

CEO's review



As the custodian of a national institution, Camelot is quite properly subject to intense scrutiny.

"We are accountable to national government, our regulator, 14 lottery distributors, a wide range of non-governmental organisations and pressure groups, more than 1,700 jackpot winners, 28,000 retailers, 600 suppliers, 900 employees, and, of course, to 30-40 million players who collectively spend between £85 and £90 million a week on lottery products.

Our aim is not just to meet the expectations of all these stakeholders, but to exceed them.

The National Lottery's 10th Birthday in November 2004 was a tremendous opportunity to say 'thank you' to the millions of people who play. Their support has enabled us to raise over £17 billion for Good Causes to date, bringing to life over 190,000 projects across the UK. These range from landmark projects such as the Eden Project in Cornwall and large-scale urban regeneration in the North East, to the establishment of 500 healthy living centres and the refurbishment of 350 village halls. It is becoming increasingly difficult to think of someone whose life has not been positively touched in some way by The National Lottery.

When the idea of a modern UK National Lottery was resurrected in the early 1990s, there were concerns that it would create a 'nation of gambling addicts' or act as a 'tax on the poor'. The fact that these fears have not been realised is, I believe, a testament to our responsible stewardship of one of the UK's most widely-recognised consumer products.

Our strategy is to grow sales in a socially responsible way. We have not increased the price of a Lotto ticket – still a pound to play more than 10 years after we launched. Nor have we resorted to harder forms of gambling like sports betting or video lotteries – which has happened overseas.

In fact, Camelot has incorporated responsibility into game conception and development, how and where we sell lottery products, and into the marketing and advertising of our games.

In spite of the many self-imposed checks and balances – all of which put a natural 'brake' on sales – we have still managed to buck the international trend of falling lottery sales and return The National

Lottery to growth.

In 2004/05, our sales were over £4.7 billion, up 3.3% on the previous year – more than three times the rate of growth we achieved in 2003/04.

The UK National Lottery is flourishing by encouraging large numbers of people to have just a small flutter - less than £3 a week on average. I am proud that despite being one of the top five lotteries in the world by total sales, we are ranked only 48 th in terms of per capita spend.

Each year, following consultation and dialogue, we make a number of commitments to each of our stakeholder groups. In 2004/05, we met or substantially met 42 of the 45 commitments that we published the previous year. These included:

- improving accessibility for our players by adding more terminals, launching play by text and through interactive digital TV
- achieving high standards of player protection with games available via mobile phones and the internet
- developing and implementing a new performance management process for Camelot employees
- increasing paper and plastic recycling in our offices
- introducing minimum criteria based on social, environmental and business risks for many of our suppliers
- supporting around 1,000 retail outlets which serve a community function but which do not meet our financial criteria.

We continue to work on three of last year's commitments: a public education initiative on responsible play, establishing a formal environmental management system, and reducing our electricity consumption.

The challenge we face is to continue to maximise returns to Good Causes at the same time as minimising the risk to more vulnerable groups. It is a call to remain vigilant to stakeholder concerns and to ensure continual monitoring of our impact.

That is why we have invested in developing a new structure and processes to improve our management of corporate responsibility.

In 2004/05, for example, we conducted a strategic review of our approach. As a result, we introduced a Corporate Responsibility Board – which I chair – to oversee and better direct our efforts within the company. We revised our approach to stakeholder groups and the ways in which we consult with them, and we integrated social and environmental risks into our corporate risk register.

For the first time we are reporting in accordance with the 2002 Global Reporting Initiative Guidelines – the world's leading authority on social reporting. We have again subjected it to rigorous independent assurance, ensuring that it represents a balanced and reasonable presentation of our economic, environmental, and social performance.

Our efforts have been met with a positive response outside the company. Camelot was ranked among the top 30 companies in Business in the Community's 2005 Corporate Responsibility Index becoming the leader in the leisure sector . In addition, for the first time, Camelot appeared in the Sunday Times 100 Best Companies to Work For – the definitive guide to the UK's best employers.

I am delighted that we have achieved this kind of independent recognition. It is the passion, creativity

and enthusiasm of those who work for and with Camelot which has contributed to the success of The National Lottery. I also particularly want to thank the members of our external Advisory Panel for Social Responsibility whose advice and input have again been invaluable.

In the year ahead we will continue to raise the bar, and will be setting ourselves even tougher targets. For 2005/06 we are making a further 49 commitments to our stakeholders, which you will find outlined in this report.

I look forward to your [feedback](#) and ideas on how we can do even better.

Dianne Thompson

**Dianne Thompson
Chief Executive**

Camelot Group plc

Achievements and Challenges

Ten Achievements in 2004/05

10th Birthday celebrations

Camelot is committed to improving understanding of the impact of The National Lottery. The 10th Birthday celebrations in November 2004 publicised some of The National Lottery's key successes. Between 150,000 and 200,000 people throughout the UK participated in birthday events.

Growing sales

National Lottery sales for the year grew by more than £150 million to £4,766 million in 2004/05. Money to Good Causes was up nearly £60 million – a 4.6% increase on last year. National Lottery players have helped to raise £17 billion since its 1994 launch, benefiting over 190,000 individual projects.

Introducing new channels

We introduced new ways of playing The National Lottery: through interactive digital TV, mobile phones and at supermarket checkouts. In addition we added 800 more lottery terminals to our network of retailers.

Satisfied players

76% of players say that they are 'satisfied' or 'very satisfied' with the way that Camelot runs The National Lottery. Camelot Interactive won Revolution's Best Customer Service Award recognising its innovative 'Ask Evie' feature.

Responsible products

The National Lottery website and Sky Active service have both received GamCare accreditation. The Department for Culture, Media and Sport (DCMS) highly praised the National Lottery website as one of the few gambling systems which successfully prevented a child from registering. In the retail environment, 10,223 Operation Child (test purchasing scheme) visits this year resulted in 89% of retailers refusing to sell to someone who looked under 16.

Responding to retailer needs

We continued to invest in our partnerships with retailers. In 2004/5, 94% of our 28,000 retailers were satisfied with Camelot's approach to the relationship and 98% of all retailers find The National Lottery valuable to their business. Retail sales were up by £70 million to £4,655 million.

High community investment

In 2004/05, we contributed £2.6 million — 5.5% of our pre-tax profits — to the community. The Camelot Foundation won a 2004 National Charity Award for its groundbreaking 4Front Awards. Employees participating in community activities contributed nearly 1,000 volunteer hours last year.

Good employer

For the first time, Camelot made it into the *Sunday Times* list of *100 Best Companies To Work For*. 78% of employees are proud to work for Camelot and 86% of employees believe that Camelot makes a positive difference to the world.

Reducing our environmental footprint

We introduced a new energy policy and improved recycling levels. 16% of suppliers surveyed say they have improved their social and environmental impact because of our commitment to these issues.

Top 30 in Corporate Responsibility

We improved our ranking in the Business in the Community (BITC) Corporate Responsibility Index by 45 positions from 73rd to 28th and are sector leaders in the leisure sector.

Five Challenges

As the operator of The National Lottery, we face particular challenges

Increasing returns to Good Causes through sales while maintaining high levels of player protection. See [Responsible Gaming](#)

Marketing games to attract all players without confusing players with their options. See [Playing and Winning](#)

Maintaining a balance between smaller and large retailers in a changing retail environment. See [Partnership in Retail](#)

Developing and maintaining a high performance culture within a seven-year licence period. See [Valuing our People](#)

Tracking the influence our stakeholders have on our business. See [Managing responsibly](#)
