The importance of sustainability in the lottery business model

An interview with Romana Dernovšek, President and CEO of Loterija Slovenije d.d. and Supervisory Chair of the EL CSR–Responsible Gaming Working Group

Responsible Gaming (RG) remains a core component of any lottery’s Corporate Social Responsibility (CSR) programme and will have to keep going further, and deeper. However, CSR requires companies to make much broader commitments to sustainable business by looking at its impact on other “stakeholders”. This includes improving the well-being of employees or using the company’s reach and influence to help the sustainability of our environment. The EL mission is to promote the sound and sustainable gaming model for the benefit of society.

1. Romana, how does CSR add value to a lottery and to the sector in general?

Our lotteries operate in different markets and countries, but our purpose is one and the same: we organize lottery games in a responsible manner and, together with our players, considerably contribute to funding activities in public interest. To keep our market positions, it’s crucial that we are always able to show that our actions follow this purpose – from the perspective of responsible gaming as well as accountability to our wider community.

In addition, CSR has a broader meaning. For decades it was believed, that while companies had to follow laws, ultimately their only duty is making profits for shareholders. Today it’s clear that companies can’t only take from or even harm their environments, while not giving back. Last August 181 of the largest American companies have formally redefined The Purpose of a Corporation to promote ‘an economy that serves all Americans’. In the BRT Statement, the focus is on equal accountability to all stakeholders (shareholders, employees, customers, suppliers and the broader community).

I’m certain that corporations that signed this document weren’t motivated only by altruistic intentions. They realized that the importance of this topic was understood by their customers, employees and increasingly by investors. Millennials and members of generation Z are especially known to view the world with an entirely fresh perspective. They don’t just buy value for money. They seek purpose and authenticity, they worry about the health of their communities and the planet. They are suspicious of marketing and information from the top. Studies show that 9 out of 10 millennials would replace a brand for another associated with a cause and 87% have been observed to be more loyal to companies actually contributing to social and environmental issues.
Sustainable and ethical companies will be the most successful in the future. Lotteries won’t be an exception. If anything, our responsibility is even greater. And we are vulnerable. That's why I find it crucial that lotteries take CSR topics seriously.

2. As you mentioned on World Environment Day last month, sustainability is at the core of your business policy at Loterija Slovenije d.d. Taking care of the environment is an integral part of your organisational culture and has been for many years. Could you tell us more about your CSR projects in recent years and what your priorities are for the coming years?

Yes, sustainability is at the core of our organization. Our solar plant on the roof of our headquarters has been producing energy from renewable sources since 2011. Last year our server centres were equipped with the latest, environmentally efficient technologies, which consume 50% less electricity and produce 30% less emissions. Our products are printed on FSC (Forest Stewardship Council) label paper, which guarantees that the paper is produced from sustainable forests. And we are constantly looking for new opportunities to improve our ecological footprint.

We are promoting diversity and inclusion in the workplace at all levels. Recently, we became the first Slovenian company that formally adopted the Equal gender representation policy, proposed to all Slovenian companies by the Slovenian Director's Association. We have already fulfilled all of the goals set by this Policy and our formal adoption is our commitment to keep it that way.

A few months ago, we became finalists of The Best Employer research in Slovenia. That is a direct consequence of our responsible relations with employees and ethical business practices. We're building a culture of "everyone thinks, everyone works", in which people cooperate and want to contribute to our purpose and shared success. Everyone's work is appreciated, as are dissenting ideas and opinions. In our leadership of people, we try to be fair. But everyone's feeling that their work actually has a purpose is just as important. Our Lottery is much more than just business results and that is why our co-workers care about the company.

We have bonded in a very special way over co-worker initiatives that at first glance appear to have nothing to do with our jobs. We as individuals have for example collected essential items such as school materials, food and clothes to help families in need. Almost all of us take part in those initiatives and the effect on morale and relations between us is amazing.

We are especially proud of our partnership with the Slovenian Sports Federation of the Disabled – Paralympics committee. Disabled sportspeople are in many ways the apex of what we strive for at the Lottery. With their attitude to sport and to life, they are role models to us. We help popularise their work and their sporting disciplines, while they spread the message of how much good is done for vulnerable groups when people play our games.
We just launched a totally new digital platform, compliant to international Web Content Accessibility Guidelines. The services of this platform will be accessible to people with different disabilities.

And of course, we constantly improve our responsible gaming standards. By formally certifying them we publicly demonstrate that our Responsible Gaming programmes are appropriate and have been independently verified.

3. **CSR issues are becoming essential concerns for stakeholders and more generally for the public.** It is therefore important that lotteries show their commitment to these topics, and for example their contribution to the UN Sustainable Development Goals (SDGs). Which specific SDGs have a relevance to the lottery sector? What can we do differently to play an active role in delivering the future we want?

I think it is important that lotteries are aware of all the UN's Sustainable Development Goals. I personally find our businesses most specifically in Goal 12 and Goal 10. Goal 12 – Responsible Consumption and Production, encompasses the entire field of responsible gaming, which is crucial for lotteries. At the same time, it entails ecologic goals relevant to our activities, such as using recycled paper for scratch cards and paper needs in general. We directly contribute to Goal 10 – Reducing Inequalities by financing activities in public interest, such as caring for vulnerable groups, sports and humanitarian organizations. In a wider sense the goal includes diversity and inclusion in the workplace, ensuring equal opportunities, promoting ethical communication etc.

Considering from how different environments and countries we come from, I believe our cooperation in raising awareness on these topics and patience regarding implementation is most important. Wouldn’t it be wonderful, if we could say that all 73 Members of The European Lotteries were internationally certified in responsible gaming? Or to see us all printing scratch cards on FSC paper and reduce our carbon footprint. That would be a great message for our players, our countries and the EU.

4. **All over the world more and more lotteries are integrating sustainable standards and policies into their business models.** The recently published EL CSR Guidelines were a first important step to raise awareness on these issues. A coordinated and collective initiative at EL level appears nevertheless necessary, especially considering the work by the European Commission, for example on the European Green Deal. The environment should be at the core of this initiative but other topics like human rights/diversity and inclusion should also be covered to illustrate the wide scope of EL Members' CSR actions. How can the EL CSR Guidelines support lotteries willing to start a CSR journey?

The EL CSR Guidelines are a structured and comprehensive document that can help any lottery with their CSR development – those already working on this for a long time and wanting to further improve and those who haven’t really begun their work yet. You can pick any from the 10 fields
and improve on it. When you have developed all 10 fields and wish broader recognition, you can get an ISO 26001 certificate, which is a global reference in that field. The EL Guidelines can help lotteries improve their company's image, reduce risks and ultimately increase competitiveness and performance.

The EL CSR–RG working group invested a lot of work and vast knowledge into the Guidelines. They did an incredible job. I recommend to all our Members to make use of their efforts and use the Guidelines as much as possible. At the same time, I would like to extend an invitation to all of you to join us at the CSR/RG webinar we are organising in September. We invited very interesting keynote speakers and prepared concrete practical examples to help Members implement as much of the best practices as possible into their own environments.