



SUSTAINABILITY ACCOUNTING STANDARD
SERVICES SECTOR

CASINOS & GAMING

Sustainability Accounting Standard

Sustainable Industry Classification System™ (SICS™) #SV0202

Prepared by the
Sustainability Accounting Standards Board®

December 2014
Provisional Standard

CASINOS & GAMING

Sustainability Accounting Standard

About SASB

The Sustainability Accounting Standards Board (SASB) provides sustainability accounting standards for use by publicly listed corporations in the U.S. in disclosing material sustainability information for the benefit of investors and the public. SASB standards are designed for disclosure in mandatory filings to the Securities and Exchange Commission (SEC), such as the Form 10-K and 20-F. SASB is an independent 501(c)3 non-profit organization. Through 2016, SASB is developing standards for more than 80 industries in 10 sectors.

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INTRODUCTION

Purpose & Structure

This document contains the SASB Sustainability Accounting Standard (SASB Standard) for Casinos & Gaming.

SASB Standards are comprised of **(1) disclosure guidance and (2) accounting standards on sustainability topics** for use by U.S. and foreign public companies in their annual filings (Form 10-K or 20-F) with the U.S. Securities and Exchange Commission (SEC). To the extent relevant, SASB Standards may also be applicable to other periodic mandatory filings with the SEC, such as the Form 10-Q, Form S-1, and Form 8-K.

SASB's disclosure guidance identifies sustainability topics at an industry level, which may be material— depending on a company's specific operating context— to a company within that industry.

Each company is ultimately responsible for determining which information is material and is therefore required to be included in its Form 10-K or 20-F and other periodic SEC filings.

SASB's accounting standards provide companies with standardized accounting metrics to account for performance on industry-level sustainability topics. When making disclosure on sustainability topics, companies adopting SASB's accounting standards will help to ensure that disclosure is standardized and therefore useful, relevant, comparable, and auditable.

Industry Description

Publicly held Casinos & Gaming companies operate gambling facilities or platforms, including brick-and-mortar casinos, riverboat casinos, online gambling websites, and racetracks. The broader industry is dominated by privately held Native American casinos, which significantly outnumber publicly held casinos. Native American casinos are generally owned and operated by tribes, but sometimes can be managed by commercial casino operators or other management companies. The industry is characterized by high levels of regulatory scrutiny, which represents the main barrier to entry for new players. Fewer than half of states have legalized commercial casinos in some form.

Note: Select companies in the Casinos & Gaming industry are also engaged in activities of the Hotels & Lodging and/or Restaurants industries. SASB standards for such activities are outlined in the Hotels & Lodging and Restaurants standards. For the purposes of this standard, it is assumed that Casinos & Gaming companies are engaged solely in operating gambling facilities and providing online gaming services, and therefore issues around water management in lodging facilities and food safety, which may be material for companies in the industry that have significant hotel and restaurant operations, are not covered by this standard.

Guidance for Disclosure of Material Sustainability Topics in SEC Filings

1 . Industry-Level Sustainability Disclosure Topics

For the Casinos & Gaming industry, SASB has identified the following sustainability disclosure topics:

- Energy Management
- Responsible Gaming
- Smoke-free Casinos
- Internal Controls on Money Laundering
- Political Spending

2 . Company-Level Determination and Disclosure of Material Sustainability Topics

Sustainability disclosures are governed by the same laws and regulations that govern disclosures by securities issuers generally. According to the U.S. Supreme Court, a fact is material if, in the event such fact is omitted from a particular disclosure, there is “a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the ‘total mix’ of the information made available.”^{1,2}

SASB has attempted to identify those sustainability topics that it believes may be material for all companies within each SICS industry. SASB recognizes, however, that each company is ultimately responsible for determining what is material to it.

Regulation S-K, which sets forth certain disclosure requirements associated with Form 10-K and other SEC filings, requires companies, among other things, to describe in the Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section of Form 10-K “any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. If the registrant knows of events that will cause a material change in the relationship between costs and revenues (such as known future increases in costs of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.”²

Furthermore, Instructions to Item 303 state that the MD&A “shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition.”²

In determining whether a trend or uncertainty should be disclosed, the SEC has stated that management should use a two-part assessment based on probability and magnitude:

- First, a company is not required to make disclosure about a known trend or uncertainty if its management determines that such trend or uncertainty is not reasonably likely to occur.
- Second, if a company’s management cannot make a reasonable determination of the likelihood of an event or uncertainty, then disclosure is required unless management determines that a material effect on the registrant’s financial condition or results of operation is not reasonably likely to occur.

¹ TSC Industries v. Northway, Inc., 426 U.S. 438 (1976).

² C.F.R. 229.303(item 303)(a)(3)(ii).

3 . Sustainability Accounting Standard Disclosures in Form 10-K

a. Management's Discussion and Analysis

Companies should consider making disclosure on sustainability topics as a complete set in the MD&A, in a subsection titled **"Sustainability Accounting Standards Disclosures."**³

b. Other Relevant Sections of Form 10-K

In addition to the MD&A section, companies should consider disclosing sustainability information in other sections of Form 10-K, as relevant, including:

- **Description of business**—Item 101 of Regulation S-K requires a company to provide a description of its business and its subsidiaries. Item 101(c)(1)(xii) expressly requires disclosure regarding certain costs of complying with environmental laws:

Appropriate disclosure also shall be made as to the material effects that compliance with Federal, State and local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, may have upon the capital expenditures, earnings and competitive position of the registrant and its subsidiaries.

- **Legal proceedings**—Item 103 of Regulation S-K requires companies to describe briefly any material pending or contemplated legal proceedings. Instructions to Item 103 provide specific disclosure requirements for administrative or judicial proceedings arising from laws and regulations that target discharge of materials into the environment or that are primarily for the purpose of protecting the environment.
- **Risk factors**—Item 503(c) of Regulation S-K requires filing companies to provide a discussion of the most significant factors that make an investment in the registrant speculative or risky, clearly stating the risk and specifying how a particular risk affects the particular filing company.

c. Rule 12b-20

Securities Act Rule 408 and Exchange Act Rule 12b-20 require a registrant to disclose, in addition to the information expressly required by law or regulation, "such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading."

More detailed guidance on disclosure of material sustainability topics can be found in the **SASB Conceptual Framework**, available for download via <http://www.sasb.org/approach/conceptual-framework/>.

³ SEC [Release Nos. 33-8056; 34-45321; FR-61] [Commission Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations](#): "We also want to remind registrants that disclosure must be both useful and understandable. That is, management should provide the most relevant information and provide it using language and formats that investors can be expected to understand. Registrants should be aware also that investors will often find information relating to a particular matter more meaningful if it is disclosed in a single location, rather than presented in a fragmented manner throughout the filing."

Guidance on Accounting of Material Sustainability Topics

For sustainability disclosure topics in the Casinos & Gaming industry, SASB identifies accounting metrics.

SASB recommends that each company consider using these sustainability accounting metrics when disclosing its performance with respect to each of the sustainability topics it has identified as material.

As appropriate—and consistent with Rule 12b-20⁴—for each sustainability topic, companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported. Where not addressed by the specific accounting metrics, but relevant, the registrant should discuss the following, related to the topic:

- The registrant's **strategic approach** to managing performance on material sustainability issues;
- The registrant's competitive positioning;
- The **degree of control** the registrant has;
- Any measures the registrant has undertaken or plans to undertake to improve performance; and
- Data for the registrant's **last three completed fiscal years** (when available).

SASB recommends that registrants use SASB Standards specific to their primary industry as identified in the [Sustainable Industry Classification System \(SICSTM\)](#). If a registrant generates significant revenue from multiple industries, SASB recommends that it consider the materiality of the sustainability issues that SASB has identified for those industries and disclose the associated SASB accounting metrics.

Users of the SASB Standards

The SASB Standards are intended for companies that engage in public offerings of securities registered under the Securities Act of 1933 (the Securities Act) and those that issue securities registered under the Securities Exchange Act of 1934 (the Exchange Act),⁵ for use in SEC filings, including, without limitation, annual reports on Form 10-K (Form 20-F for foreign issuers), quarterly reports on Form 10-Q, current reports on Form 8-K, and registration statements on Forms S-1 and S-3. Nevertheless, disclosure with respect to the SASB Standards is not required or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

⁴ SEC Rule 12b-20: "In addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading."

⁵ Registration under the Securities Exchange Act of 1934 is required (1) for securities to be listed on a national securities exchange such as the New York Stock Exchange, the NYSE Amex, and the NASDAQ Stock Market or (2) if (A) the securities are equity securities and are held by more than 2,000 persons (or 500 persons who are not accredited investors) and (B) the company has more than \$10 million in assets.

Scope of Disclosure

Unless otherwise specified, SASB recommends:

- That a registrant disclose on sustainability issues and metrics for itself and for entities in which the registrant has a controlling interest and therefore are consolidated for financial reporting purposes (controlling interest is generally defined as ownership of 50% or more of voting shares);⁶
- That for consolidated entities, disclosures be made, and accounting metrics calculated, for the whole entity, regardless of the size of the minority interest; and
- That information from unconsolidated entities not be included in the computation of SASB accounting metrics. A registrant should disclose, however, information about unconsolidated entities to the extent that the registrant considers the information necessary for investors to understand its performance with respect to sustainability issues (typically, this disclosure would be limited to risks and opportunities associated with these entities).

Reporting Format

Activity Metrics and Normalization

SASB recognizes that normalizing accounting metrics is important for the analysis of SASB disclosures.

SASB recommends that a registrant disclose any basic business data that may assist in the accurate evaluation and comparability of disclosure, to the extent that they are not already disclosed in the Form 10-K (e.g., revenue, EBITDA, etc.).

Such data—termed “activity metrics”—may include high-level business data such as total number of employees, quantity of products produced or services provided, number of facilities, or number of customers. It may also include industry-specific data such as plant capacity utilization (e.g., for specialty chemical companies), number of transactions (e.g., for Internet media and services companies), hospital bed days (e.g., for health care delivery companies), or proven and probable reserves (e.g., for oil and gas exploration and production companies).

Activity metrics disclosed should:

- Convey contextual information that would not otherwise be apparent from SASB accounting metrics.
- Be deemed generally useful for users of SASB accounting metrics (e.g., investors) in performing their own calculations and creating their own ratios.
- Be explained and consistently disclosed from period to period to the extent they continue to be relevant. However, a decision to make a voluntary disclosure in one period does not obligate a continuation of that disclosure if it is no longer relevant or if a better metric becomes available.

⁶ See US GAAP consolidation rules (Section 810).

Where relevant, SASB recommends specific activity metrics that—at a minimum—should accompany SASB accounting metric disclosures.

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Number of tables	Quantitative	Number	SV0202-A
Number of slots	Quantitative	Number	SV0202-B
Number of online gaming accounts	Quantitative	Number	SV0202-C
Total area of gaming floor	Quantitative	Square meters (m ²)	SV0202-D

Units of Measure

Unless specified, disclosures should be reported in International System of Units (SI units).

Uncertainty

SASB recognizes that there may be inherent uncertainty when disclosing certain sustainability data and information. This may be related to variables such as the imperfectness of third-party reporting systems or the unpredictable nature of climate events. Where uncertainty around a particular disclosure exists, SASB recommends that the registrant should consider discussing its nature and likelihood.

Estimates

SASB recognizes that scientifically-based estimates, such as the reliance on certain conversion factors or the exclusion of *de minimis* values, may be necessary for certain quantitative disclosures. Where appropriate, SASB does not discourage the use of such estimates. When using an estimate for a particular disclosure, SASB expects that the registrant discuss its nature and substantiate its basis.

Timing

Unless otherwise specified, disclosure shall be for the registrant's fiscal year.

Limitations

There is no guarantee that SASB Standards address all sustainability impacts or opportunities associated with a sector, industry, or company, and therefore, a company must determine for itself the topics—sustainability-related or otherwise—that warrant discussion in its SEC filings.

Disclosure under SASB Standards is voluntary. It is not intended to replace any legal or regulatory requirements that may be applicable to user operations. Where such laws or regulations address legal or regulatory topics, disclosure under SASB Standards is not meant to supersede those requirements. Disclosure according to SASB Standards shall not be construed as demonstration of compliance with any law, regulation, or other requirement.

SASB Standards are intended to be aligned with the principles of materiality enforced by the SEC. However, SASB is not affiliated with or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

Forward-looking Statements

Disclosures on sustainability topics can involve discussion of future trends and uncertainties related to the registrant's operations and financial condition, including those influenced by external variables (e.g., environmental, social, regulatory, and political). Companies making such disclosures should familiarize themselves with the safe harbor provisions of Section 27A of the Securities Act and Section 21E of the Exchange Act, which preclude civil liability for material misstatements or omissions in such statements if the registrant takes certain steps, including, among other things, identifying the disclosure as "forward-looking" and accompanying such disclosure with "meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements."

Assurance

In disclosing to SASB Standards, it is expected that registrants disclose with the same level of rigor, accuracy, and responsibility as they apply to all other information contained in their SEC filings.

SASB encourages registrants to use independent assurance (attestation); for example, an Examination Engagement to AT Section 101.

The following sections contain the disclosure guidance associated with each accounting metric such as guidance on definitions, scope, accounting, compilation, and presentation.

The term "shall" is used throughout this document to indicate those elements that reflect requirements of the Standard. The terms "should" and "may" are used to indicate guidance, which, although not required, provides a recommended means of disclosure.

Table 1. Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Energy Management	Total energy consumed, percentage grid electricity, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	SV0202-01
Responsible Gaming	Percentage of gaming facilities implementing the Responsible Gambling Index	Quantitative	Percentage (%) by revenue	SV0202-02
	Percentage of online gaming operations implementing National Council on Problem Gambling's Internet Responsible Gambling Standards	Quantitative	Percentage (%) by revenue	SV0202-03
Smoke-free Casinos	Percentage of gaming floor where smoking is allowed	Quantitative	Percentage (%) of gaming floor area	SV0202-04
	Percentage of gaming staff that work in areas where smoking is allowed	Quantitative	Percentage (%) of man-hours	SV0202-05
Internal Controls on Money Laundering	Description of anti-money laundering policies and practices	Discussion and Analysis	n/a	SV0202-06
	Amount of legal and regulatory fines and settlements associated with money laundering ⁷	Quantitative	U.S. Dollars (\$)	SV0202-07
Political Spending	Amount of political campaign spending, lobbying expenditures, and contributions to tax-exempt groups including trade associations	Quantitative	U.S. Dollars (\$)	SV0202-08
	Five largest political, lobbying, or tax-exempt group expenditures	Quantitative	U.S. Dollars (\$),	SV0202-09

⁷ Note to **SV0202-07** - Disclosure shall include a description of fines and settlements and corrective actions implemented in response to events.

Energy Management

Description

With many facilities open 24 hours a day, the Casinos & Gaming industry requires large amounts of energy to operate. Casino facilities often have few windows and therefore rely on the building's mechanical systems for heating, ventilation, and air-conditioning (HVAC) and lighting. Fossil fuel-based energy production and consumption contribute to significant environmental impacts, including climate change and pollution, and have the potential to indirectly yet materially impact the results of operation of casino operators. It is becoming increasingly important for companies relying on electricity consumption for their operations to manage overall energy efficiency, reliance on different types of energy and associated risks, and access to alternative energy sources.

Accounting Metrics

SV0202-01. Total energy consumed, percentage grid electricity, percentage renewable

.01 The registrant shall disclose total energy consumption from all sources as an aggregate figure in gigajoules or their multiples.

- The scope includes energy purchased from sources external to the organization or produced by the organization itself (self-generated).
- The scope includes only energy consumed by entities owned or controlled by the organization.
- The scope includes energy from all sources, including direct fuel usage, purchased electricity, and heating, cooling, and steam energy.

.02 In calculating energy consumption from fuels and biofuels, the registrant shall use higher heating values (HHV), also known as gross calorific values (GCV), which are directly measured or taken from the Intergovernmental Panel on Climate Change (IPCC), the U.S. Department of Energy (DOE), or the U.S. Energy Information Administration (EIA).

.03 The registrant shall disclose purchased grid electricity consumption as a percentage of its total energy consumption.

.04 The registrant shall disclose renewable energy consumption as a percentage of its total energy consumption.

- The scope of renewable energy includes renewable fuel the registrant consumes and renewable energy the registrant directly produces, purchases through a renewable power purchase agreement (PPA) that explicitly includes renewable energy certificates (RECs), or for which Green-e Energy Certified RECs are paired with grid electricity.
 - For any renewable electricity generated on-site, any RECs must be retained (i.e., not sold) and retired on behalf of the registrant in order for the registrant to claim them as renewable energy.
 - For renewable PPAs, the agreement must explicitly include and convey that RECs be retained and retired on behalf of the registrant in order for the registrant to claim them as renewable energy.

- The renewable portion of the electricity grid mix that is outside of the control or influence of the registrant is excluded from disclosure.⁸

.05 Renewable energy is defined as energy from sources that are capable of being replenished in a short time through ecological cycles, such as geothermal, wind, solar, hydro, and biomass.

- For the purposes of this disclosure, the scope of renewable energy from hydro and biomass sources is limited to the following:
 - Energy from hydro sources that are certified by the Low Impact Hydropower Institute.
 - Energy from biomass sources is limited to sources that are considered “eligible renewables” according to the Green-e Energy National Standard Version 2.4 or that are eligible for a state Renewable Portfolio Standard.

.06 The registrant shall apply conversion factors consistently for all data reported under this disclosure, such as the use of HHVs for fuel usage (including biofuels) and conversion of kWh to gigajoules (including for electricity from solar or wind energy).

⁸ SASB recognizes that RECs reflect the environmental attributes of renewable energy that have been introduced to the grid, and that a premium has been paid by the purchaser of the REC to enable generation of renewable energy beyond any renewable energy already in the grid mix, absent the market for RECs.

Responsible Gaming

Description

Even though the main purpose of visiting a casino or engaging in online gaming is entertainment, the gaming industry has earned a negative perception that is mostly related to pathological gambling. Nearly one percent of U.S. adults meet the criteria for pathological gambling, which is a progressive addiction characterized by increasing preoccupation with gambling. Another two to three percent are problem gamblers, i.e., they meet one or more (but not all) of the criteria for pathological gambling. Pathological and problem gamblers generate disproportionately greater revenue for casino operators. While casinos do not cause problem gambling, they provide opportunities to gamble and so can exacerbate the issue. Responsible gambling encompasses industry best practices to mitigate impacts of problem gambling and other social impacts, thus mitigating risk to companies' reputations as may result from highly publicized cases involving violations of self-exclusion lists, irresponsible advertising, gambling by minors, or instances where the company has otherwise enabled gambling problems.

Accounting Metrics

SV0202-02. Percentage of gaming facilities implementing the Responsible Gambling Index

.07 The registrant shall disclose the percentage of its gaming facilities (by revenue) that implement Responsible Gambling Index (RG Index) criteria where:

- Gaming facility is defined as any registrant-owned establishment utilized primarily for the purposes of gaming and where gaming equipment or supplies are operated for the purposes of accruing business revenue, excluding online gaming operations.⁹
- [RG Index](#) criteria are those developed by the Responsible Gambling Council (RGC) Centre for the Advancement of Best Practices and can be found [here](#).

.08 The percentage shall reflect the revenue-weighted implementation of the RG Index criteria across gaming facilities, and shall be calculated as follows:

- The registrant shall calculate the percentage of RG Index criteria achieved for each gaming facility.
- This percentage shall be calculated as the number of RG Index criteria for which the facility is in compliance divided by the total number of criteria.
- For the purposes of this disclosure, the total number of criteria is 47 under the eight core standards:
 - Responsible gambling policies (five criteria),
 - Employee training (eight criteria).
 - Self-exclusion (11 criteria),

⁹ Smoke Free Illinois Act (410 ILCS 82/), <http://www.ilga.gov/legislation/ilcs/ilcs3.asp?ActID=2893&ChapterID=35>.

- Assisting patrons who may have problems with gambling (four criteria),
 - Informed decision-making (three criteria),
 - Advertising and promotion (five criteria),
 - Access to money (four criteria),
 - Venue and game features (seven criteria), and
- .09 The registrant shall calculate a weighting factor for each gaming facility as the revenue from that facility divided by the registrant's total revenue across all gaming facilities.
- .10 The percentage of criteria achieved by each facility shall be multiplied by its weighting factor and summed across all gaming facilities to determine the percentage for disclosure.
- .11 The registrant should disclose the percentage of its facilities, by revenue, for which RG Index certification has been attained.

SV0202-03. Percentage of online gaming operations implementing National Council on Problem Gambling's (NCPG) Internet Responsible Gambling Standards

- .12 The registrant shall disclose the percentage of its online gaming operations (by revenue) that implement the NCPG Internet Responsible Gambling Standards, where:
- Online games are defined as any registrant-owned or operated online platform that enables individuals to place, receive, or otherwise knowingly transmit a bet or wager by any means that involve the use, at least in part, of the Internet.¹⁰
 - The NCPG Internet Responsible Gambling Standards and specific criteria can be found [here](#).
- .13 The percentage reflects the revenue-weighted implementation of the NCPG Internet Responsible Gambling Standards across gaming websites, and is calculated as follows:
- The registrant shall calculate the percentage of NCPG criteria achieved for each online gaming website.
 - This percentage shall be calculated as the number of NCPG criteria for which the facility is in compliance divided by the total number of criteria.
 - For the purposes of this disclosure, the total number of criteria is 34, which are counted as each sub-element¹¹ under the eight core standards:
 - Policy (three criteria),
 - Staff training (two criteria),

¹⁰ Adapted from 31 U.S. Code § 5362. Available online: <http://www.law.cornell.edu/uscode/text/31/5362>.

¹¹ The NCPG Internet Responsible Gambling Standards sub-elements are generally designated as a topic followed by a colon (:) and further explanation of the topic.

- Informed decision-making (four criteria),
 - Assisting players (two criteria),
 - Self-exclusion (eight criteria),
 - Advertising and promotion (three criteria),
 - Game and site features (11 criteria), and
 - Research (one criterion).
- .14 The registrant shall calculate a weighting factor for each online gaming website as the revenue from that online gaming website divided by the registrant's total revenue across all online gaming websites.
- .15 The percentage of criteria achieved by each online gaming website is multiplied by its weighting factor and summed across all online gaming websites to determine the percentage for disclosure.

Smoke-free Casinos

Description

Casino facilities are usually windowless environments with a relatively high concentration of people at any time. While anti-smoking campaigns have helped states enact smoking bans for public places, many casinos remain exempt from the bans in the U.S. Smoke exposes employees and patrons to risks of heart attacks and cancer. Casino dealers tend to have higher-than-average rates of respiratory illness. Companies that derive a significant portion of their revenue from smoking customers may be negatively affected by smoking bans, which are becoming more common in the U.S. On the other hand, by creating smoke-free facilities, casino operators may be better positioned to capture the market of non-smoking patrons.

Accounting Metrics

SV0202-04. Percentage of gaming floor where smoking is allowed

- .16 The registrant shall disclose the percentage of its gaming floor, in square meters, where smoking is permitted (i.e., areas where smoking is not banned by law or designated by the registrant as non-smoking), where:
- Gaming floor is defined as any registrant-owned establishment utilized primarily for the purposes of gaming and where gaming equipment or supplies are operated for the purposes of accruing business revenue.
 - Designated non-smoking areas are defined as areas within the casino's gaming floor that are clearly marked "non-smoking," are actively monitored for smoking violations, and which are separately ventilated from enclosed indoor areas where smoking is allowed.
 - The scope of disclosure excludes areas adjacent to the gaming floor, such as any hallway, reception area, retail space, bar, nightclub, restaurant, hotel, entertainment venue, or office space.
- .17 The percentage is calculated as the gaming floor area where smoking is permitted divided by the total gaming floor area.
- .18 The registrant should disclose the percentage of its gaming floor area that is mandated by law to be designated non-smoking, calculated as the gaming floor area that is required by law to be designated as non-smoking divided by the total gaming floor area.

SV0202-05. Percentage of gaming staff that work in areas where smoking is allowed

- .19 The registrant shall disclose the percentage of its gaming staff, on an hours-worked basis, that work in areas where smoking is permitted (i.e., areas where smoking is not banned by law or designated by the registrant as non-smoking), where:
- Gaming staff is defined as any person employed by an operator or retailer that hosts gaming to work directly with the gaming portion of such operator or retailer's business, and who must be twenty-one years of age or older and hold a support license. Gaming staff include, but are not be

limited to, dealers; change and counting room personnel; cashiers; floormen; cage personnel; slot machine repairmen or mechanics; persons who accept or transport revenue from a slot, blackjack, or poker-table drop or dropbox; security personnel; shift or pit bosses; floor managers; supervisors; slot machine and slot booth personnel; and any other employees whose main work station is located in a gaming facility.¹²

- Gaming floor is defined as any registrant-owned establishment utilized primarily for the purposes of gaming and where gaming equipment or supplies are operated for the purposes of accruing business revenue.¹³
- Designated non-smoking areas are defined as areas within the casino's gaming floor that are clearly marked "non-smoking," are actively monitored for smoking violations, and which are separately ventilated from enclosed indoor areas where smoking is allowed.

.20 The percentage of staff is calculated as the number of gaming staff man-hours worked on the casino's gaming floor in areas that are not designated as non-smoking, divided by the total number of gaming staff man-hours.

.21 The registrant should disclose the percentage of its gaming staff that is mandated by law to be stationed in a designated non-smoking area, calculated as the number of gaming staff that are mandated by law to be stationed for work in the casino's designated non-smoking gaming facilities, divided by the total number of gaming staff.

¹² [Colorado State Smoking Ban](#) (House Bill 08-1113)

¹³ [Smoke Free Illinois Act](#) (410 ILCS 82/)

Internal Controls on Money Laundering

Description

By the nature of its business, the Casinos & Gaming industry has to deal with large amounts of money. Therefore, companies in the industry need to ensure the presence of internal controls to prevent violation of various reporting and money laundering regulations. Casino operators that fail to ensure a robust framework to detect and prevent money laundering activities may open themselves to investigations. Violations of Anti-Money Laundering laws and regulation could result in criminal prosecution and substantial regulatory penalties.

Accounting Metrics

SV0202-06. Description of anti-money laundering policies and practices

.22 The registrant shall discuss its policies and management practices for assessing and managing money laundering risks internally as well as those associated with business partners in its value chain.

- Relevant business partners include customers, suppliers, contractors, and subcontractors.

.23 Relevant management practices include:

- Conducting a risk assessment
- Employee awareness and training programs
- Customer due diligence, including patron identification and verification and know-your-customer protocols
- Mechanisms for recordkeeping, reporting to government agencies (Financial Crimes Enforcement Network or others), and investigation of suspicious activities and red flags
- Transaction monitoring
- Enforcing a cap on ticket-in and ticket-out redemptions at slot machine kiosks
- Barring cash-for-cash exchanges above a set threshold or for the purchase of casino checks

.24 The registrant may choose to discuss the implementation of one or more of the following:

- Financial Action Task Force (FATF) Guidance on Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion
- FATF Guidance on the Risk-Based Approach for Casinos
- U.S. Department of the Treasury Financial Crimes Enforcement Network (FinCEN) Guidance on Anti-Money Laundering Programs
- FinCEN Suspicious Activity Reporting Guidance for Casinos

- FinCEN Guidance on Preparing a Complete & Sufficient Suspicious Activity Report Narrative
- e-CFR “Know Your Customer” Guidance
- American Gaming Association (AGA) Code of Conduct for Responsible Gaming
- AGA Suspicious Activity Reporting Policy guidelines
- AGA Best Practices for Anti-Money Laundering Compliance

.25 The registrant should discuss the effectiveness of programs and any outcomes, including but not limited to:

- Third-party auditing of the casino’s overall program
- The number of customers who have undergone due diligence procedures
- The number and types of due diligence reports performed
- The number of Suspicious Activity reports filed to FinCEN

SV0202-07. Amount of legal and regulatory fines and settlements associated with money laundering

.26 The registrant shall disclose the amount (excluding legal fees) of all fines or settlements associated with money laundering, including, but not limited to, violations of the Bank Secrecy Act, Foreign Corrupt Practices Act (e.g., recordkeeping requirements), China’s Anti-Money Laundering Law, and other anti-money laundering legislation.

.27 Disclosure shall include civil actions (e.g., civil judgment, settlements, or regulatory penalties) and criminal actions (e.g., criminal judgment, penalties, or restitutions) taken by any entity (government, businesses, or individuals).

Note to SV0202-07

.28 The registrant shall briefly describe the nature (e.g., guilty plea, deferred agreement, or non-prosecution agreement) and context (e.g., improper recordkeeping, etc.) of fines and settlements.

.29 The registrant shall describe any corrective actions it has implemented as a result of each incident. This may include, but is not limited to, specific changes in operations, management, processes, products, business partners, training, or technology.

Additional References

[Financial Action Task Force \(FATF\) Guidance on Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion](#)

U.S. Department of the Treasury Financial Crimes Enforcement Network (FinCEN) Guidance on Anti-Money Laundering Programs [“Casino Recordkeeping, Reporting, and Compliance Program Requirements”](#)

FinCEN [Suspicious Activity Reporting Guidance for Casinos](#)

FinCEN [Guidance on Preparing A Complete & Sufficient Suspicious Activity Report Narrative](#)

e-CFR [“Know Your Customer” Guidance](#)

AGA [Suspicious Activity Reporting Policy guidelines](#)

Political Spending

Description

Casinos are often perceived to be associated with social ills such as embezzlement, drunken driving, and personal bankruptcies in the nearby communities. This negative perception makes it complicated for casino operators to grow their business and obtain permits for new casinos. Therefore, lobbying is particularly relevant to the Casinos & Gaming industry, where the industry's existence depends on local and federal regulations. The issue of political contributions and lobbying is related to the interaction of companies with the regulatory environment. In the current economic and political environment, with increasing amounts of money flowing into politics, companies that are seen as having undue influence on regulators and policymakers are likely to face reputational harm. This is especially relevant in cases where lobbying campaigns are misaligned with corporate social responsibility initiatives and in regions where voter sentiments toward the industry are split.

Accounting Metrics

SV0202-08. Amount of political campaign spending, lobbying expenditures, and contributions to tax-exempt groups including trade associations

.30 The registrant shall disclose its total monetary contributions, in U.S. dollars, to political campaigns, lobbyists or lobbying organizations, and tax-exempt groups, including trade associations that aim to influence political campaigns or participate in political lobbying.

- The scope of disclosure includes the following:
 - Political spending, which includes any direct or indirect contributions or expenditures in support of, or opposition to, a candidate for public office or a ballot measure.
 - Any payments made to trade associations or tax-exempt entities that are used to influence a political campaign (including advocacy organizations, commonly classified as social welfare organizations under Section 501(c)(4) of the Internal Revenue Code, or business leagues, chambers of commerce, boards of trade, and similar organizations classified under Section 501(c)(6) of the Internal Revenue Code).
 - Any direct or indirect political expenditure (one-time or recurring) that must be reported to the Federal Election Commission, the Internal Revenue Service, or a state disclosure agency.
 - Any direct or indirect contributions to registered lobbyists or lobbying organizations, including contributions made to trade organizations that contribute to political lobbying efforts.

SV0202-09. Five largest political, lobbying, or tax-exempt group expenditures

.31 The registrant shall disclose the recipients of its five largest contributions disclosed in SV0202-08, defined as the five largest amounts in aggregate during the fiscal year that were contributed to an individual candidate, organization, ballot measure, or lobbying issue topic.

- .32 The registrant shall aggregate, at the state level, all political contributions or contributions in kind associated with the host community of a registrant's proposed gaming establishment, including those made to a state gaming commission, a state-level political campaign, a municipality, a municipal employee, or a local political campaign.
- .33 The registrant shall disclose the amount (in U.S. dollars) contributed to each individual, organization, ballot measure, or lobbying issue topic.
- .34 The registrant shall consider lobbying issue topics, at a minimum, to be general lobbying issue codes defined by The Lobbying Disclosure Act of 1995, but should include specific lobbying issues where available.

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