the Red Cross to the communities most affected by the earthquakes occurred in the center and southern areas of the country.

UNIDOS  
SOMOS  
FUERZA





## Operation Smile 2017

In November and December 2017, employees of Logrand Entertainment Group donated toys to children in need. The company matched the donations of employees. As result of to the efforts of our employees, we donated more than five thousand toys, surpassing the amount donated last year.

Employee volunteers distributed toys in different locations of the country and they received letters as sign of gratitude from children in the benefited institutions:

- Primary School Ciudad de los Niños A.C. de Guadalupe, Nuevo León
- Primary School Ciudad de los Niños A.C. de Monterrey, Nuevo León
- Preschool Ciudad de los Niños A.C. de Monterrey, Nuevo León
- Parish San José en Raíces, Galeana, Nuevo León
- Ministry Groups Pastoral Familiar y Club Giro en el "Tren de la Alegría" de la Cuasiparroquia Las Tres Cruces en Cancún, Quintana Roo
- Project Navidad del Niño Indígena de Rotaract Cancún Bicentenario del poblado Chan Cenote del municipio de Tizimin, Yucatán
- Centro Santa María, Jalisco
- Centro Echeverría, Jalisco
- Centro María Vicenta, Jalisco
- Fundation Afriel A.C., Tabasco
- Creando Sueños, Construyendo Esperanzas A.C., Tabasco
- Una Enseñanza con Amor A.C., Tabasco
- Centro de Atención Luz de Vida A.C., Tabasco
- Ángeles Creativos A.C., Tabasco



“Since the beginning of our company, Logrand Entertainment Group has stood out for its commitment with social and humanitarian causes, seeking always to generate shared value. Such commitment extends to the communities where we operate and with our social responsibility strategy we aim to improve our surroundings”

Viviana Ruiz, Social Responsibility Specialist

## Mexican Association of Care for Children with Catastrophic Diseases (AMANEC as per its acronym in Spanish)



Since 1998, AMANEC supports families with limited economic resources that have children or adolescents with cancer and other complex diseases. AMANEC helps by developing specialized medical programs focused on prevention, education and research to improve the quality of life of patients and their families.

Some of the diseases covered by this organization are cancer, kidney diseases, diabetes, rheumatoid arthritis, HIV, among others. AMANEC provides comprehensive care from diagnostics and follow up as well as psychological and psychosocial support.

Additionally, AMANEC organizes recreation events not only to patients but for all their families as they are also affected by these diseases. This year some of the activities included visits to attractions such as Alfa Planetarium, Kidzania, Horno 3 and activities such ice skating, costume parties, among others.

In 2017, Logrand Entertainment group supported AMANEC with more than 1,000 hours of communication and management consultancy. Some of the activities we provided support were content development (manual, newsletters, presentations and reports), public relations (donor and media relations) and events (institutional, fundraising, and assemblies).

### Volunteering in AMANEC talk

In December 2017, we host an AMANEC talk for employees of our head office, to invite them to participate as volunteers in the different programs of AMANEC. During this talk, employees got to know the efforts of this organization and heard the testimony of two people that received the support of AMANEC. The employees interested in becoming volunteers registered to participate in different programs including fundraising and sponsorship.

### Centro María Cristina A.C.

Since a few years ago, Logrand Entertainment Group supports Centro Maria Cristina which offers free special education for children, young people and adults with Down Syndrome. The association was funded in 1986 with the objective of promoting inclusion and a dignified and fulfilled life style for people with Down Syndrome.

In 2017, Centro Maria Cristina provided support to 23 beneficiaries of the organization in areas of psychology, language, special education, socialization and cooking and painting classes.

Logrand Entertainment Group support to the Center helps to ensure the coverage of its fixed costs, such as the wages of the teachers.

### Christmas Party

In December 2017 took place the Christmas Party of the Maria Cristina Center. Employees of Logrand Entertainment Group had the opportunity to participate as volunteers.



### **University Center Against Cancer at the Hospital Dr. Jose Eleuterio Gonzalez of the Autonomous University of Nuevo Leon.**



We provide a monthly contribution to the University Center Against Cancer, for the study and cure of Leukemia. The Center provides medical support to patients that often do not have the economic resources to cost the treatment and medical tests required.

Only in 2017, the Center gave medical care to 190 patients in the Hematology area of the University Hospital, in addition it offered 1,889 consultations. Our economic contribution makes it possible to pay tests with the highest technology. In addition, it fosters medical clinical research. In the last three years, 12 subspecialists have concluded their Hematology studies at the Center. Thanks to our support, the Center has published seven scientific papers between 2016 and 2017 in international academic journals.

### **From Heart to Heart Foundation**

We also support the Heart to Heart Foundation, which is based in Oaxaca and works in the benefit of children with cancer, by supporting their treatments. The foundation carries out fund raising events throughout the year. One of these activities was the 4th Marathon in support of the children with cancer of the Public Hospital Aurelio Valdivieso of Oaxaca.

### **Humanitarian Raffle**

As every year, we contributed to the Humanitarian Raffle. In 2017, our contribution was of more than three million pesos.



Thanks to the Humanitarian Raffle, it was possible the construction of a building for the government agency for the Family Comprehensive Development (DIF as per acronym in Spanish), which provides permanent support to the region. In addition, support was provided to the Center for Comprehensive Care for Senior Citizens, located in Tlajomulco de Zuñiga, which provides care for elderly people in the metropolitan area of Guadalajara, including Zapopan, Tonalá, Tlaquepaque and Tlajomulco.

With the raffle of December, the resources obtained were channeled to the DIF agency in Tonalá. These resources are being allocated to purchase of wheel chairs and medical equipment as well as medical devices such as prothesis and hearing aids for other DIF centers. In the specific case of DIF Puerto Vallarta the money contributes to the Rehabilitation Center for Elderly People.

## **Our 2018 commitments**

### **Communities**

Submit the Communication of Progress report of the Global Compact.

To develop and implement community initiatives in relation to our strategic areas (green urban areas, health, and senior citizens).

# Regulatory compliance

**R**egulatory Compliance is one of the most relevant topics for our stakeholders. In an industry as visible as ours, it is important for Lo-grand Entertainment Group to be a referent of transparency and adherence to the rule of law.

## We do the right thing even when nobody is watching

It is our responsibility to promote and ensure we operate with strict adherence to the law and regulations applicable to our business. To achieve this, our Compliance and Risk Management Departments monitor and develop robust compliance processes to ensure our operation and to stand out as a company socially responsible.

Our operations fully comply with the Federal Law of Gaming and Lotteries which regulates the activities of every business unit focused on gaming and entertainment, as well as all the all applicable legal dispositions that allow us to work in a framework of legality.

In 2017, we worked to reduce fines through regulatory compliance reports and to mitigate risks in respect of money laundering. In addition, when adhering to the UN Global Compact, we undertook the commitment of promoting and implementing anti-corruption measures.

During this period, we continued the mapping and analysis of current applicable regulation and its amendments for our regulatory compliance matrix. Subsequently, we worked assessing every casino in relation with the permits and licenses required by federal, state and municipal regulations.

### REGULATORY COMPLIANCE

**No fines** for regulatory non-compliance

**No fines** for environmental non-compliance

**87 hours** of training on topics of Regulatory Compliance

**572 hours** of training on anti-money laundering

In the period May to December 2017 we carried out the following actions regarding money laundering prevention (MLP) and anti-corruption:

- Integration of the Lexis Nexis system to our MLP system which allows a real-time client search in the relevant black lists.
- Automatic issuance of withholding receipts through the MLP system for the clients of slot machines and gaming tables
- Implementing the generation of registration receipts of clients in all our casinos, which mitigates risks and eases the fulfillment of the owner-beneficiary declaratory.
- Configuration of notifications for money laundering prevention in the system so they are automatically generated under certain circumstances
- Mapping potential risks in every department of the company in relation to potential corruption practices

- ◉ Mapping of instruments and actions carried out by Logrand Entertainment Group to identify and mitigate potential corruption practices.
- ◉ Communication of content and responsibilities included in the Code of Ethics, as well as of the complaints mechanisms to all the Board of Directors.
- ◉ Communication of content and responsibilities included in the Code of Ethics and the complaints mechanisms to all the employees of the company.

**Principle 10 of the UN Global Compact:  
“Business should work against corruption in all its forms, including extortion and bribery.”**

## Anticorruption instruments

As part of our efforts to prevent and detect situations of corruption, we have the following instruments:

- ✓ Specific regulation within the Code of Ethics that governs relations with Stakeholders such as clients, suppliers, authorities and community as well as the operations and activities.
- ✓ Complaint mechanisms to ensure the effectiveness of our commitments in the Code of Ethics, including mechanisms aiming to solve questions and cases that may come up.
- ✓ Guidelines for gifts reception.
- ✓ Purchasing policy that includes actions to prevent conflict of interests.
- ✓ Information Security Policy, which includes guidelines to protect personal data.

## Our 2018 commitments

### Regulatory Compliance

Actively participate in consultations and committees of the Interior Government (SEGOB as per its acronym in Spanish) in respect of laws, regulations and guidelines of the industry

Continuous validation of processes ensuring the appropriate regulatory compliance.

Implementation of internal processes in preparation of the new amendments to the guidelines, regulations and the Law of Gaming and Lotteries.

To develop an anti-corruption policy.

Implementation of on-site training on MLP topics.

To automate the process of generation of fiscal receipts and divulgate it on the casinos.

Automate self-assessments of regulatory compliance in the casinos.



# GRI Content Index

(102-55)

## GRI Content Index

### GRI Standard

### Disclosure

### Page/Information

### UN Global Compact

#### GRI 101: Foundation 2016

#### GRI 102: General Disclosures 2016 Organizational Profile

102-1	Name of the organization	Page 7	
102-2	Activities, brands, products and services	Page 12, 13, 14, 15	
102-3	Location of headquarters	Page 7	
102-4	Location of operations	Page 9	
102-5	Ownership and legal form	Sociedad Anónima de Capital Variable (S.A. de C.V.)	
102-6	Markets served	Page 9	
102-7	Scale of the organization	Page 8	
102-8	Information of employees and other workers	Page 6	
102-9	Supply Chain	Page 46	
102-10	Significant changes in the organization and its supply chain	In this reporting period there were not significant changes in the operation or supply chain of the organization.	
102-11	Precautionary principle or approach	Page 50	Principle 7
102-12	External Initiatives	Page 21	
102-13	Membership of associations	Page 21	

#### Strategy

102-14	Statement of senior decision-maker	Page 5	
102-15	Key impacts, risks, and opportunities	Page 5	

#### Ethics and integrity

	Values, principles, standards and norms of behavior	Page 18	
	Mechanisms for advice and concerns about ethics	Page 19	



## Governance

102-18	Governance structure	Page 20
102-20	Executive level responsibility for economic, environmental and social topics	Page 20
102-26	Role of the highest governance body in setting purpose, values and strategy	Page 20

## Stakeholder engagement

102-40	List of stakeholder groups	Page 25, 26
102-41	Collective bargaining agreements	The 70% of our employees belong to union, 100% of our employees are covered by a collective contract. Principle 3
102-42	Identifying and selecting stakeholders	Page 24
102-43	Approach to stakeholder engagement	Page 24
102-44	Key topics and concerns raised	Page 25, 26

## Reporting practice

102-45	Entities included in the consolidated financial statements	Operadora de Salas de Juego y Entretenimiento, S.A. de C.V. Jeyv de Nuevo León, S.A. de C.V. Operadora Megawin, S.A. de C.V. Operadora Class, S. de R.L. de C.V. Operadora NT, S.A. de C.V., SOFOM, ENR Montevalores, S.A. de C.V. Marsa Platinum, S. de R.L. de C.V. Operadora Loma Larga, S. de R.L. de C.V.
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102-45	Entities included in the consolidated financial statements	<p>Administradora de Bingo Cancún S. de R.L. de C.V.</p> <p>Operadora de Bingo San Agustín, S. de R.L. de C.V.</p> <p>Administradora de Entretenimiento Guasave, S.A. de C.V.</p> <p>Talento Institucional, S.A. de C.V.</p> <p>Administradora de Talento Ejecutivo, S.A. de C.V.</p> <p>Consortio Integral Internacional, S.A. de C.V.</p> <p>Grupo RGSA S. de R.L. de C.V.</p> <p>Operadora de Bingo San Agustín, S. de R.L. de C.V.</p> <p>Newdrinks, S.A. de C.V.</p> <p>New Ads, S.A. de C.V.</p> <p>Remote Sports Network, S.A. de C.V.</p> <p>Grupo Fobes, S.A. de C.V.</p>
		Page 23, 27, 28
		Page 28
102-46	Defining report content and topic boundaries	Due to a restatement of information, in the previous reporting period (mayo 2016-april
102-47	List of material topics	2017) there were 178 accidents.
102-48	Restatements of information	Page 6
102-49	Changes in reporting	

102-50	Reporting period	Page 6
102-51	Date of most recent report	Page 6
102-52	Reporting cycle	Page 6
102-53	Contact point for questions regarding the report	Page 6
102-54	Claims of reporting in accordance with the GRI standards	Page 6
102-55	GRI Content Index	Page 64
102-56	External assurance	Page 6

### Economic Performance

#### GRI 103: : Management approach 2016

103-1	Explanation of the material topic and boundary	Page 16
103-2	The management approach and its components	Page 16
103-3	Evaluation of the management approach	Page 16

#### GRI 201: Economic Performance 2016

201-1	Direct economic value generated and distributed	Page 16
201-4	Financial assistance received from government	We did not receive any kind of financial assistance from government.

### Material aspects

#### Training and Education of our Employees

#### GRI 103: : Management approach 2016

103-1	Explanation of the material topic and boundary	Page 42
103-2	The management approach and its components	Page 42, 43, 44
103-3	Evaluation of the management approach	Page 43

#### GRI 404: Training and education 2016

404-1	Average hours of training per year per employee	In the reporting period May- December 2017 we granted 4.8 of training per employee.
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404-2	Programs for upgrading employee skills	Page 42
404-3	Percentage of employees receiving regular performance and career development reviews	190 employees, which is 5.1% receive regular performance and development assessment.

## Optimal work conditions for our employees

### GRI 103: Management approach 2016

103-1	Explanation of the material topic and boundary	Page 36
103-2	Management approach and its components	Page 36, 37, 38, 39
103-3	Evaluation of the management approach	Page 36, 37, 38

### GRI 401: Employment 2016

401-1	New employee hires and employee turnover	Page 36, 37
401-2	Benefits provided to fulltime employees that are not provided to temporary and part-time employees.	Page 37
401-3	Parental leave	In this reporting period, 38 maternity leave permits, and 56 paternity leave permits were granted. The incorporation rate after the leave was 100% and 92% in the 12 subsequent months.

## GRI 403: Occupational health and safety 2016

403-2	Types of injury and rates of injury, occupational diseases	Page 38
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## Diversity and Equal Opportunities

### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	Page 40
103-2	Management approach and its components	Page 40, 41
103-3	Evaluation of the management approach	Page 40

### GRI 406: Non-discrimination 2016

406-1	Incidents of discrimination and corrective actions taken	In the reporting period there were not any incidents of discrimination reported	Principle 1, Principle 6
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Page 41

## Responsible Gaming

### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	Page 30
103-2	Management approach and its components	Page 30
103-3	Evaluation of the management approach	Page 30

## Health and Safety of our Clients

### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	Page 31
103-2	Management approach and its components	Page 31
103-3	Evaluation of the management approach	Page 31

**GRI 416: Customer Health and safety 2016**

416-1	Assessment of health and safety impacts of products and service categories	Page 31
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In the reporting period there were not incidents of non-compliance regarding health and safety impacts of our products and services.

**Satisfaction of our clients****GRI 103: Management approach 2016**

103-1	Explanation of the material topic and its boundaries	Page 32
103-2	Management approach and its components	Page 32
103-3	Evaluation of the management approach	Page 32

**Protection of personal data****GRI 103: Management approach 2016**

103-1	Explanation of the material topic and its boundary	Page 33
103-2	Management approach and its components	Page 33
103-3	Evaluation of the management	Page 33

**GRI 418: Customer Privacy 2016**

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 33
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## Transparency

### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	Page 34
103-2	Management approach and its components	Page 34
103-3	Evaluation of the management approach	Page 34

## Supply Chain

### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	Page 46
103-2	Management approach and its components	Page 46, 47
103-3	Evaluation of the management approach	Page 46

### GRI 204: Procurement Practices 2016

204-1	Proportion of spending in local suppliers	Page 47
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### GRI 308: Supplier environment assessment 2016

308-1	New suppliers that were screened using environmental criteria	Page 46	Principle 8
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### GRI 408: Child Labor 2016

408-1	Operations and suppliers at significant risk for incidents of child labor	Page 46	Principle 5
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**GRI 409: Forced or compulsory labor 2016**

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 46	Principle 2, Principle 4
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**GRI 412: Human Rights Assessment 2016**

412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Page 46	Principle 2,
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**GRI 414: Supplier Social Assessment 2016**

414-1	New suppliers that were screened using social criteria	Page 46	Principle 2
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**Energy and Emissions****GRI 103: Management approach 2016**

103-1	Explanation of the material topic and its boundaries	Page 50	
103-2	The management approach and its components	Page 50, 51	
103-3	Evaluation of the management approach	Page 50	

**GRI 302: Energy 2016**

302-1	Energy consumption within the organization	Page 50	Principle 9
302-4	Reduction of energy consumption	Page 50	Principle 8

**GRI 305: Emissions 2016**

305-1	Direct (Scope 1) GHG emissions	Page 51	Principle 9
305-2	Indirect (Scope 2) GHG emissions	Page 51	Principle 8



## Water

### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	Page 52
103-2	The management approach and its components	Page 52
103-3	Evaluation of the management approach	Page 52

### GRI 303: Water 2016

303-1	Water withdrawal by source	Page 52
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### GRI 306: Effluents and waste 2016

306-1	Water discharge by quality of destination	Our water discharge is done through the municipal sewage system of each of our operations.
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## Waste management

### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	Page 53
103-2	The management approach and its components	Page 53, 54
103-3	Evaluation of the management	Page 53

### GRI 306: Effluents and waste 2016

306-2	Waste by type and disposal method	Page 53	Principle 8, Principle 9
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## Our commitment with the Communities

### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	Page 56
103-2	Management approach and its components	Page 56, 57, 58, 59
103-3	Evaluation of the management approach	Page 56

### GRI 413: Local communities 2016

413-1	Operations with local community engagement, impact assessments and development programs	Page 56
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## Regulatory compliance

### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its boundary	Page 60
103-2	The management approach and its components	Page 60, 61
103-3	Evaluation of the management approach	Page 60

### GRI 205: Anti-corruption 2016

205-1	Operations assessed for risks related to corruption	Page 60	Principle 10
205-2	Communication and training about anti-corruption policies and procedures	100% of the board of directors have received communication on the Code of Ethics and complaint mechanisms including anti-corruption topics. In addition, all employees were invited to receive training, with above 90% of participation. Page 60	Principle 10

### GRI 307: Regulatory compliance 2016

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307-1	Non-compliance with environmental laws and regulations	Page 60
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### GRI 419: Socioeconomic compliance 2016

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419-1	Non-compliance with laws and regulations in the social and economic area	There was one non-monetary sanction in the fiscal context (October 2017)
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