

PRODUCT RESPONSIBILITY

# framing the future

Camelot has used its expertise in responsible gaming programmes to play a major part in the development of a worldwide code for lottery operators. In doing so it has created an ethical framework that should raise standards across the global lottery industry

At the most extreme, critics of national lotteries see them as just another form of gambling that erodes ethical values and encourages irresponsible behaviour. Perhaps as a consequence, lottery operators are generally either state-owned or heavily regulated monopolies that operate under a tough remit. In most cases regulatory oversight has gone a long way to assure the public and change these negative perceptions.

But until recently lottery operators lacked a common international framework to benchmark performance and raise the bar of responsible gaming within the sector. This is where two industry bodies – the World Lotteries Association (WLA) and European Lotteries (EL) – have stepped in. In November 2006, 140 lottery operators adopted a global framework on responsible gaming at a WLA congress in Singapore. In May 2007, 55 EL members strongly recommended the adoption of the separate European responsible gaming standards. So far 40 operators have signed up to the European standards and 24 to the global framework.

Throughout the development process, Camelot, the UK’s National Lottery operator, was a leading player. With its chief executive Dianne Thompson chairing both the EL Responsible Gaming Working Group and the WLA CSR Working Committee, the company was able to put forward examples of its own good practice and suggest ways of creating higher levels of lottery player protection. Thompson presented and championed the process with both organizations, drawing on Camelot’s extensive experience – especially from Operation Child, its programme of test visits to ensure retailers are not selling tickets to under-16s, and its range of safeguards for interactive play.

It was time-consuming and intensive, but very rewarding, says Camelot’s corporate responsibility manager, Anne Pattberg. She estimates that, at times, around 25 per cent of her time has been devoted to the development and management of the WLA and EL initiatives – organizing group meetings and making presentations at conferences and seminars around the world. Camelot has also provided financial support to the initiatives, while its design department produced promotional material.

Camelot feels it is well-placed to take such a pivotal role in the development of the international standards, having run the UK National Lottery since 1994 in a country where corporate responsibility standards are relatively well developed. The company

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Camelot, which is owned by five companies – Cadbury Schweppes, Royal Mail Enterprises, De la Rue Holdings, Fujitsu Services and Thales Electronics – develops and runs the UK National Lottery. Around 70 per cent of adults in the UK regularly play its lottery games, with 33 million players spending an average of £2.93 (\$5.86) a week on lottery tickets and scratchcards. It:

- has raised more than £20billion for good causes, funding more than 280,000 individual grants and amounting to what the company says is ‘the largest programme of civic and social regeneration seen in the UK since the 19th century’
- has gained certification of its purchasing procedures, policies and practices by the Chartered Institute of Purchasing and Supply
- has an Advisory Panel for Corporate Responsibility which is made up of independent specialists that provide professional expertise in areas of stakeholder concern. Its job is to challenge Camelot’s approach to corporate responsibility and advise the company on

■ Camelot feels it has been well-placed to take a lead role in the production of industry guidelines due to its 13-year record of underpinning its administration of the UK lottery with corporate responsibility initiatives



has a strong tradition of responsible gaming standards and was the first to achieve accreditation for all of its interactive platforms – across the internet, digital TV and mobile phones – to an industry code of conduct run by GamCare, a charity that provides counselling for problem gamblers.

Although the direct business benefits derived from taking such a lead role in the WLA and EL initiatives may at first be difficult to identify, Camelot went into the process expecting it would improve its own operations, aside from the effect on global society of an accepted code for the industry.

One immediate result is that the company now has an outline for its own social responsibility efforts. ‘Camelot has always had responsible gaming strategies in place to prevent excessive and underage play, but the big difference now is that the WLA and EL initiatives help us articulate the areas we should work on, develop and improve further,’ says Pattberg. ‘For us, they’re a nice addition to what we already have.’

But more importantly, the company’s prominent role in drawing up the frameworks has shown to its stakeholders, including

those in government, that it can be trusted to take its responsibilities seriously. ‘It’s allowed us to show that within lotteries we have a leadership position in terms of gaming, CSR and reporting,’ Pattberg says. ‘That’s a valuable thing to be able to demonstrate.’

Valuable indeed. In

August, Camelot was granted the licence to run the UK’s National Lottery for another ten years from 2009 – something that was by no means pre-determined. The company has in the past faced stiff competition from Virgin’s People’s Lottery and this time was up against Mumbai-based Sugal & Damani. The UK regulator, the National Lottery Commission, has said that its decision to award the licence to Camelot was based on projections for how much would be raised for good causes – but only after it had been assured that a variety of standards, including corporate responsibility and player protection, were being met. There can be little doubt that responsible gaming practices, allied to Camelot’s participation in the European and global programmes, was an important consideration for the regulator.

‘In our bid we made it clear that it was important, of course, to grow sales and therefore maximize returns to good causes – but that we would do so while protecting players. Without socially responsible gaming you’re potentially exploiting vulnerable groups and ultimately that would lead to a reputational loss and a loss in sales,’ says Pattberg.

The WLA Framework outlines what operators need to do to demonstrate their level of commitment to responsible gaming principles, which cover areas such as not marketing to vulnerable customers and adequate stakeholder consultation. Above and

**Camelot’s work on drawing up ethical industry frameworks shows it can be trusted**

beyond the WLA’s Framework, the European lottery operators have developed a set of responsible gaming standards that are complementary but in essence stricter.

Under the EL Standards, European operators are developing an independent certification and auditing approach. Signatories will then appoint an independent auditor or assurance provider and report publicly.

There are currently 140 members of the WLA, and achieving consensus was challenging, especially in the development phase. For example, some state lotteries do not stipulate a minimum age for lottery participation in their jurisdictions, so the WLA has built a certain amount of flexibility into its framework; giving operators the opportunity to build the programmes they need based on existing rules and regulations, as well as taking into account cultural or regional differences. ‘There’s a whole range of different lotteries with local and regional differences that have to be considered,’ says Pattberg. ‘But over time, with some prodding from the sector leaders, I think most lotteries have really acknowledged it’s something that is crucial to do as part of their business.’

Thomas Nilsson, chief executive of the Swedish gaming research institute, Spelinstitutet, says Camelot’s exemplary role in drawing up the framework and the standards has confirmed it as the world’s leader in corporate social responsibility among lottery operators, but has also opened up the prospect of other companies eventually reaching its level.

‘All changes start with knowledge and when you have knowledge you can start to change your behaviour,’ Nilsson says. ‘That’s why industry codes are so important: they have the potential to change the behaviour of a whole industry, not one single company or operator.’

■ Further information: Anne Pattberg, Camelot CR manager, [anne.pattberg@camelotgroup.co.uk](mailto:anne.pattberg@camelotgroup.co.uk)

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Companies that operate in controversial industries, such as gambling, often have a tough time marrying their business objectives with their ethical values. Camelot takes its responsibilities seriously and considers that its licence to operate depends upon them. Increasing sales while not exploiting the vulnerable may seem like two contradictory goals, but Camelot is striving not only to ensure it operates responsibly, but that other lotteries do so too.

### Points of interest include:

- the tiered approach of the WLA framework, which makes it possible for companies to build on their achievements over time
- Camelot’s encouragement of the global and European frameworks means that not only is its own reputation enhanced with those who grant its licence, but that it is helping to protect the reputation of the industry as a whole
- regional differences are accommodated by flexibility and an acknowledgment that there is no ‘one size fits all’.

KATHERINE BRADSHAW, INSTITUTE OF BUSINESS ETHICS