



## **Tax Strategy**

# Introduction

## Background

International Game Technology PLC and its subsidiaries (“IGT”) is a global group of companies operating in a complex and highly regulated business environment. It is one of the world’s leading end-to-end gaming companies, operating and providing an integrated portfolio of cutting-edge technology products and services across all gaming markets, including lottery management services, online and instant lotteries, electronic gaming machines, sports betting, interactive gaming and commercial services. IGT provides business-to-consumer (“B2C”) and business-to-business (“B2B”) products and services to customers in more than 100 countries.

IGT’s integrated portfolio of technology, products and services, including its best-in-class content, is shaping the future of the gaming industry by delivering the innovation that players want. IGT enables players to experience their favourite games across all channels and regulated segments, from gaming machines and lotteries to interactive social gaming. Leveraging a wealth of premium content, substantial investment in innovation, in-depth customer intelligence, operational expertise and cutting-edge technology, IGT gaming solutions anticipate the demands of consumers wherever they decide to play, providing IGT’s customers with cutting-edge products and support.

IGT strives to create shareholder value by adhering to the highest levels of service, integrity, responsibility and innovation. Social responsibility is vital and IGT is committed to responsible gaming, giving back to IGT’s communities and doing IGT’s part to prevent gambling abuse.

## Purpose

The purpose of this Tax Strategy document is to outline IGT’s approach to managing its tax obligations and tax-related activities. In particular, in accordance with Schedule 19 of the UK Finance Act 2016 and other published tax guidelines, this Tax Strategy document defines IGT’s strategic tax goals and IGT’s tolerance for tax risk.

## Scope

This Tax Strategy documents applies to all of IGT, with specific application to all members of the IGT Global Tax Team and all IGT personnel who have tax-related responsibilities.

This Tax Strategy documents refers, but is not limited to, the following taxes and tax activities:

- Corporate income tax and related compliance, including income tax withholdings
- Indirect tax compliance (e.g., value added, sales and use and property taxes, and customs duties)
- Employment tax compliance
- Environmental taxes
- Gaming taxes
- Tax accounting, including consolidated reporting and local statutory reporting

## Strategic Tax Goals

In managing tax obligations and tax-related activities, IGT focuses on the following:

### Attitude Towards Tax Planning and Tolerance for Tax Risk

IGT complies with all applicable laws, rules, regulations, and disclosure requirements, including the preparation and filing of all tax returns in the form specified and at the time required and monitoring regulatory updates.

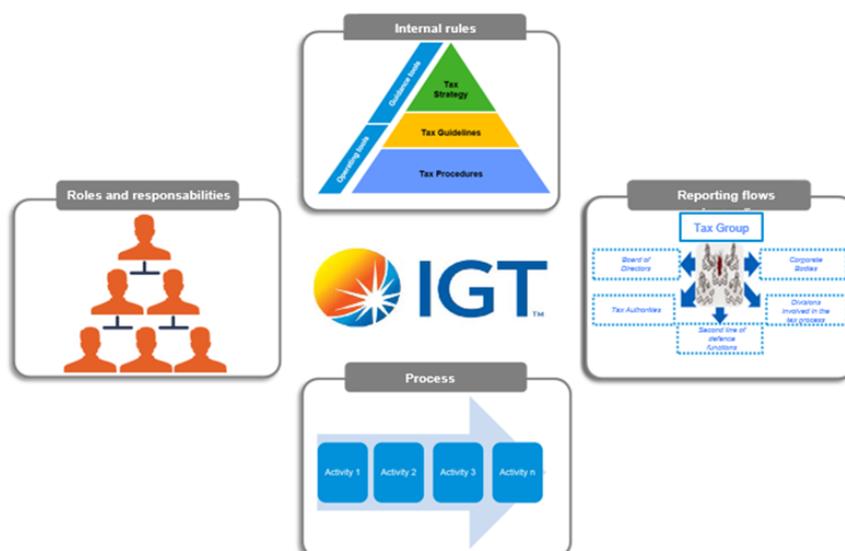
IGT considers the following principles:

- IGT applies diligent professional care and judgment to arrive at well-reasoned conclusions, so that decisions are made at an appropriate level and supported by documentation of the facts, conclusions and risks involved.
- IGT does not engage in operations or implement structures with the intent to inappropriately reduce taxes, such as contrived or abnormal tax structures. IGT may engage in legitimate tax opportunities that are aligned with commercial and economic activities and may accept tax incentives offered by governments.
- IGT strives for certainty on the tax positions it adopts. However, if tax law is unclear or subject to interpretation, written advice or confirmation will be sought from external advisors, as appropriate.
- IGT's goal is to pay no more and no less than the tax required by law. IGT's approach to tax risk is governed by its Tax Control Framework (described below). Whenever the tax treatment of an item is uncertain and/or unquantifiable, final tax-related decisions will be subject to robust risk assessment and supported by adequate disclosure.
- IGT monitors intercompany transfer pricing for accuracy and consistency year over year and in each geographic jurisdiction, in accordance with the Organisation for Economic Cooperation and Development's "arm's length" standard. Therefore, transfers of goods, services, and intangible property between related parties will be priced similar to the price that would apply if the transaction occurred between unrelated parties under similar circumstances.
- IGT management and the IGT Global Tax Team work closely so that tax implications and consequences of initiatives and transactions are considered as soon as possible and can be deliberated upon by IGT Management in the planning or negotiation stages.

### Tax Governance and Risk Management

Consistency and transparency in the management of all tax obligations and tax-related activities is essential. IGT manages tax risk to protect all stakeholders' interests, including the interests of public authorities, shareholders, and employees.

IGT has adopted and implemented a Tax Control Framework. Specifically, the Tax Control Framework is the set of tools, structures, roles, and responsibilities designed to correctly managing tax activities and related risks through the implementation of a dynamic process of Tax Risk Management (Risk Assessment, Risk Treatment, Risk Monitoring, and Action Plan). The Tax Control Framework is set in accordance with risk management methodologies defined at group level in order to coordinate group risk management activities. It contains the following components:



## Roles and Responsibilities

- Based on the delegation of authority from the Board of Directors of International Game Technology PLC, the Group Chief Financial Officer is responsible for the IGT's tax strategy. Specifically, the Group Chief Financial Officer approves an appropriate framework for the implementation of the strategy, and it is responsible for the oversight of the identification and management of tax risk.
- The Group Chief Financial Officer oversees the implementation of the Tax Control Framework through the definition of principles and by providing guidelines for IGT's operating activities.
- The IGT Global Tax Team is responsible for the execution of tax-related activities and supporting the IGT's business segments in all initiatives under consideration, including proposed transactions, in order to achieve strategic tax goals in accordance with IGT's tolerance for tax risk.
- IGT employs appropriately qualified and trained tax professionals with the proper level of tax expertise and understanding of IGT's business and works to increase the effectiveness of IGT's personnel.
- The IGT Global Tax Team proactively acts to maintain and continually improve IGT's tax-related decision making.

## Internal Rules

- IGT defines and maintains a set of internal rules, including the objectives and activities for the management of tax obligations, tax-related activities, and tax risks. These rules are set out in this Tax Strategy document, internal tax guidelines, and underlying tax operating procedures. Specifically, based on a hierarchical approach, the set of rules is composed of three levels of documents:
  - This Tax Strategy document, which sets out strategic tax goals, tax governance, and a risk management framework;
  - Tax Guidelines, which detail the objectives and principles defined by the Tax Strategy, encouraging the development and implementation of best practices and procedures in line with the IGT's tolerance for tax risk; and

- Tax Procedures, which describe tasks and responsibilities, information flows, and reporting systems in the management of tax obligations, tax-related activities and related risks.

### **Processes**

- IGT has defined processes designed to cause diligent professional care and judgment to be applied in all jurisdictions in which IGT operates, to properly manage tax obligations, reporting responsibilities, tax-related activities, and related tax risks.

### **Reporting**

- IGT's reporting framework makes information available about tax-related activities and the monitoring of tax-related activities at all levels. IGT has defined the reporting process both internally and externally to continuously share significant information within the IGT Global Tax Team and timely communicate such information to other relevant departments and third parties and public authorities, as may be necessary.

### **Working with Tax Authorities**

When working with tax authorities, IGT has the following objectives:

- Develop and foster good working relationships with tax authorities, government bodies, and other related third parties, based upon mutual trust and respect that will enable constructive dialogue and responsiveness by all parties. In particular, IGT employees deal with tax authorities, government officials, ministers, and other third parties in a professional, courteous, and timely manner.
- The IGT Global Tax Team proactively manages interactions with tax authorities in order to minimise the risk of challenges, disputes, or damages to IGT's credibility if tax matters are incorrect.
- IGT plays an active role in discussing future tax legislation in order to better understand and minimise any negative impacts of such legislation on IGT.