

◆ **POLICY ON THE FIGHT AGAINST FRAUD,
MONEY LAUNDERING
AND THE FINANCING OF TERRORISM** ◆

APRIL 2021

The FDJ Group offers everyone interested in betting and experiencing the thrills of gaming with a diversified and responsible range of games, as reflected in its *raison d'être*:

Gaming is our business, giving back to society is what drives us, and responsibility is our constant focus.

To promote recreational gambling practices, we have made customer support, game integrity, and the reduction of the risks and consequences associated with our business, our top priorities.

FDJ operates in a highly supervised sector that is strictly regulated by the State with regard to the specific risks it entails in terms of preserving public and social order.

Mindful of these issues and true to its commitment, FDJ pursues a proactive policy aimed at effectively combating the use of its gaming offer for fraudulent and criminal purposes, money laundering or the financing of terrorism. To that end, the FDJ Group maintains **an ongoing dialogue** with all the stakeholders involved in the regulation of gambling, including the ***Autorité Nationale des Jeux (ANJ)***, the independent administrative authority appointed to regulate the gaming sector and control operators; **Tracfin** (FIU) the intelligence service placed under the authority of the French Ministry of Public Action and Accounts; and the ***Service Central des Courses et Jeux (SCCJ)***, the French gambling intelligence division attached to the Ministry of the Interior.

Scope and regulatory context

FDJ is subject to regulation by the **ANJ** for all of its gambling and sports betting activities, both online and in its physical distribution network. **ANJ is an independent administrative authority (*Autorité Administrative Indépendante, AAI*)** created on 1 January 2020 by Order no. 2019-1015 of 2 October 2019. It replaces the *Autorité de Régulation des Jeux en Ligne* (ARJEL), which was created by Law no. 2010-476 of 12 May 2010 on the opening of the online gambling sector to competition and regulation. The **new authority is endowed with enhanced powers over a wider area of competence**. Decree no. 2020-199 of 4 March 2020 specifies the operating and organisational procedures of the ANJ as well as its **powers of oversight**.

With regard to the fight against money laundering and the financing of terrorism, the FDJ Group implements **a system compliant with** the relevant provisions of Book V - Title VI of the **French Monetary and Financial Code**, as well as those set forth in **Law no. 2010-476 of 12 May 2010** on the opening of the online gambling sector to competition and regulation.

This policy is an internal guideline for the entire FDJ Group and applies in mainland France, in the French overseas regions and territories, and in all the countries where the Group, either directly or through its subsidiaries, carries out gaming operations for which local regulations are less restrictive than the applicable French regulations. In cases where local regulations are stricter than French regulations, the local regulations must be applied.

Customer knowledge and due diligence measures

FDJ offers **natural-person customers** the possibility of playing scratch cards or draws (lotto), as well as sports betting, in physical sales outlets or online.

Customer identification **helps reduce criminal acts that may be committed anonymously**. In doing so, FDJ is working to prevent identity theft and, more broadly, to fight against fraud, money laundering and the financing of terrorism.

To use FDJ's services, each online customer is required to register beforehand, to provide their identity, their individual tax home address and other personal details, and to accept the general terms and conditions, subsequent to which **a player account is opened and certified**. For non-account customers, i.e., at physical points of sale, no prior registration is required.

In accordance with the legal provisions in force, FDJ identifies **customers who hold an online player account and checks their identity** using any relevant written document. For this purpose, FDJ uses an authentication service for identity documents.

FDJ also identifies its **occasional customers** who play in its network of sales outlets when they bet sums above the legal threshold or in the event of a situation suggesting a risk of fraud, money laundering or the financing of terrorism. With regard to the payment of winnings, FDJ also applies a proactive policy to know the winners, exclude payment in cash and impose payment by bank transfer for sums below the legal threshold. FDJ adapts **its due diligence level** according to the characteristics of the customer relationship profile.

It operates a system enabling **the effective detection of politically exposed persons (PEPs)**. In accordance with regulatory requirements, the decision to enter into or continue a business relationship with these persons is entrusted to a member of the FDJ Group's executive body, or to any duly authorised person. In addition, a close and regular review of the activity of PEP customers is carried out as part of **supplementary due diligence**.

FDJ also exercises **enhanced due diligence** for all transactions that are complex, involve a particularly high amount, or present an increased risk of fraud, money laundering or financing of terrorism. In this respect, FDJ has equipped itself with automated tools for detecting unusual or suspicious transactions.

Customer knowledge (KYC) items are updated throughout the business relationship as part of **constant due diligence** serving to ensure that these items are consistent with the gambling activity.

Anti-money laundering and combating the financing of terrorism (AML/CFT)

Subject to the obligations of the French Monetary and Financial Code transposed from the 4th and 5th European directives on anti-money laundering and terrorist financing, the FDJ Group is implementing an ambitious compliance programme relying on a risk-based approach, supported by the various links in the internal control system, and formalised through the procedures necessary for all employees to comply with the rules.

In addition to the principles of customer identification, the FDJ Group's anti-money laundering and counter-terrorist financing (AML/CFT) system is based on the **following principles**:

- Appropriate **organisation and human and material resources**;
- Formalisation of **internal procedures**;
- **Risk classification**;
- **Due diligence measures** adapted to risks:
 - Supplementary due diligence measures on anti-money laundering for PEPs,
 - Enhanced due diligence measures for any complex or high-value transaction carrying an increased risk of fraud or money laundering;
- Near real-time detection of **PEPs**;
- **Detection of suspicious transactions** via automated tools;
- **Reporting suspicions** to Tracfin;
- Regular information and **training** of employees;
- **Conservation** of information relating to customers and operations for the time periods stipulated by the applicable texts (5 or 6 years);
- **Freezing of assets** of persons who commit, attempt to commit, facilitate, finance, incite or participate in terrorist acts;
- Policy on **permanent and periodic internal control** for assessing compliance and the effectiveness of the AML/CFT system.

The appointed statutory auditors carry out an independent assessment of the procedures annually as part of their review of internal control.

The fight against fraud

As a gaming operator, the FDJ Group is exposed to various forms of fraud that may occur at all stages of the gaming chain, from the game design phase to the payment of winnings.

As such, to guarantee the integrity, reliability and transparency of gaming operations and ensure the protection of its assets, including its reputation, the FDJ Group implements an anti-fraud policy covering both **internal fraud** committed by an employee or with his or her complicity, and **external fraud** committed by a third party, with the intention of making an illicit personal profit or harming FDJ. The policy is based on three main focuses: **prevention, detection and remediation**.

Regardless of the sales channel, the preliminary analysis carried out on any project or new game of the company is aimed at foreseeing and preventing risks of fraud. **The rules on the operation and marketing of games are determined in advance and compliance with said rules is monitored on a daily basis.**

By determining relevant sensors integrated into the information systems or resulting from the use of data, fraud may be prevented or detected effectively through **real-time monitoring by dedicated teams.**

In addition, with regard to the **monitoring of point-of-sale activities**, the FDJ Group has set up a service of inspectors acting as mystery customers and simulating the retailers' situations so as to verify the application of marketing rules in compliance with a determined player path, as well as the absence of fraud. A remuneration bonus is awarded to retailers subject to inspection compliance. Furthermore, to sell FDJ games, retailers are required to obtain authorisation following an investigation by *Service Central des Courses et Jeux*, the aim being to ensure the character of the future retailer and the origin of the funds necessary for the acquisition of the business.

Following examinations carried out by specialised fraud analysts, the alerts generated by the sensors and the results of the inspections lead FDJ, in the event of suspected fraud, to take immediate precautionary measures to protect customers, FDJ and the integrity of the games and, in the event of proven fraud, to file a complaint or take contractual sanctions against the retailer where appropriate.

The analysis of the circumstances of the fraud leads to the implementation of additional preventive measures to **avoid any recurrence**. FDJ is also committed to regular cooperation with the police on these issues.

Sanctions and embargoes

In compliance with supranational requirements in terms of sanctions and embargoes issued by the European Union or the United Nations, FDJ limits **the list of countries of origin or destination of funds** in connection with the transactions to deposit or withdraw sums from gaming accounts or to pay out sums due in respect of winnings obtained at physical points of sale. This restrictive list extends to the **member countries of the European Economic Area (EEA)**.

FDJ also has a **system for effectively detecting customers subject to an asset-freeze measure** against persons coming under sanctions issued by the United Nations, the European Union and France as part of the fight against terrorism. The list of sanctioned persons is updated daily.

Training and awareness-raising

All FDJ employees are regularly made aware of the risks of corruption, fraud, money laundering and terrorist financing through a **mandatory training programme** that includes the **validation of their knowledge**.

Training sessions adapted to the functions performed in the company and to the **level of risk exposure** are organised regularly in order to update the knowledge of employees, increase their skills and maintain a **high degree of vigilance**.

FDJ is also rolling out its fraud and money laundering risk-awareness initiative with **retailers in its physical network of points of sale** and with service providers involved in anti-money laundering and counter-terrorist financing procedures.

Through the implementation of a demanding training programme, FDJ is disseminating a **culture of compliance** among its employees and stakeholders that contributes to risk prevention.