

European Lotteries & Toto Association

Annual Report



FOR THE BENEFIT OF SOCIETY



Table of Contents

Chapter 01	03
The European Lotteries and Toto Association <i>at a glance</i>	04
Foreword by the Secretary General	05
Chapter 02	06
EL Governance	07
Statement and activities overview by the EL President on behalf of the Executive Committee	08
Chapter 03	10
EL's communications in 2019 <i>at a glance</i>	11
Partnerships	12
Chapter 04	13
Membership developments	14
EL educational activities	14
EL advocacy initiatives and policy monitoring	15
Report of the EL Working Groups	16
Chapter 05	20
Financial statements and accounts 2019	21



Chapter
01

The European Lotteries and Toto Association at a glance

The European Lotteries and Toto Association, generally referred to as European Lotteries (EL), is the European umbrella organisation of national lotteries operating games of chance, including sports betting, for the public benefit in more than 40 European countries – with around 50 Members in all EU Member States. EL is the European lottery and gambling sector's largest and most representative organisation.

The Association represents both state-owned and private operators offering lottery, gambling and betting services on-and-offline. EL Members only operate in the jurisdictions in which they are licensed by the respective national governments and where they pay all taxes and comply with the legal requirements (anti-money laundering, responsible gaming policies etc). The Association's EU Members contribute to state budgets and the funding of sport, culture, social projects, research and other causes of general interest. In 20 of the EU Member States, EL Members offer their games both offline and online.

In January 2019 EL published its latest report on the Lottery Sector in Europe (data for the year 2018). The 51 EL Members in the EU that reported their activities contributed €18bn to society, channelled towards sports, culture, funds for other good causes and taxes for treasury. As for all reporting EL Members (72 in total), their contribution to society amounted to €20bn in 2018. This means that some 52 per cent of the Gross Gaming Revenue (GGR) generated by EL Members (not including sponsorships) went back to society in the respective countries.

EL believes in the overall benefit of national (state) licensed lotteries for society as a guiding principle to protect players and to run a public lottery or other games of chance. This EL lottery model is supported by three core-lottery-values:



RESPONSIBILITY – EL and its Members believe in a high level of consumer protection and responsible gaming and prioritise this over other interests.

This is a key differentiator in how lotteries and other activities of EL Members are operated in comparison to private gambling operators or illegal operators. It includes a very clear commitment to keep Corporate Social Responsibility (CSR) at the heart of the activities of EL Members.



SOCIETY/ SUSTAINABILITY – The values are based on the idea that social and public order concerns prevail. This does not preclude profit generation but always acknowledges that lotteries and other activities of EL Members are run in society's best interest; this means in the best balance between social costs adhering to individual countries' regulatory frameworks and - as a result of this regulation- lottery-profits.



INTEGRITY – In addition to EU and national laws, EL Members operate strict standards to provide secure and fair operations that manage the risks of fraud and other forms of crime. They include, for example, EL and World Lottery Association (WLA) Security Standards. The sports betting business by EL Members is operated living up to the highest integrity standards.

Key figures 2018

	Reporting EU Members	All Reporting EL Members
EL Members All member lotteries reporting within the EU/in Europe	53	74
Money for Society	€18.0bn	€20.0bn
Direct Full-time Employment Yearly average number of full-time employees	42.000	47.056
Indirect Employment Created full-time jobs	336.720	412.560
Sales Includes Sales from the six "Lottery" categories	€84.6bn	€92.3bn
Gross Gaming Revenue Sales minus prizes of the eight gaming categories	€35.0bn	€38.3bn
Online Gross Gaming Revenue	€2.8bn	€3.4bn

In 2019 the EL Data & Research Working Group gathered data on the Lottery Sector in Europe for the previous year (2018). The 2020 EL Annual Report will reflect on the 2019 data which is being gathered this year.

Foreword by the Secretary General

At the time of writing this foreword, the world faces the pandemic spread of COVID-19. The consequences of it, as well as the never before seen measures to deal with this situation, will be felt across the lottery sector. The EL team offers support to its Members during these difficult times. With this unprecedented situation in mind and as the world comes to a standstill, EL reflects on an eventful past year for the lottery sector.

Looking back at 2019, we cannot forget the vibrant 10th EL Congress and Trade Show held in Antwerp, hosted by the Nationale Loterij/Loterie Nationale of Belgium. It was a homage to that one element that is at the core base of the lottery sector; chance. And more specifically, the “success of chance”. Chance influences the course of our lives. It is unpredictable and cannot be touched. But with every draw, scratch card bought or bet placed, we know it is there. The EL Congress, which brought together over 800 attendees united in their core lottery values, provided a valuable forum for discussion and exchange, together with a successful Trade Show hosted by the EL Partners and local Belgian hospitality.

During the 2019 General Assembly, a new EL Executive Committee was elected with Mr. Hansjörg Höltkemeier re-elected as EL President for the period 2019-2021. In parallel, the Congress and General Assembly took place against the backdrop of the European Parliament elections, followed by a new European Commission taking office later in the year.

In 2019 EL followed relevant EU dossiers closely and supported various EL Members with regulatory discussions at national levels. With the new European Parliament and Commission in place, EL updated its advocacy materials, calling on the new EU policymakers to sustain the successful lottery model and safeguard the benefits of national lotteries for society through the principle of subsidiarity. The new Commission's top legislative initiatives which could have the most impact on the gambling sector are the Digital Services Act and Artificial Intelligence.

An important discussion in 2019 was on the advertisement bans for games of chance in several European countries. During the General Assembly, EL Members adopted the Antwerp Resolution calling upon regulators and policy makers to take a risk-based approach towards advertisement restrictions for games of chance. The theme of the advertisement restrictions was discussed during the various EL seminars in 2019. Sharing knowledge and offering a platform for the exchange of best practices was again an important part of the EL activities in 2019. The EL education programme continued with the first-ever Executive Module of the EL Corporate University (ELCU), and EL launched the Women's Lottery Leadership (WiLL) Mentoring Pilot Programme in Europe.

2019 saw the historic entry into force of the Council of Europe (CoE) Convention on the Manipulation of Sports Competitions (Macolin Convention).

Since the conceptualisation and drafting phase of the Convention, the global lottery community – through EL, together with the Global Lotteries Monitoring System (GLMS) and the World Lottery Association (WLA) – has fully supported the initiative and assisted the CoE in its effort to promote the Convention.

Governed by the Executive Committee, the EL team worked with nine FTEs in 2019 on a daily basis to realise the diverse projects within the Association. In 2019 the EL team was actively involved in the work of the various EL Working Groups.

This is the second Annual Report of EL, which follows the 2018 edition for comparison. I would like to thank the EL Members, the Executive Committee, the EL Working Groups, the EL team and the EL Partners for all their support in 2019.

Brussels/Lausanne

Arjan van 't Veer
EL Secretary General

Chapter 02



EL Governance

Composition of Executive Committee in 2019

President: **Hansjörg HÖLTKEMEIER**

Member of the Managing Board | Deutsche Klassenloterie Berlin | Germany

Member of the Executive Committee since 2009

President of the Association since 2015

First Vice-President: **Stéphane PALLEZ**

President and CEO | La Française des Jeux | France

Member of the Executive Committee since 2015

First Vice-President since 2017

Second Vice-President: **Robert CHVÁTAL**

CEO | SAZKA a.s. | Czech Republic

Member of the Executive Committee since 2015

Second Vice-President since 2017

Member: **Fabio CAIROLI**

Chairman & CEO | Lottomatica | Italy

Member of the Executive Committee since 2019

Member: **Olgierd CIELŚLIK**

CEO | Totalizator Sportowy Sp. z o.o. | Poland

Member of the Executive Committee since 2019

Member: **Romana DERNOVŠEK**

President & CEO | Loterija Slovenija d.d. | Slovenia

Member of the Executive Committee since 2019

Member: **Jannie HAEK**

CEO | Loterie Nationale | Belgium

Member of the Executive Committee since 2015

Member: **Jésus HUERTA ALMENDRO**

President & CEO | Sociedad Estatal Loterías y Apuestas del Estado | Spain

Member of the Executive Committee since 2018

Member: **Nigel RAILTON**

Chief Executive Officer | Camelot UK Lotteries Ltd. | United Kingdom

Member of the Executive Committee since 2018

Member: **Olli SAREKOSKI**

President & CEO | Veikkaus Oy | Finland

Member of the Executive Committee since 2017

Member: **Evgeniy VLASENKO**

Vice-President & Member of the Board | MSL

| Ukraine

Member of the Executive Committee since 2014

Member: **Giovanni Emilio MAGGI**

Director | SISAL Spa | Italy

Mr Maggi was a member of the Executive Committee from 2017 to 2019.

Member: **Edmundo MARTINHO**

Vice-President | Santa Casa da Misericórdia de

Lisboa | Portugal

Mr Martinho was a member of the Executive Committee from 2017 to 2019.

Secretary General: **Arjan VAN 'T VEER**

Secretary General since: 1 March 2017

The Executive Committee met four times in 2019 (March, June, September and December) and had two conference calls. The average attendance of the Executive Committee Members was 75 per cent.

For more details of the Executive Committee visit www.european-lotteries.org

Statement and activities overview by the EL President on behalf of the Executive Committee

The moment that this statement was written, Europe and the whole world was under the shadow of the COVID-19 virus. In only a few weeks, businesses and society came to a near full standstill in an attempt to halt the virus. The impact of the outbreak cannot be overlooked. Without a doubt, it casts a shadow over the 2019 and 2020 developments in the lottery sector.

EL's first 2018 Annual Report was very well received by the lottery community. The Report contributed to the transparency of the work of the Association. The Executive Committee, as elected during the General Assembly in 2019 in Antwerp, is therefore happy to bring forward the 2019 edition of the EL Annual Report. This edition was written under the supervision of the Secretary General by the EL team, with the financial statements prepared by the internal EL auditors as well as the EL external auditor.

The Executive Committee discussed the financial statements and recommendations during its conference call on 10 March 2020. The statements and recommendations were all approved. These financial statements, as well as the activities report of the Executive Committee, will be discussed at the General Assembly to be held in 2020. It is proposed that the financial statements will be approved by the General Assembly and that the Executive Committee and the Secretary General will be discharged for the year 2019.

In 2019 EL remained the trusted partner for many stakeholders in the European policy field, for example with the European Institutions and sport organisations at the regulatory level. EL was involved in various national and EU related debates and policy developments, bringing to the forefront several opinions in leading discussions, always in close cooperation with the relevant EL Working Groups. In particular, EL was very much involved in the discussions on advertisement bans and adopted the Antwerp Resolution on a risk-based approach towards gambling advertisement during its General Assembly in Antwerp.

In 2019 a new EL Executive Committee was elected which began its work after the General Assembly. In parallel, a new European Parliament was elected in May 2019 and a European Commission took office later in the year. Under the new Commission President, Ms. Ursula von der Leyen, several new policy initiatives will be undertaken. Throughout 2019 EL, in close collaboration with the Public Affairs Coordination Working Group, updated relevant advocacy materials for EU policymakers.

EL's advocacy role will continuously be based on the subsidiarity principle as one guiding principle for regulation in Europe and will emphasise the importance of a sustainable lottery model for the benefit of society. The legal aspects of this were closely monitored and worked on over the past year by the Legal and Regulatory Working Group.

Through the Responsible Gaming and CSR Working Group activities in 2019, EL took further steps in corporate social responsibility (CSR) developments with its newly published CSR Guidelines. The Guidelines will make it easier for EL Members to start or expand their involvement in CSR themes such as diversity, inclusion but also on items such as the use of recycled paper and even paperless activities. Its new Commitment Level under the EL Responsible Gaming Framework also brought newly certified EL Members.

From an innovation point of view, EL conducted a study on blockchain developments. In the coming years, the Innovation Working Group will connect even more with suppliers to the lottery sector, in particular with the EL Partners.

To further improve the knowledge and data sharing, a Socio-economic impact study was issued, the legal study was updated, and a study was done on the various taxation models under the EL Members. The responsible Working Group was renamed as the Data & Research Working Group to further strengthen the importance of its work.

In its second year of existence, the Corporate University of EL (ELCU), as guided by the Education Working Group and in addition to the Induction module, brought a new 'Executive' module which targeted the middle management of lottery operators. EL also launched the Women's Lottery Leadership (WILL) Mentoring Pilot Programme in Europe, aimed at creating new opportunities for junior and mid-level women in the EL Membership with a focus on skills and knowledge development.

The Operational Risk and Assurance Working Group, previously known as the Security and Integrity Working Group, started its work to improve the understanding and importance of risk management and assurance activities.

The newly formed Marketing and Communication Working Group supported the organisation of the annual Marketing seminar and developed a programme for a Communications seminar in 2020.

The political discourse with regard to sports integrity changed course after the long-awaited Macolin Convention entered into force on 1 September 2019. Since the conceptualisation and drafting phase of the Convention, the Sport Working Group with its partners GLMS and WLA have fully supported the initiative and assisted the Council of Europe (CoE) in its efforts to promote it and support states with the implementation of its provisions. National lotteries have always been historic partners of sport and EL works to fight match fixing and to safeguard these values.

The fight against illegal operators is a priority for EL. A newly formed Taskforce on Illegal Gambling under the Executive Committee will gather best practices on a national level on how to stand up to illegal operations.

The exchange of information and cooperation with WLA is also an important task of this group. A broader overview of the tasks and works of the EL Working Groups is given in Chapter 04 of this Annual Report.

In 2019 the operational work on the 'Reporting Standard in support of online gambling supervision' by CEN continued. EL took on its role as liaison organiser, working closely with the representatives of the EL Members in the various national committees. It's expected that the draft, non-binding, standard will be voted upon in 2020.

The partnership with the European Non-Governmental Sport Organisation (ENGSO), was renewed in 2019. ENGSO is an important partner to EL, sharing the same values and ideas. Together these two Associations do make a difference.

I thank the EL Members for their ongoing support and the Members of the old and new Executive Committee for their work for the Association. The EL Partners are also warmly thanked for their ongoing commitment to EL. The EL team, both in Brussels and Lausanne, is at the heart of the EL activities; I thank them also for their work and support to the Association.

On behalf of the Executive Committee,

Hansjörg Höltkemeier
EL President





Chapter
03

EL's communications in 2019 at a glance



EL'S WEBSITE

remains an important content hub, particularly for Members, highlighting EL news, events, and relevant updates on topics such as responsible gaming, sport and EL Working Group activities.



OVER 90,000 VISITS to the EL website in 2019.
7% INCREASE FROM 2018

(organic search, referrals & particularly via social media).

EL'S ONLINE MAGAZINE



2019 saw three digital editions of the EL magazine with a **27% INCREASE IN VISITORS FROM 2018.**



Visitors for the 2nd edition in September **MORE THAN DOUBLED SINCE 2018.**

The EL magazine had **1,200 SUBSCRIBERS** in 2019



EL'S NEWS BRIEFING

In Autumn 2019, EL launched a weekly newsletter for Members with relevant policy updates and Association news.



EL'S PUBLICATIONS

In 2019 EL published several new materials including:

- EL CSR Guidelines
- Leaflet for the Women in Lottery Leadership (WiLL) Europe pilot project
- EL advocacy brochure for policy makers with dedicated microsite: www.benefit4society.eu



EL'S SOCIAL MEDIA

Both the EL Twitter and LinkedIn accounts were revived and refreshed in line with the Association's new Communications strategy.



@EUROPELOTTERIES

525 TWEETS IN 2019 – 100% increase from 2018

240 NEW TWITTER FOLLOWERS

in 2019 (average 7 new followers per day)

In 2019 EL followed 1,062 accounts, compared to 21 in 2018



LINKEDIN

869 FOLLOWERS, over 50 new followers in 2019



PRESS COVERAGE

31 MAY 2019: PUBLIC GAMING RESEARCH INSTITUTE (PGRI)

EL elects new Executive Committee & adopts important resolution on gambling advertising.

24 JUNE 2019: LOTTERY INSIDER

EL reiterates that grassroots sport is a vehicle for inclusion and empowerment of refugees.

22 JULY 2019: JAMMA.IT

EL Annual Report: Operatori autorizzati di lotterie e scommesse in Europa: '23,3 mld di euro per il sociale'

5 SEPTEMBER 2019: EUROPEAN GAMING INDUSTRY NEWS

Macolin Convention Enters into Force.

20 SEPTEMBER 2019: JAMMA TV, PGRI & LOTTERY INSIDER

Supporting sport and sharing its values is in the DNA of lotteries.

PARTNERSHIPS IN 2019

EL is the European lottery and gambling sector's largest and most representative organisation. It has been for many years and remains a trusted partner of the European Institutions, and other relevant stakeholders such as ENGSO – the European Non-Governmental Sports Organisation and the European Disability Forum (EDF). EL is an official partner of the European Week of Sport (EWOs) and supported the European Commission led initiative for the fifth time in 2019. In addition, EL supported several initiatives such as the ASPIRE project and the Council of Europe project KCOOS+.



As a founding member of the Global Lottery Monitoring System (GLMS), EL continues to fight match fixing and to safeguard the values and integrity of sport. A highlight of 2019 was the implementation of the Council of Europe Macolin Convention in September, in which EL worked closely with GLMS and the World Lottery Association (WLA).



During the 10th EL Congress in Antwerp, EL's First Vice-President Ms. Stéphane Pallez, CEO of La Française des Jeux (FDJ), announced the Women's Lottery Leadership (WiLL) Mentoring Pilot Programme in Europe. WiLL was set up in 2017 by the President and CEO of the Tennessee Lottery, Ms Rebecca Hargrove, with the support of the sector publication PGRI. Autumn 2019 saw the start of the pilot project with six mentors and mentees from the EL Membership.



EL continues to work closely with the regional Association WLA, in particular in the organisation of joint seminars on marketing, responsible gaming, security and sports betting.



At the end of 2019, EL endorsed the Annual Holiday Lottery Campaign by NCPG and the International Centre for Youth Gambling Problems and High-Risk Behaviours at McGill University.



EL Level 1 Partners

Intralot, Scientific Games and IGT





Chapter
04



Membership developments

As an Association made up of Members, the Statutes of EL state that it may have regular Members, observer Members and associate Members (article 3). Regular Members are organisations that conduct games of chance and/or skill such as lotto, toto, class lotteries, classic lotteries, sports betting, sports lotteries, instant games, and lotteries generally, whatever the technical and/or commercial means used for operating them, and does so within a Member State of the Council of Europe (CoE). It is further required that this organisation is licensed or authorised in a relevant jurisdiction by the competent authorities to operate such games and that the annual sales volume of its lottery-type games form the substantial part of the organisation's total gross revenue and that its net revenues for a substantial part are dedicated, by public decision, to good causes and/or the state exchequer. A regular Member assures that its business conforms to the aims, objectives and values of the Association and that it executes its activity in respect of applicable legislation in any jurisdiction and takes care that its staff as well as its contractual partners and shareholders likewise respect their legislation in the countries concerned (article 4).

At the beginning of 2019, EL had 73 regular Members, 3 observer Members and 34 associate Members. During the year, the EL Executive Committee pre-approved the Membership applications of 5 associate Members (these applications will be formally approved by the EL General Assembly in 2020).

Observer Members are organisations that fulfil the Membership criteria but are outside the CoE (article 4bis). Associate Membership is open to any person or organisation that is supplying or intending to supply goods or services to regular Members or to other associate Members (article 5). Observer and associate Members do not have any voting rights.



EL educational activities

As in previous years, EL continued its educational programme to serve the lottery community throughout 2019 with engaging topics and efficient organisation. Lottery professionals had access to a large number of events across all sectors of interest. These included, but were not limited to, marketing, sports betting, responsible gaming and CSR, security, integrity, innovation and legal affairs. EL organised 10 events; one Congress, two EL Corporate University (ELCU) modules – Induction and Executive, one dedicated workshop and six seminars. These events gathered more than 1,500 participants representing an average of 30 countries per event. The most popular event was the special 10th EL Congress “The Success of Chance”, hosted by the National Lottery in Belgium, attracting more than 800 participants from 51 countries, while the most intimate workshop gathered around 20 participants.

Four seminars were organised with the World Lotteries Association (WLA), attracting participants from across the globe. It is a privilege for EL to be able to organise a large part of its seminar activities in good understanding and strong cooperation with WLA. By doing so both Associations are able to add extra value to the events. At the start of 2019, the Marketing seminar in London hosted by Camelot, focused on the theme “What’s new? What’s hot?”.

Participants discovered which “hot” tools help distinguish between lasting trends and how to future proof your lottery in an ever-changing marketing landscape. Hrvatska Lutrija d.o.o hosted the CSR-Responsible Gaming seminar in Dubrovnik where participants learnt about how lotteries create shared value by operating with responsibility. The seminar provided inspiration and practical guidance to help lotteries develop their responsible gaming and broader CSR programmes to create value for the operator, society, and consumers. The EL CSR Guidelines were launched on this occasion. The Security and Integrity seminar was organised in Ljubljana, hosted by Loterija Slovenije d.d. It focused on core topics such as cyber security, the new risk landscape, cloud security, biometric identification of users and blockchain for security. Finally, the Sports Betting seminar took place in Madrid covering regional updates, sport integrity and issues related to disruption such as how to survive in shops, sports data and marketing versus responsibility. Special keynote speaker Pat Cash inspired the participants with his experiences as a former professional tennis player.

For the first time, the Association organised the Executive module of the EL Corporate University (ELCU) in Lausanne (Switzerland) with around 30 participants present. Designed for lottery professionals with five or more years of experience, EL uses this second module of its Corporate University to build a further block in its specialised training programme. It proved again that the new setup of the ELCU is of value to the EL Membership. The ELCU continues to offer three modules in order to better meet the needs of specific groups of Members – Induction, Executive and Management.

Based on the surveys completed by participants after each seminar, over 80 per cent rated the 2019 EL events “Very Good” to “Excellent.”



EL advocacy initiatives and policy monitoring

Advocating the interests of EL Members is an important statutory task of the Association. This work would not be possible without the work and support of the Public Affairs Working Group and the Legal and Regulatory Working Group. The EL Legal advisor is also closely involved with his expertise in this field.

The elections for the new European Parliament and subsequently the new European Commission for the period 2019-2024 marked 2019. The election results saw a shift away from the major political parties in the European Parliament, fundamentally changing the status quo at the European level and the expectation is that securing a majority on many important issues will be challenging. The new Commission is also a more heterogeneous one in terms of both party affiliation and gender balance, and has a new power structure of three Executive Vice-Presidents and eight Vice-Presidents. In order to remain relevant in this shifting and challenging new context, EL stepped up its efforts to safeguard the sustainable lottery model by developing updated advocacy materials including a new brochure and microsite. The new materials allow EL, the involved Working Groups and its individual Members, to call on European policymakers to safeguard the sustainable lottery model, the benefits it delivers for society and support the continued application of the principle of subsidiarity in the gambling sector.

Looking ahead, the following files at the EU level are expected to be of relevance for the gambling sector:

- **Digital Services Act**, announced as a (legislative) tool to “upgrade the liability and safety rules for digital platforms, services and products, and complete the Digital Single Market”. The Act is expected to update the **e-Commerce Directive 2000/31/EC** which established a legal framework for online services in the EU with the main purpose of removing obstacles to cross-border online services. The e-Commerce Directive currently excludes gambling from its scope and any re-opening thereof could possibly challenge some crucial concepts. Most importantly, the freedom of establishing a company in one EU Member State and being able to provide services in other Member States without having to obtain any additional authorisation;
- **The European Commission’s New Industrial Strategy for Europe**, accompanied by the Single Market Barriers Report, the Single Market Enforcement Action Plan, and a Strategy on SMEs. While there are no explicit mentions of gambling in any of the documents, some of the action points put forward might potentially have an impact on the gambling sector too. Notably, streamlining the operation of the draft technical regulations notification procedure; adjusted handling of infringement cases; creation of a single market obstacles tool allowing citizens and businesses to report anonymously on regulatory obstacles encountered by them in exercising their internal market rights; and issuing guidance on the principle of mutual recognition to name a few;

- Changes proposed to the EU’s anti-money laundering framework;
- Artificial Intelligence;
- Data Strategy;
- The European Green Deal.

With regard to other international institutions, EL took part in the consultations of the Organisation for Economic Co-operation and Development (OECD) on digital taxation. In its submission, EL highlighted taxation as a crucial regulatory instrument that contributes to consumer protection, public order and anti-fraud goals. As a liaison organisation to the European Committee for Standardisation (CEN), EL actively participated in the meetings of the Technical Committee 456 in charge of developing a standard on reporting requirements for online gambling services, as requested by the European Commission. CEN’s work on this standard is seemingly reaching its final stages, with the CEN enquiry in the participating Member States expected to begin in early June 2020, the formal vote in January 2021, and the publication of the standard in June 2021. As several EL Members are involved in this standardisation process at the national level, EL also facilitated coordination between these Members to ensure a unified message of all the lotteries.



Finally, in 2019 EL continued to participate – always in close contact with the respective EL member – in national debates, events and/or consultations on specific topics. Where needed, EL teamed up with other like-minded Associations and/or EL partners such as ENGSO. For example, EL participated as a supporting partner at the final conference of the ENGSO-led ASPIRE project which focused on social inclusion of people who are at risk of exclusion – especially refugees. In September 2019 EL was again the official partner of the European Commission-led initiative the European Week of Sport (EWoS). In addition, the EL President was invited to present at a Commission Sport Unit Breakfast to highlight the importance of promoting the values of sport and the sustainable financing from national lotteries. In October, EL participated in the first-ever Responsibility in Gaming Europe Conference with an interview between EL and the European Casino Association (ECA), followed by interventions from several EL Members.



Reports of the EL working groups

The structure of EL consists of several Working Groups. Every Working Group is governed by a member of the EL Executive Committee as a Supervisory Chair. An Executive Chair takes care of the group's daily work.

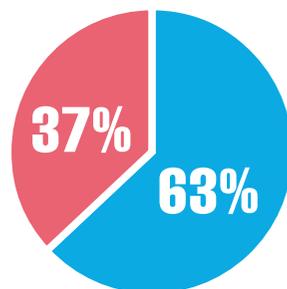
CSR/Responsible Gaming Working Group

The CSR/Responsible Gaming Working Group aims to guide the EL Members and the Executive Committee in the development of leading-edge responsible gaming standards, with the EL Responsible Gaming Framework as an important asset to promote the adoption of best practices across the EL Membership. Additionally, the Working Groups supports Members with the requirements to further enhance their corporate social responsibility programmes by the EL CSR Guidelines.

The Working Group consists of two subgroups, one working specifically on CSR measures for EL Members, and the other focusing on updating the Responsible Gaming Framework and supporting Members in the process of becoming certified or re-certified under this framework. The Working Group met three times during 2019, and each subgroup also had smaller meetings organised to address specific issues.

At the end of 2019, 48 EL Members (63 per cent) were certified according to the EL Responsible Gaming Standard. From the 48 EL Members, 40 successfully completed re-certification for a second time, 31 for a third time and 12 for a fourth time.

EL Members (76) - Certification Process



● Certified Lotteries ● Non-certified Lotteries

In March 2019, the first EL member achieved the newly introduced Commitment level, which allows lotteries not yet certified to enter the process in a smooth way, under the stewardship of EL.

On the occasion of the successful 2019 RG/CSR seminar in Dubrovnik, hosted by Hrvatska Lutrija d.o.o, the Working Group presented its new CSR Guidelines. All over the world more and more companies are integrating sustainable standards and policies into their business models. The new Guidelines allow lotteries to assess, develop and add value to their stakeholders, actions and CSR commitments.

They continue to act as an invaluable tool for lotteries willing to start with an internal assessment which will later help them define their CSR priorities and actions. Spanning several areas, the Guidelines cover 1) organisational governance, 2) consumer issues, 3) fair operating principles, 4) labour practices, 5) human rights, 6) community involvement, 7) the environment, 8) stakeholder identification/engagement, and 9) communication and reporting.

Education Working Group

The Education Working Group was set up to align the ideas and content of the EL Corporate University (ELCU), which was introduced to respond to the ongoing demand for basic training within the EL Membership as well as the other EL educational activities (seminars and workshops). Following the success of the Induction Module in 2018, a second edition was organised in 2019. The first Executive Module also took place, hosted by EL in Lausanne, Switzerland in April 2019. Designed for lottery professionals with five or more years experience, this second module of ELCU builds a further block in its specialised

training programme for EL Members. The three modules are ELCU Induction, Executive and Director. The Director module is a one-day high-level event exclusively for lottery directors with eminent speakers and roundtable summit discussions. The Working Group also looked at other educational possibilities, such as e-learning.

Innovation & Technology Working Group

The mission of the Innovation & Technology Working Group (ELITG) is to inspire and share innovative best practices among the lottery community as the accelerating change in markets, consumer behaviours, needs and disruption all drive a sense of urgency towards innovation and new knowledge. Ideas and best practices from inside and outside the lottery sector are exchanged, including innovation methodology, approaches and organisation. EL Members are inspired by new perspectives and experiences, showcasing possibilities and celebrating innovative lottery solutions. In 2019, the Working Group met four times.

Among ELITG's biggest achievements in 2019 was their study on "The impact of Blockchain on EU lottery business". The study was the result of EL's commitment to setting up periodical, trans-national research to be shared with EL Members on a recurring basis. The Blockchain research can support Members through operational implications and strategic planning. The complex topic was applied to an even more complex sector and, in close collaboration with the EL Executive Committee, the Working Group delivered an interesting and pragmatic study during the EL Congress in Antwerp.

EL's bi-annual innovation seminar, one of the largest gatherings of lottery innovation practitioners, was hosted by Veikkaus Oy in Helsinki in November 2019. Entitled "Building the future: practical application of emerging innovation trends", the seminar delivered actionable insights on innovation to lotteries. The format was completely re-designed to deliver a practical, hands on experience. Split between inspiring keynote presentations and small classroom pod sessions, the aim was to achieve a 360-degree experience for the audience so that each participant could not only learn about the latest trends, but also get to experiment with the new technologies. Topics included macro trends influencing lottery players, technologies enabling innovation (such as AI and augmented reality), biometrics and a hands-on experience with emerging technologies & tools.

Another activity of the Working Group is the EL Innovation Award. November 2019 saw the opening of the Award process, giving all EL Members the opportunity to submit their innovation success stories for the chance to participate in the 2020 Lottery Innovation title at the EL/WLA Marketing seminar in London.



Data & Research Working Group (previously named Knowledge Sharing Working Group)

The objective of the Data & Research Working Group is to collect and publish relevant, public, high-quality content in order to improve the knowledge base within the EL Membership as well as to be able to inform stakeholders on a fact-based approach. The Working Group met four times in 2019, and like every year oversaw the EL reporting process, working on the data collection and revision of the European lottery sector in 2018. EL continues to actively use its knowledge sharing interactive platform, the EL Info Hub (ELIH), designed to facilitate contact between all EL Members in a secure and dedicated environment.

Legal & Regulatory Working Group

The Legal & Regulatory Working Group (LRWG) analyses, oversees and discusses various legal issues that the Association, as well as its Members faced, are facing or will face. It advises the Executive Committee on the legal challenges at hand – most often in the EU legal context – as well as on the legality of the Association's principles, guided by the advice of the EL Legal advisor. In 2019, the Working Group met three times and held a legal workshop in Amsterdam. The workshop addressed the issues related to class actions and mass claims. An important dossier for the Working Group was the various advertisement bans or advertisement restrictions that many of the EL Members were faced with. The Working Group discussed the various developments, which resulted in input for a resolution to be adopted during the Antwerp EL General Assembly.

This resolution called upon a risk-based approach towards advertisement restrictions. In the sphere of the Working Group, the EL legal study was updated to have an actual overview of the legal regimes within the EL Membership.

Operational Risk & Assurance Working Group

(previously named Security and Integrity Working Group)

The main objectives of the Operational Risk & Assurance (ORA) Working Group include monitoring operational risks such as IT risks or criminal activities and their threats to the gaming industry, prevention of risks associated with gaming, and ensuring that EL Members are kept informed. This Working Group is also in charge of developing, maintaining and promoting security and risk management standards and/or guidelines for the Association. In 2019, the Working Group met once. At the time of writing this Annual Report amidst the COVID-19 pandemic, nobody could imagine how relevant this approach would become in only a few months.

In 2019, the decision was made to expand the focus of the Working Group from mostly IT-related risks to a wider plethora of risks with the aim of advancing the overall operational resilience of lotteries.

The 2019 edition of the Security seminar was hosted by Loterija Slovenije d.d. in Ljubljana and focused on cyber elements, primarily at a technical level. The Working Group executive chair re-emphasised the importance of compliance in the area of security and integrity.



The Working Group aims to establish a toolbox of best practices – possibly including development of standards and certification schemes, as will be deemed necessary – from which EL Members would be able to choose the most appropriate tool(s) for themselves, based on their own specific situation. As the first step to this end, it has produced an extensive catalogue of operational risks, ranked with the most pressing ones identified. For each of these risks, an individual Reference Risk Card is being developed, containing methodologies and tools to manage the risk concerned, key performance indicators and means of assessment of control and management effectiveness.

Public Affairs Coordination Working Group

The Public Affairs Coordination Working Group (PAC) coordinates the public affairs actions of EL and its Members in the EU and other relevant institutions. One of the main objectives is to highlight the fact that lotteries are an important stakeholder, also in the EU, and that they protect the players' interests through legal and controlled games and generate revenues that bring significant benefits to society. PAC advocates a lottery model based on subsidiarity,

solidarity, integrity and precaution to the EU institutions and various other stakeholders. In 2019, the Working Group met six times.

In light of a new European political landscape in 2019, namely a newly elected European Parliament and European Commission, PAC's efforts were focused on updating advocacy materials for European policymakers. EL fully supports the continued application of the principle of subsidiarity in the gambling sector as the key element to secure and safeguard the common objectives of general interest: protection of consumers, particularly minors, the fight against gambling addiction and the fight against illegal operators. PAC's common purpose stays the same – to explain the sustainable lottery model and why it should be safeguarded. At the same time, it is crucial to keep EL's informative materials relevant and up to date with key messages and statistics.

As a second step, in close collaboration with the Legal and Regulatory Working Group, PAC Members have already started mapping, scrutinising and acting on concrete proposals expected to be of relevance for the gambling sector made by the new European Commission in its Work Programme for 2020. Most notably is the Digital Services Act, but also initiatives on consumer protection, the proposed changes to the EU's anti-money laundering framework, artificial intelligence and the European Green Deal, to name but a few.

In 2019, together with the other Working Groups, PAC also contributed to the EL Antwerp Resolution on gambling advertising. The Working Group was also actively involved in the OECD's activities on addressing the tax challenges of the digitalisation of the economy.

EL took part in public consultations on the matter. In addition, some PAC Members are also active Members of EL's Taskforce on the standard on reporting requirements for online gambling services, currently being developed by the CEN.

With regard to the studies initiated by PAC, the study on taxation regimes applicable to the games of chance and betting in the EU has been finalised. A more extensive and complex study on the socio-economic impacts of lotteries is still ongoing and is expected to be published mid 2020.

Sport Working Group

The Sport Working Group monitors and discusses the development of sports betting as well as policy and regulatory issues within the sports betting field. It makes proposals and prepares working documents for the Executive Committee and maintains contact with federal, political and sport institutions and stakeholders. In 2019 the Working Group met four times.

The Working Group focused its attention on developments in the sport betting market, mainly in Europe but also in the US, coordinating and actively exchanging with GLMS in fields of integrity monitoring, and bringing to light the valuable partnership with the European Council and other sport organisations.

A concrete example of the productive work by this Working Group was the 2019 sport betting seminar "Game, Set, Match! Sports Betting, Integrity and Disruption", jointly organised with WLA in Madrid. This seminar was a unique occasion for sourcing information on the latest

data covering the various markets where EL Members operate, the main trends, the most relevant threats and more, thanks to the yearly study commissioned for the event.

In September 2019, EL partnered with the European Commission during the fifth European Week of Sport. EL attended the preparatory event in Portugal and worked closely with Members to collaborate and exchange on best practices and events taking place across Europe to encourage citizens to Be Active.

EL actively participated in several other key initiatives and events to represent the Sport Working Group and all EL Members overall, for example during the EU Sport Forum in Bucharest where the EL President presented EL's view on sport. A fruitful collaboration with the Commission continued throughout the year with regular breakfast meetings organised by the Sport Unit. On one particular occasion, the EL President had the opportunity to present the importance of sport through a lottery perspective, together with La Française des Jeux (FDJ) as a member of the Working Group who brought a practical example to the table.

EL Taskforce on Illegal Gambling

EL and its Members are committed to addressing illegal gambling and related criminal activities while at the same time minimising any potential harm on society and vulnerable groups. The EL Taskforce on Illegal Gambling was formed to facilitate the good exchange of best (legal) practices to fight illegal activities, to share information on illegal activities and initiatives, as well as to connect with the WLA



initiative on fighting illegal gambling in all its forms. There is a strong connection in this group with the EL LRWG as well as the PAC Working Group. The group met once in 2019 in Rome.

The initial goals of this Taskforce are to take stock of the illegal activities in Europe today and to have strategic recommendations to present to EL in 2020.

In September 2019, EL partnered with the European Commission during the fifth European Week of Sport.



Chapter
05

Financial statements & accounts 2019

In this chapter the financial statement/balance sheet (1) and profit and loss statement (2) as well as the reserve funds (3) of the Association for 2019 are presented. In addition, an explanation is given on the various developments (4) and the statement of the EL external auditor is included (5).

EL is founded under Swiss law and has its statutory seat in Lausanne (Vaude, Switzerland). EL has a branch office in Brussels (Belgium). In 2019 EL employed nine staff members (four in the Lausanne office and five in the office in Brussels). EL's bank accounts and deposits are all in Swiss Francs.

1. Financial statement/balance sheet per 31 December 2019 (in CHF)

	2019	2018
	CHF	CHF
ASSETS		
Liquidity		
Petty cash, bank current accounts	2,605,268.10	3,165,360.48
Bank deposits	4,527,633.15	4,527,633.15
	7,692,993.63	8,336,510.98
Current assets		
Debtors	128,814.05	393,105.00
Withholding tax to be recuperated	0.00	0.00
Deferred charges and prepaid expenses	247,068.39	245,308.82
Bank guaranties	47,980.18	15,494.88
	423,862.62	653,908.70
TOTAL	7,556,763.87	8,346,902.33
LIABILITIES		
Creditors	0.00	0.00
Accrued payments and down-payments for next years seminars	199,739.25	181,325.00
Accrued invoices	109,939.10	183,425.28
	309,678.35	364,750.28
Association liability reserve	206,553.56	206,553.56
Association seminars reserve	1,784,476.87	2,098,120.86
Association reserve to cover one year of costs	2,500,000.00	2,500,000.00
Association general reserve	3,116,121.62	3,119,359.88
	7,247,085.52	7,982,152.05
Deferred result	-360,066.53	58,117.75
TOTAL	7,556,763.87	8,346,902.33

2. Statement of Profit & Loss per 31 December 2019 (in CHF)

	2019	2018
	CHF	CHF
INCOME		
Membership fees		
- Regular Members	2,488,490.43	2,401,106.67
- Associate Members (Level 3)	123,000.00	116,298.24
EL Partners (Level 1 and 2) contributions	357,639.00	448,987.50
	2,969,129.43	2,966,392.41
Seminars income	1,115,120.72	1,130,509.30
Extraordinary income	10,974.62	0.00
TOTAL INCOME	4,095,224.77	4,096,901.71
COSTS		
EL Staff	1,096,046.94	897,953.16
Administration	457,361.42	425,299.85
Seminar costs	1,344,538.28	1,244,153.29
Consultancy	528,042.89	615,998.02
EL Congress/Industry Days	850,090.35	488,783.94
Contribution GLMS	169,000.00	325,000.00
ELS (Sport)	0.00	94,625.69
Special projects	261,100.00	135,137.78
Bank and Taxes	124,111.42	111,832.22
TOTAL COSTS	4,830,291.30	4,338,783.95
LOSS	-735,066.53	-241,882.24
<i>Approved usage of reserves</i>		
Seminar reserve	200,000.00	150,000.00
General reserve	175,000.00	150,000.00
Deferred result	-360,066.53	58,117.76

3. Statement on the Associations reserves for 2019 (in CHF)

	2019	2018
	CHF	CHF
Liability reserve	206,553.56	206,553.56
Seminars reserve		
Seminars result 2018	-113,643.99	
Attribution	-200,000.00	
	1'784,476.87	
Reserve to cover 1 year of costs	2,500,000.00	2,500,000.00
General reserve		
Result of 2018	171,761.74	3,119,359.88
Attribution	-175,000.00	
	3,116,121.62	

4. Explanation of 2019 financials

The Actuals for 2019 further reflect the policy of the Executive Committee to 'give back' to the Members of the Association. Extra studies, such as the study on the possibilities of Blockchain, an update of the legal study and a study on the Tax regimes in Europe were conducted.

On the income perspective, the slight raise in the received Membership fees is explained by the growth in regular Memberships. In 2019 EL had 3 Level 1 Partners and no Level 2 Partners (in 2018 3 Level 1 and 2 Level 2 Partners); this explains a lower income from the Partners. EL welcomed several new Level 3 Partners in 2019. The income from the Seminars jointly showed a slight decrease in 2019. The educational activities of EL, the Seminars and the modules of the EL Corporate University (ELCU), brought together again a large number of participants in 2019. Upon the foreseen budget for 2019, an ambitious growth was also taken into account to reach out to more participants per Seminar. Over the years, figures show that the total amount of participants grows but with a limited amount. The foreseen growth for 2019 could not be realised. This caused a lower than foreseen number of paying participants to the EL Seminars. The costs of speakers of EL Members at EL seminars are also fully covered. The extraordinary income reflects the income from a Euro bank account used for Seminars pre-payment in EUR until 2016. Funds were transferred on a regular basis on the CHF EL bank account, but detailed movements of this Euro account were not registered in the EL books. The bank account is closed, resulting in a one-time extraordinary income.

From the perspective of costs, the EL Staff costs reflect the extra staff member as well as the lower amount of personnel costs that were charged to the result of jointly organised Seminars (in 2019 97,520 CHF and in 2018 139,634 CHF). Seminar costs were in 2019 higher mainly due to the modules of the EL Corporate University (ELCU) that are free of charge for the participants. The new venue of the Marketing Seminar increased costs as well. Together with the Nationale Loterij/Loterie Nationale of Belgium, EL hosted the 10th edition of the EL Congress and Trade show in Antwerp. This event was organised under extra time pressure due to limited preparation time. Together with high ambitions for this event, EL made more costs that were originally foreseen in the budget. The positive reactions about the event, the programme and the environment made this all a success. The costs of the special projects exist out of a variety of costs and cover during the year the costs of extra studies (Socio Economic Impact Study) or cooperation project (KCOOS) and sponsorships (ENGSO).

In 2019, EL supported as a founding Member the activities of the Global Lottery Monitoring System (GLMS) with 175.000 EUR. Due to the growth in GLMS-Members and a cost-efficient operation, there was no need, as in 2018, to support GLMS with extra funding. GLMS plays a leading role in safeguarding integrity in sports.

The consultancy costs of EL could be lowered due to less legal support and a more efficient way in operating with the PA/PR communication agency.

Both the higher costs on the EL Congress and Trade Show and the non-realised growth in Seminar participants lead to an unforeseen overspending of the budget of 2019 by some 360.000 CHF. This loss will be booked against the Association's general reserve.

Audit report
To the General Assembly of the
EUROPEAN STATES LOTTERIES AND TOTO ASSOCIATION
Lausanne

Dear Ladies and Gentlemen,

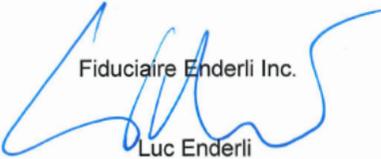
As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of European States Lotteries and Toto Association for the financial year ended December 31, 2019.

These financial statements are the responsibility of the Executive Committee. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the association's articles of incorporation.

Lausanne, April 1, 2020


Fiduciaire Enderli Inc.
Luc Enderli
State licenced expert auditor



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The European Lotteries



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FOR THE BENEFIT OF SOCIETY

Registration on EU Transparency Register: 97609783845-15