

## Reference Risk Card: ANTI-MONEY LAUNDERING

Element ID	Risk Element		Concern
Anti-Money Laundering Risk	Anti-Money Laundering (AML) risk refers to the potential threat or exposure of an organization/Lottery to money laundering, terrorist financing or other illicit activities that could cause financial, legal, or reputational harm.		<ul style="list-style-type: none"><li>Financial Losses: This can be in the form of fines, penalties, and other legal costs, as well as lost revenue due to damage to the company's reputation.</li><li>Damage to Reputation: Money laundering can damage our social image, customer decreased confidence and marketing of our products and services. Even if our Lottery is not found guilty of money laundering, the mere suspicion of such activity can tarnish its image.</li><li>Legal Consequences: AML regulations are enforced by law and fail to comply can face serious legal consequences (prosecution, fines, and imprisonment).</li></ul>
	AML risk can arise from various factors, such as the nature of the customers and their internal activities and the network retailers.		
<ul style="list-style-type: none"><li>Knowledge of the AML/CFT prevention and control system</li><li>To protect the proper functioning of the Union financial system from money laundering and terrorist financing</li><li>Safeguard Lotteries from economic losses (sanctions), criminal and reputational risks</li></ul>			
Frameworks/Methodologies/Standards/Tools (More relevant ones)			
Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018			
FATF Recommendations.			
Key Risk Control (Broad) Actions (KRC-Actions)			
Area	Generic		Lottery/Gaming Specific Aspects
	Objective/Action	Outcomes	
Internal Activities	<ul style="list-style-type: none"><li>To prevent damage to reputation.</li><li>Avoidance of financial penalties for non-compliance with regulations.</li></ul>	<ul style="list-style-type: none"><li>Implementation of approved policies and procedures.</li><li>Designation of the internal control Unity.</li></ul>	<ul style="list-style-type: none"><li>Approval of manuals and procedures applied to the different types of games and marketing channels (On-site and Online).</li><li>Risk assessment by type of game and by geographical area of operation.</li></ul>

	<ul style="list-style-type: none"> <li>Approval of specific AML/CFT manuals and procedures.</li> <li>Retention during the legal period of the documentation associated with compliance with due diligence measures.</li> <li>Training actions for employees, managers and agents.</li> <li>Protecting the economic system.</li> </ul>	<ul style="list-style-type: none"> <li>External audit and internal control reports.</li> <li>AML/CFT suspicious transaction analysis reports and communication to the Financial Intelligence Unit .</li> </ul>	<ul style="list-style-type: none"> <li>Specific training for the Board of Directors and Senior Management as the highest bodies of the company.</li> <li>Specific training for employees who carry out control, monitoring, auditing, inspection and other functions with repercussions or implications in the different money laundering processes.</li> <li>Establishment of communication channels for operations susceptible to money laundering and for non-compliance with regulatory precepts.</li> <li>Annual internal and external audits to assess the effectiveness of the AML/CFT prevention systems established by the organisation.</li> <li>Restrictions on play for the board, senior management and other employees with specific responsibilities and/or occupations within the organisation.</li> </ul>
<b><u>Customers</u></b>	<ul style="list-style-type: none"> <li>Prevent the use of false identities for the identification of the prize beneficiary or bettor in cases where applicable.</li> <li>Detect the use of third parties in the collection of prizes, determining the real beneficiary.</li> <li>Mitigate the prejudice derived from the improper use of third parties by customers.</li> <li>Avoid gambling and disposal of funds to persons sanctioned by the European Union.</li> <li>Avoid the use of funds of undetermined origin.</li> </ul>	<ul style="list-style-type: none"> <li>Approval and implementation of identification procedures through the use of valid and original identity documentation.</li> <li>Application of the due diligence measures provided for in the regulations.</li> <li>Mandatory completion of the Customer Acknowledgement Form by the beneficiaries of the prizes and, where applicable, by the players registered on the online gaming platform.</li> <li>Reports analysing the results of the monitoring and management of the prizes collected by the winners.</li> <li>Annual report analysing specific risks.</li> </ul>	<ul style="list-style-type: none"> <li>Identification of all beneficiaries of prizes of €2,000 or more.</li> <li>Application of due diligence measures at the time of collection by the collaborating banks in the payment of prizes.</li> <li>Implementation of alert systems by type of game and customer, as well as by risky and unusual operations.</li> <li>Drawing up a risk self-assessment report according to the different types of games and geographical and customer risk.</li> <li>Establishment of specific controls and limitations for online players.</li> <li>Limitation of online platform players to national residents, through certain controls and monitoring of the same.</li> <li>Filtering of players registered on the online gambling platform on lists of sanctioned persons, persons with public liability and nationals at risk.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Detection and identification of Persons with Public Responsibility.</li> <li>▪ Control of players of nationalities and territories at risk of AML/CFT.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Limited and controlled online gambling operations.</li> <li>▪ Management of results from consultations with lists provided by reference services/providers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Limitations on the use of national bank accounts for the collection and debiting of funds from the online platform.</li> <li>▪ Application of daily, weekly and monthly measures and checks on above-average risk online platform players or those who meet certain preset parameters that may be higher risk.</li> </ul>
<b><u>Network retailers</u></b>	<ul style="list-style-type: none"> <li>▪ Preventing the misuse of marketed products.</li> <li>▪ Preventing damage to reputation and protecting commercial image.</li> <li>▪ Identify as regulated in the internal procedures of horse and sports betting players.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Report the results of the analysis of the information coming from the channels of communication of information on suspicious transactions detected during the commercial activity.</li> <li>▪ Specific training programme applied to the risks arising from the geographical location of the staff member.</li> <li>▪ Management and analysis of change of ownership of points of sale, filtering in lists and other controls.</li> <li>▪ Limited amounts on horse sports betting.</li> <li>▪ Inspections of network retailers.</li> <li>▪ Restricted the use of cash for the collection of bets and payment of smaller prizes (prize amount less than €2,000) greater than €1,000.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Specific channel for reporting suspicious AML/FT transactions detected.</li> <li>▪ Implementation of specific training actions according to the different risks detected, determined especially by the geographical location of the agent.</li> <li>▪ Control of prizes collected by holders or persons related to the ownership of the point of sale.</li> <li>▪ Limitation of horse betting (Quintuple Plus game) to less than €2,000.</li> <li>▪ Obligation to identify players who place several bets on the same horse and sports betting draw with an accumulated stake of more than €2,000.</li> <li>▪ Inspection of sales, payments and management of network retailers by the organisation's inspection department.</li> </ul>

Key Performance Indicators (KPI) (Radar Diagram)	Means of Assessments of Controls and Management Effectiveness					
	<table><tr><td>Self-assessment</td></tr><tr><td>Peer assessment</td></tr><tr><td>Second party assessment</td></tr><tr><td>Accredited third party assessment</td></tr><tr><td>EL Certification (eventually)</td></tr></table>	Self-assessment	Peer assessment	Second party assessment	Accredited third party assessment	EL Certification (eventually)
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