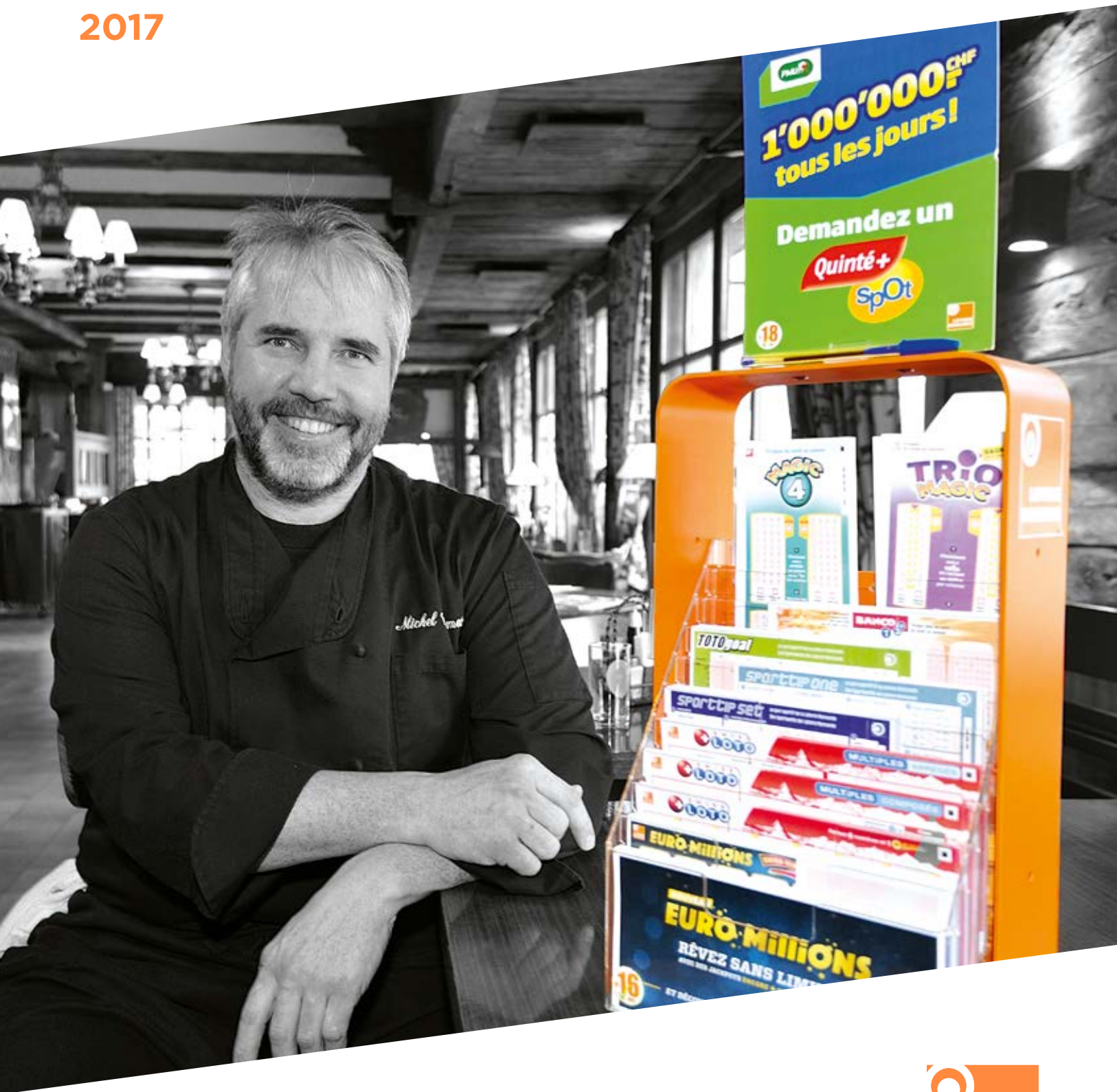


Annual Report 2017





**Société de la Loterie
de la Suisse Romande**

14, avenue de Provence
Case postale 6744
CH-1002 Lausanne
Tél. + 41 21 348 13 13
info@loro.ch • www.loro.ch

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▶ ACTION SOCIALE

CULTURE ◀

3000 PROJETS

BÉNÉFICIENT CHAQUE ANNÉE DU SOUTIEN DE LA LOTERIE ROMANDE



SOUTIEN NUMÉRO 1 DE L'UTILITÉ PUBLIQUE EN SUISSE ROMANDE.

#AVECLORO

▶ PATRIMOINE

SPORT ◀

Company with a public-service mission

MISSION

Since it was founded in 1937 with its objective to work for the public good, Loterie Romande has been organising and operating lottery games and sports betting in the six cantons of French-speaking Switzerland. It distributes 100% of its profits to non-profit-making bodies and organisations active in a broad spectrum of fields, such as social welfare, culture, sport, education and the environment.

With its business model that is unique worldwide, Loterie Romande runs its business operations ethically and judiciously. Efforts to prevent and combat addictive gambling form a wholly integral part of its corporate strategy.

VALUES

Loterie Romande is also committed to furthering and sharing its core fundamental values. These are formally laid down in the company's corporate charter compiled on several support media. All employees are actively involved in putting this charter into practice.

Trust and credibility

Management and members of staff act as guarantors of the integrity, reliability and credibility of the games intended to inspire dreams and provide fun.

Responsibility and transparency

The company's business operations undertaken for the common good, demand services of an exemplary standard and permanent commitment to serve the general public.

Innovation and creativity

Inventiveness is the cornerstone of the creative process for games that are to be relevant, geared to the future and socially responsible.

Loyalty and respect

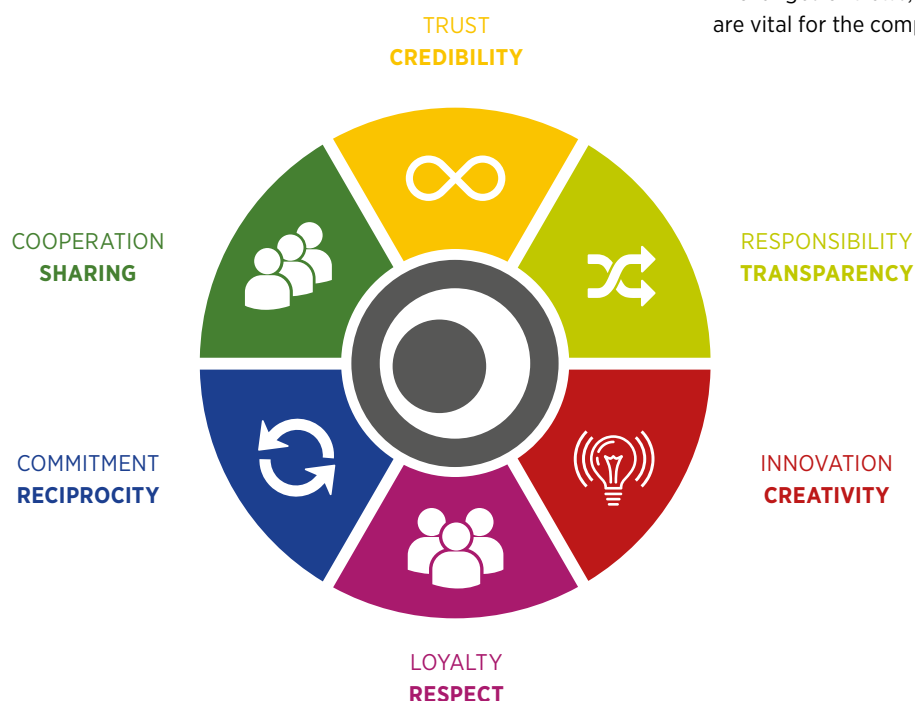
The principles of fairness, overall ethical conduct and an acute sense of responsibilities are driving forces for both the company and each member of staff.

Commitment and reciprocity

Members of staff work in a stimulating and enriching environment, enabling them to channel their enthusiasm and dynamism towards fulfilling the company's goals.

Cooperation and sharing:

Exchanges of views, dialogue and teamwork with all stakeholders are vital for the company in pursuit of its objectives.



Key facts & figures

Results

GROSS GAMING REVENUES (GGR)



386
million (CHF)

2015 — **377**

2016 — **398**

2017 — **386**

Target

Grow GGR within the framework of the company's Responsible Gaming policy.

NET PROFIT DISBURSED FOR THE PUBLIC GOOD



216.2
million (CHF)

2015 — **209.5**

2016 — **216.8**

2017 — **216.2**

Target

Pursue Loterie Romande's mission to work for the common good by disbursing 100% of its net profit for community associations and bodies in French-speaking Switzerland.

Sales network and partners

NUMBER OF POINTS OF SALE



2,600

2015 — **2,650**

2016 — **2,600**

2017 — **2,600**

Target

Adapt distribution channels to evolve with consumers' habits and tastes.

COMMISSION FEES PAID TO RETAILERS



71.6
million (CHF)

2015 — **70.5**

2016 — **74.5**

2017 — **71.6**

Target

Make a significant contribution to the turnover of neighbourhood businesses

Responsible Gaming

CONTRIBUTION TOWARDS RESEARCH AND PREVENTION (0.5% OF GGR)



1.93
million (CHF)

2015 — **1.88**
2016 — **1.99**
2017 — **1.93**

Target

Pursue the company's influential role as a driving force in the field of research and prevention.

NUMBER OF WITHDRAWALS AND OFFICIAL WARNINGS ISSUED TO RETAILERS



13

2015 — **10**
2016 — **16**
2017 — **13**

Target

Continue stringent supervision of Loterie électronique sales outlets and visits by 'Mystery Shoppers'.

NUMBER OF RETAILERS/EMPLOYEES WHO UNDERTOOK ANNUAL COMPULSORY TRAINING COURSES



372

2015 — **367**
2016 — **385**
2017 — **372**

Target

Enable all retailers and their employees to possess core knowledge and skills for preventing and combating addictive gambling.

Human resources

STAFF



283

51 mobile sales vendors
10 undergoing training
6 being re-integrated into the workplace

Target

Be an exemplary and reliable employer providing staff with motivation and training.

Jean-René Fournier, Loterie Romande's new Chairman

Mr Jean-René Fournier, State Councillor, was elected as Loterie Romande's Chairman at the Annual General Assembly of Members on 19 May 2017. He took office as of 1st January 2018.



COULD I ASK YOU TO GIVE US YOUR FIRST IMPRESSIONS JUST A FEW MONTHS INTO YOUR CHAIRMANSHIP?

Inside the company, I have been struck by the dynamism of Loterie Romande as a business – its dynamic leadership, managers and staff alike. As for matters outside the company, with the popular referendum on the new Swiss Federal Gambling Act looming large on the horizon, I have come to grasp the full extent of previous Chairman Jean-Pierre Beuret's words when he asserted that defending Loterie Romande as an institution had been and will always be a struggle every hour of the day.

However, in taking on this daunting challenge, I know I have sturdy support from my highly experienced and skilled fellow Board Members, together with an Executive Management team that has already given ample proof of its capabilities and success in running our Loterie Romande company.

LOTERIE ROMANDE CELEBRATED ITS 80TH ANNIVERSARY IN 2017. HOW DO YOU SEE THAT LANDMARK ANNIVERSARY?

That anniversary fills me with pride in recognition of all those – staff, management, directors and Board Members, Chairmen, plus former and current governing authorities in the six French-speaking Swiss cantons and their distributing bodies – who have contributed to the expansion and prosperity of our Loterie Romande whose mission – and it is well worth recalling it again – is to channel all of its profits from

‘Fighting competition and addiction on two fronts is a difficult balancing act which Loterie Romande has to accomplish day in, day out.’

gambling for the public good, while at the same time doing its utmost to protect the vulnerable against developing any addiction to gambling.

After that acknowledgement comes the realisation of this weight of great responsibility on us to be successful in continuing to drive forward the development of Loterie Romande and promote it for the greater good of all those living in Switzerland’s French-speaking region.

IN YOUR OPINION, WHERE DOES LOTERIE ROMANDE’S STRENGTH LIE?

Without a shadow of doubt, its strength lies with the men and women working for it. They endow it, among other things, with its innovativeness enabling it to have a presence in and develop its market, and, in so doing, keep competition at bay. I should also add straightaway another strength: Loterie Romande’s ongoing commitment to work to counter the scourge of addiction. Fighting competition and addiction on two fronts is a difficult balancing act which Loterie Romande has to accomplish day in, day out. That balance is even enshrined in those principles that were the driving force behind the setting-up of Loterie Romande and are still its core values today.

WHAT IS THE MAIN AIM YOU WILL BE PURSUING DURING YOUR TENURE AS CHAIRMAN?

My main objective is to ensure efficient governance that is conducive to Loterie Romande’s innovation-led and well-balanced further development, true to the spirit decided by its founding cantons to fulfil, to the best of its abilities, the needs of cultural, social-welfare, sports and charitable bodies throughout Switzerland’s French-speaking cantons. Through its public-interest mission, Loterie Romande enables thousands of associations to press ahead with their projects for the good of all. We need to ensure the sustainability of this tried and tested model that plays an influential role in the development and diversity of the not-for-profit sector in French-speaking Switzerland, working to the considerable benefit of culture, sport and social welfare.

THE ELECTORATE IS GOING TO THE POLLS TO VOTE ON THE NEW GAMBLING ACT. HOW CONFIDENT ARE YOU ABOUT THE OUTCOME?

The result of any vote can never be taken for granted before polling day. A lot is at stake for offshore gambling operators, as can be seen from the huge sums they pumped in during the phase of gathering the required number of signatures to trigger the

referendum. The battle is and will be fierce in the run-up to voting. On this score, we are committed to explaining to the electorate that every franc staked on those offshore gambling sites is one franc less going to our culture, our sport, our society’s needs and our not-for-profit sector in French-speaking Switzerland, but one franc more clanking into the coffers of wealthy privately-owned businesses, some of which are highly dubious, located outside Switzerland.

The unswerving commitment displayed by all cantonal authorities, backed up by both demonstrated and presumed support from those benefiting from Loterie Romande funds, will be crucial in clinching a favourable outcome in this referendum.

Loterie Romande's Board of Directors

as of 1st January 2018



From left to right:

**Mr. André Simon-Vermot, Ms. Christine Bulliard-Marbach, Mr. Jean-René Fournier (Chairman),
Mr. Yann Barth, Ms. Anne-Catherine Lyon, Mr. Philippe Aegerter, Mr. Jean-Maurice Favre**

Loterie Romande's institutional organisation

as of 1st January 2018

LOTTERIES AND GAMBLING CONFERENCE FOR FRENCH-SPEAKING SWITZERLAND (CRLJ)

The CRLJ is the institutional body of the Convention pertaining to Loterie Romande. Its membership comprises the councillors with executive responsibilities in the six cantons that authorise and supervise Loterie Romande.

GODEL GEORGES

Chairman

State Councillor

Finance Department, Fribourg

LEUBA PHILIPPE

State Councillor

Economy & Sport

Department, Vaud

DARBELLAY CHRISTOPHE

State Councillor

Economy & Education

Department, Valais

KARAKASH JEAN-NATHANAËL

State Councillor

Economy & Social Welfare

Department, Neuchâtel

LONGCHAMP FRANÇOIS

State Councillor

Presidential Department, Geneva

GERBER JACQUES

Minister

Economy & Health

Department, Jura

LOTTERIE ROMANDE: GENERAL ASSEMBLY

The General Assembly is the association's supreme corporate body.

CHAIRMAN

Fournier Jean-René, Sion*

ASSEMBLY MEMBERS

Vaud

Astolfi Marco, Puidoux

Fischer Pascale, Yverdon-les-Bains

Jaquier Rémy, Yverdon-les-Bains

Lyon Anne-Catherine, Belmont-sur-Lausanne*

Maillefer Anne-Marie, St-Sulpice

Pastori Jean-Pierre, Lausanne

Sordet Philippe, Lutry

Vullioud Edmond, Lausanne

A vacant position to be refilled in 2018

Fribourg

Bäriswyl Henri, Cormagens

Bulliard-Marbach Christine, Ueberstorf*

Monney Jean-Paul, Dompierre

Thomet René, Villars-sur-Glâne

Valais

Favre Jean-Maurice, Vétroz*

Jirillo Grégoire, Sion

Roserens Léonard, Evionnaz

Tornay Jean-Maurice, Orsières

Valterio Pierre, Vex

Neuchâtel

Jacot-Oesch Anne-Marie, Le Locle

Monnin Daniel, Neuchâtel

Simon-Vermot André, La Chaux-de-Fonds*

Genève

Aegerter Philippe, Geneva*

Babel Bernard, Meyrin

Favre Bernard, Geneva

Grandjean Béatrice, Chêne-Bougeries

Maffia Aldo, Geneva

Schneider Annelise, Chêne-Bougeries

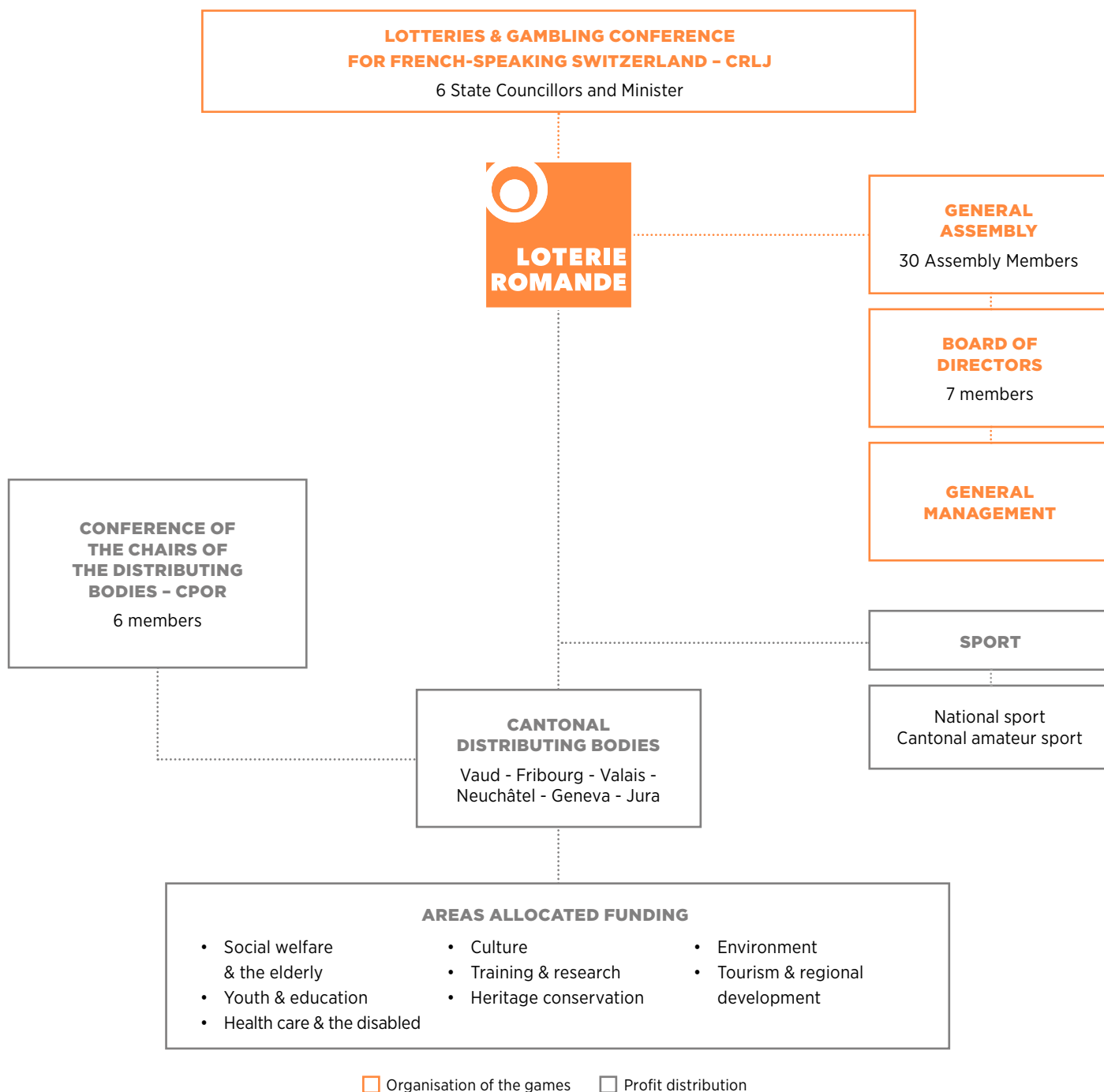
Jura

Barth Yann, Courroux*

Fleury Angela, Delémont

* Member of Board of Directors

Loterie Romande's institutional framework



Regulation

The Swiss Lottery & Betting Board (Comlot) was set up as an intercantonal authority for the 26 Swiss cantons, on the basis of the Convention signed between them in 2006. Its terms of reference are to act as supervisory agency for the lotteries and betting market and to ensure games are offered in a transparent manner and with integrity throughout Switzerland. It is also the body with authority to approve new lottery and betting games.

Company management



JEAN-LUC MONER-BANET
CEO

ANNE MICHELLOD
Human Resources
Department

PHILIPPE SALLIN
Management Control
Department

BERNARD LONCHAMPT
Finance Department

GAËTAN GUMY
Sales & Networks
Department

CATHERINE BENANI-ROCH
Legal Affairs
Department

FRANCISCO GOMES
Operations & Information
Systems Department

DANIELLE PERRETTE
Communications Department
& Sustainable Development

PETER VOETS
Marketing, Creative Design
& eCommerce Department

Jean-Luc Moner-Banet gives his comments on the operating results

AFTER AN OUTSTANDING YEAR IN 2016, GROSS GAMING REVENUES (GGR) DID DIP SLIGHTLY LAST YEAR. ANY PARTICULAR REASON WHY?

It is a tough ask to record growth year in, year out. It is also worth remembering the record 2016 profits could be explained by a rather unusual set of circumstances, some accounting in origin, others more directly connected to developments with our games, especially Swiss Loto on which a record jackpot of 70 million francs was won at end-2016. Obviously, the chance to win such an attractive prize proved especially tempting for players, resulting in an unusually high level of participation in the game. That said though, 2017 did still slot neatly into the overall encouraging trend of continuity with 2016. Draw-based games, scratch-cards and sports betting all enjoyed good years, demonstrating solid resilience after such an exceptional year in 2016. We are thus very pleased to report we will be able to deliver contributions pretty much on par with 2016 funding levels to support projects for the public good, to which Loterie Romande's profits are allocated.

PROFITS HOLDING UP WELL LAST YEAR ARE THUS GOOD NEWS FOR THOSE CHARITABLE, CULTURAL AND SPORTING PROJECTS IN FRENCH-SPEAKING SWITZERLAND?

Loterie Romande does its utmost not just to develop its own business and stay as relevant as feasible with the games it offers and in optimising its sales outlets, but also to keep a tight rein on its operating costs. We have been working hard and paying close attention to this for several years now. So,

in 2017, a year when gross gaming revenues consolidated compared to 2016, our drive to keep operating expenses under control enabled us to distribute for the public good profits totalling CHF 216 million, barely a few tens of thousands of francs lower than the level disbursed in 2016.

LOTIERIE ROMANDE LAUNCHED A NEW PLATFORM OF ONLINE GAMES IN SEPTEMBER 2017. WHERE DO EXPECTATIONS STAND WITH REGARD TO THE DIGITAL SPACE?

Expectations for this digital platform are pitched very high, both near-term and for the longer-term future. Loterie Romande's aspiration is to promote awareness and appreciation of its positioning in this digital arena, not just with younger generations, but with all strata of the population, as generations from young to old are all becoming more connected to online platforms for all types of purchases. In the medium term, we also need to support local businesses in their shifting landscape, working to ensure those playing our games are not compartmentalised exclusively in either the physical or digital worlds. Our goal is to enable them to switch seamlessly between online and our 'bricks-and-mortar' network depending on their expectations and availability. At the same time, the online platform has the most effective fail-safe mechanisms to guard against problem gambling taking root.

WHEN IT COMES TO YOUR PHYSICAL POINTS OF SALES, IS THERE SIGNIFICANT TRANSFORMATION WORK BEING PLANNED?

To tie in with your last question about our online presence, it is fair to say all lottery companies are striving to merge or converge their presence in the physical and digital worlds. As things stand, this still amounts somewhat to good intentions, but Loterie Romande is making strenuous efforts to develop that aspect of the digital content which, thanks to its appeal, could serve to draw younger generations into stepping into our 'bricks-and-mortar' points of sale to pay for and play their favourite games. We have to bear in mind that Loterie Romande's physical network, with its high-density coverage of 2,600 points of sales for just over 2 million inhabitants, is still and is set to remain for the near and medium terms the biggest network for distributing our games. We are determined to support and develop this network, while constantly modernising it to keep pace with fast-moving times.

SPORTS BETTING IS A CATEGORY OF GAMBLING EXPANDING FAST WORLD-WIDE. HOW IS LOTIERIE ROMANDE'S OFFERING SET TO DEVELOP?

The options offered by Loterie Romande have indeed already been expanded since early 2018, with the arrival of the new JOUEZSPORT branded game. This will take over from Sporttip which has been the main sports betting option for several years now. Our aim is to broaden the range of sports betting to cover more competitions and more sports, as well as to enhance its visibility in sales outlets and on online media. The purpose is to appeal to those who are passionate about their sport, be that a mass-interest global sport like football or a

more minor one like volleyball. We want to give these consumers opportunities to combine their love for their sport with, we hope, some fun in being able to bet on them as well, providing them a secure, reliable and socially responsible environment to do so.

ON THE POLITICAL STAGE, THE NEW GAMBLING ACT IS DUE TO BE SUBMITTED TO A POPULAR REFERENDUM VOTE ON 10 JUNE 2018. WHAT DO YOU REGARD AS THE KEY ARGUMENTS FOR VOTING 'YES' TO THIS LAW?

There are compelling arguments in favour of approving this law. To start with, the legislation was drawn up with the cooperation of all key stakeholders concerned. Thanks to this, a consensus was arrived at among gambling operators, casinos and lottery companies, cantonal and Federal authorities, and those agencies that fight gambling addiction. In many respects, this Gambling Act can be regarded as the product of a classic Swiss compromise. The law enacted by the Swiss Parliament makes it possible to establish that vital balance between protecting the playing public from problem gambling and safeguarding the need for a legalised offering of attractive enough games to generate profits to be disbursed for the public good.

Opponents of this Act who triggered the referendum have focused their lobbying against the blocking of illegal Internet gambling sites. We have a very straightforward response to their argument that the law is tantamount to advocating censorship of the web. Although the Internet is indeed a space of freedom, it must not be allowed to become an arena where lawlessness holds sway. Gambling cannot really be considered a business like any other, because it brings with it risks and dangers connected to addictive behaviours, criminality and money laundering. This is why regulations and stringent conditions are imposed on the gambling industry in nearly every country, especially in Europe, but also throughout the world. Loterie Romande remains fully convinced of the importance of voting to approve the Gambling Act so the general population can be allowed to gamble and play their games securely, reliably and socially responsibly, with profits being channelled towards the community at large.

 video on www.loro.ch/resultats2017



AS PRESIDENT OF THE WORLD LOTTERY ASSOCIATION (WLA), CAN YOU TELL US SOMETHING ABOUT WHAT MEASURES LOTTERY COMPANIES ARE PUTTING IN PLACE TO COUNTER MATCH-FIXING?

The most significant assets of any sports betting operator are the trust and confidence the players have in the integrity of outcomes. Simply put, those betting must be sure and certain that the match or game on which they have placed a bet has not been fixed in any way. For this purpose, the WLA has devised a structure known as the Global Lottery Monitoring System (GLMS). This is a framework enabling all those companies operating sports betting worldwide to share and analyse data and information they have about betting patterns, how betting is evolving and what form it takes, so any tell-tale signs of possible match-fixing can be detected. Findings are then

forwarded to the relevant authorities – that could be national or international sports associations – or law-enforcement agencies in serious cases where criminality might be involved. In this respect, the whole community of lottery companies is making tangible efforts to assist the world's leading sports bodies, like the IOC, FIFA and UEFA, to root out this scourge of match-fixing.

For more information, go to:
www.world-lotteries.org
www.glms-sport.org



Gross gaming revenues and profits

After an outstanding year in 2016 with the highlight of a record Swiss Loto jackpot win, gross gaming revenues reverted to their levels of previous years, totalling CHF 386 million for the full year. Thanks to the tight rein being kept on operating expenses, profits to be distributed for the public good were stable at CHF 216.2 million.

SLIGHT DIP IN GGR

In 2017, gross gaming revenues (GGR), i.e. the amount of money staked less winnings paid out to players, totalled CHF 386 million, a decline of 3% on 2016 levels. Against the backdrop of an ever more fiercely competitive gambling industry, the patchy frequency of big jackpots on draw-based lottery games undoubtedly had a bearing on sales, explaining the year-on-year dip in GGR. Moreover, 2016 results had been influenced by the record Swiss Loto jackpot up for grabs and won in December 2016.

A whole array of innovations and promotional campaigns successfully underpinned Loterie Romande's business across the full range of its games:

- a new platform of online games launched in September 2017 was devised in response to the latest technological advances to better meet the expectations of players who are increasingly using mobile devices
- 33 new scratch-cards were launched on the market throughout 2017 – many were completely new, but there were also some bonus editions of already existing games
- several information and promotional campaigns geared to forecasting games, sports betting and PMU were conducted in a drive to forge a loyal following among enthusiasts for these types of game

NET PROFIT HOLDING STEADY

Net profit generated in the 2017 business year, i.e. the sum to be disbursed for the public good, totalled CHF 216.2 million, an outcome on a par with 2016 levels (CHF 216.8 million). Long-term strategies being implemented to maintain the high level of support provided to charitable, cultural and sporting projects throughout French-speaking Switzerland continue to prove effective. These involve:

- developing, diversifying and modernising the product offering so as to match all players' expectations
- optimising the sales and distribution networks as new consumer spending habits evolve and as technology advances
- continuing to exercise tight control over operating costs which worked out at 26.1% of GGR in 2017



Loterie Romande is founded on a model entirely devoted to the public good. Thanks to the company redistributing 100% of its profits to culture, sport and social-welfare initiatives, all of us in the whole community are turned into winners.

Georges Godel

State Councillor for the Canton of Fribourg, Chairman of the Lotteries & Gambling Conference for French-speaking Switzerland (CRLJ).



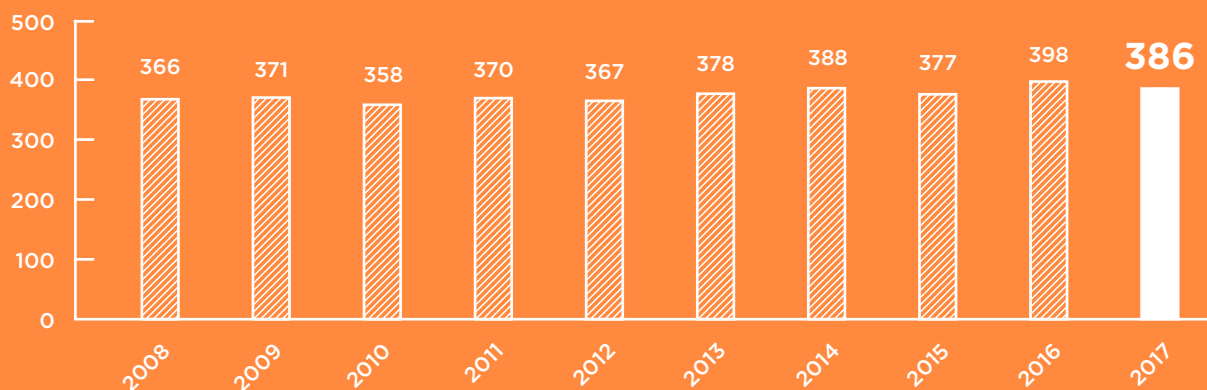
CHF

216.2 million

disbursed for good causes

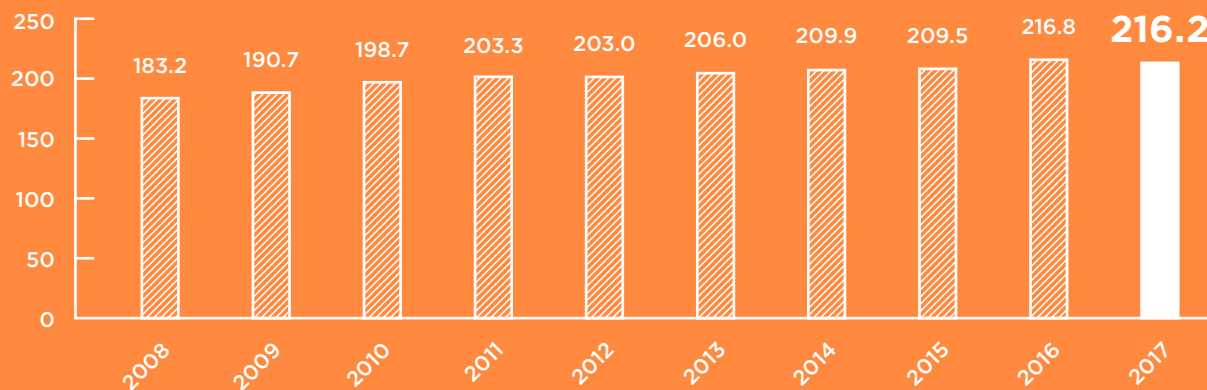
TREND IN GROSS GAMING REVENUES

(in CHF million)



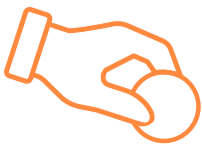
TREND IN NET PROFIT

(in CHF million)



Scratch-cards, draws and betting

A new platform of online games and plenty of new scratch-cards: innovation was the watchword for 2017, with a series of promotional campaigns that helped to drive Loterie Romande's business.

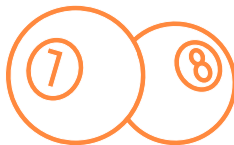


SCRATCH-CARD GAMES

After a run of several years of growth, scratch-card games (with their instant wins) posted a fractional decline in 2017, with GGR dipping by 1.1%. The sector continues to be encouragingly buoyant in an increasingly fiercely competitive landscape.

The ongoing renewal of cards being offered, with many new scratch-cards launched, helped to ignite interest among a general public always on the lookout for something new and exciting. The series of bonus games on some flagship cards also met player expectations through offering them more fun and amusement.

Among those scratch-cards most successful in 2017 were several new games – Majestic, Joker or Lagon – plus some older favourites, like Carton, Dico or Rento, which were given impressive relaunches.



DRAW-BASED LOTTERY GAMES

Draw-based lottery games, the biggest generators of GGR, registered a small 2.4% drop in turnover compared to 2016. Jackpots on Swiss Loto were won on several occasions, which meant that potential winnings were subsequently less attractive, especially to occasional lottery players.

Conversely, revenues from Euro Millions rose by 6.3%, highlighting the success of the new version launched in 2016, which boosted the game's appeal by adding new chances for players to win.

Among the other draw-based games, Loto-Express also turned in good results, with its GGR more or less stable year-on-year (-0.7%). It should be borne in mind that this keno-type game has been available to play on the online platform since 2015.



LOTTERIE ÉLECTRONIQUE

The Loterie électronique's 700 gaming machines located in 350 points of sale saw their revenues fall (down 5.9% y-o-y). This confirms the flattening-out in its business trend after over 17 years of being in operation, while also confirming the effectiveness of the various game moderators fitted to the machines to prevent and combat excessive gambling.



CHF

386

million

GGR in 2017





SPORTS BETTING

Unlike 2016 when the UEFA Euro football championships had significantly boosted growth in sports betting, there were no major sporting events in 2017. As a result, GGR was down slightly (-1.7%) in the year. It is worth noting that the mobile phone app, which makes it easier to place bets in sales outlets, proved highly popular (30% of sales were booked using this method).

A new range of sports bets from Loterie Romande, JOUEZSPORT, was launched on 9 January 2018. The driving force behind this is to offer modern and more exciting betting opportunities, featuring a greater number of sports and a broader programme.



PMU

Horse-race betting saw its GGR fall by 4.5% in 2017. This decline reflects changes affecting the sales network of bars, cafés and restaurants that are being visited less frequently in general and whose regular customers have restrained betting habits. It can also be blamed on the ever increasing rival attractions of sports betting.

Given this backdrop, several measures have been taken in the field, starting with modernisation of sales outlets. The aim is to put enthusiasm for horse racing back at the heart of the network.

The digital channel on www.loro.ch continues to make good progress. It now offers live coverage of every race on the PMU programme.



Sport in Switzerland obviously relies on support coming from its lottery companies. This funding focused on up-and-coming generations and infrastructure provides opportunities for young talent to blossom and fulfil their ultimate sporting dreams.

Laurent Dufaux
Former professional cyclist





Diversified offering that is both attractive and socially responsible

At the same time as rejuvenating its games, Loterie Romande has been aiming to deliver an entertaining range of games accessible on all media to make it easier for stakes to be placed, including at points of sales. The purpose behind this innovation-led policy is to sustain its 'bricks-and-mortar' network by modernising it and supporting its ongoing development.

LISTENING TO ITS PLAYING PUBLIC

The 2017 survey – based on a representative sample of the population and aimed at assessing players' likes and dislikes, how they play and what games they play – confirmed Loterie Romande's strong brand reputation and its positive image with the public: 95% of those surveyed have heard of Loterie Romande, 82% consider it to be trustworthy, and 73% deem it to be friendly.

The findings bear testament to the positive public image enjoyed by Loterie Romande. They also reflect the company's non-stop efforts to fulfil players' expectations by offering them a constantly diversified range of games.

PLAYERS AND THE GAMES

Over 60% of those living in French-speaking Switzerland tried their luck in a Loterie Romande game at some point in 2017. The biggest group of players (44%) are aged between 35 and 54. Then come the 55-64 age group (16%) and those between 25 and 34 (14%). The split between men and women is practically even, and all socio-professional categories feature among the playing base. Most of them (44%) have completed further-education courses (apprenticeships, vocational studies), with 38% having higher-education qualifications.

If we turn to the most popular games, the top favourite was the Tribolo scratch-card (62% of players), followed by Euro Millions (55%) and Swiss Loto (48%). Almost one-third of new players tried Loterie Romande games first by participating in Tribolo. Swiss Loto was the first choice for 27% of first-time players.



Thanks to regularly renewing and refreshing its range of games, Loterie Romande lives up to expectations of players who are always looking for exciting new attractions. This allows us to provide a surprise element and offer customers extra fun and pleasure.

Alzira Da Cunha
Art Café, Courroux

Taking the population of French-speaking Switzerland as a whole...



62 %

play Loterie Romande's games



73 %

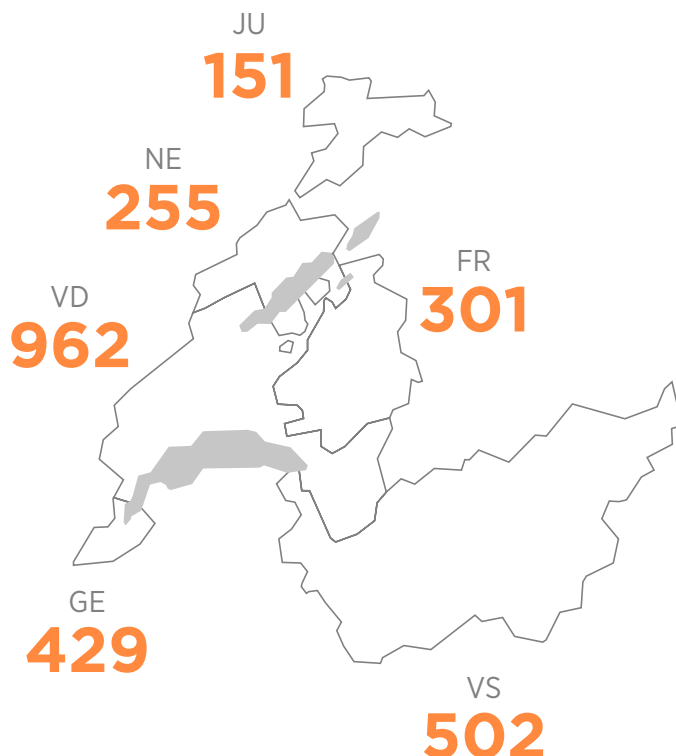
regard Loterie Romande as a friendly organisation



82 %

deem it to be trustworthy

Source: survey Baroloro 2017



THE PHYSICAL NETWORK: A MUST-HAVE DRIVER

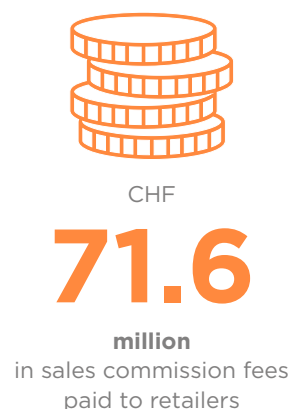
Loterie Romande's 2,600 sales outlets located among a population of two million inhabitants give the business a privileged positioning with the general public. This distribution network is also one of the most modern. The whole network is equipped with multi-use terminals that are both player-friendly and efficient.

Although kiosks, cafés/bars and restaurants form the backbone of the network, it also includes other types of establishments, such as post offices or petrol service stations. This broad diversity of points of sale reflects Loterie Romande's determination to optimise its distribution network, so that it can keep pace with shifting consumer habits while taking its retailers' interests into due consideration.

SUPPORTING LOCAL BUSINESSES

All Loterie Romande sales outlets are remunerated by the company in the form of commission fees for distributing its games. These fees totalled 71.6 million francs in 2017, a sizeable sum being ploughed back into the local economy. Without these fees – which work out at, on average, CHF 28,000.- a year for each point of sale – a good many small local businesses would struggle really hard to keep their heads above water, especially considering people's shifting consumer habits.

As such, Loterie Romande's business provides a dynamic boost to the social and economic lives of built-up areas and villages. According to some estimates, its operations indirectly generate between 1,200 and 1,400 jobs. Loterie Romande is proud of its contribution. It will continue to look after its 'bricks-and-mortar' distribution network and forge solid relations with all its business partners.





2017 – games accessible on all media

Last year, together with revitalising the range of games available to play, Loterie Romande enhanced and modernised its online games platform, designed to be ideally adaptable to all types of mobile device and to make it easier for stakes to be placed, including for players visiting points of sale.

NEW DIGITAL PLATFORM A FACELIFT FOR ONLINE GAMES

Since 12 September 2017, Loterie Romande has been able to offer a new platform of online games, allowing players to place their stakes using all types of device – PCs, smartphones or tablets.

This new, modern, fun and highly secure gaming platform was developed to cope with technological advances and to fulfil better the expectations of players who are increasingly using mobile devices. So as to strengthen its links with a consumer base that is increasingly 'connected', the new platform was specially designed, using the 'mobile first' principle, to be adaptable to work trouble-free with smartphones and tablets. This enables players to access Loterie Romande's online games whenever they want and wherever they are. Fortune can now smile on players wherever they might be! Loterie Romande's online platform of games includes the draw-based games, Swiss Loto, Euro Millions, Trio Magic and Loto Express, around fifteen scratch-card games, including several new ones, as well as sports and horse-race (PMU) betting/forecasting.

The impressive facts and figures reveal how dynamic this online gaming platform is: 14% of grids played on Swiss Loto and 10% of Euro Millions grids are now being validated over the Internet.

Following its successful launch, the new platform will continue to be expanded as Loterie Romande regularly adds new and extra functionalities. New apps for mobile phones and tablets have also been launched.

MAJOR CHALLENGES INVOLVED WITH GOING DIGITAL

Expanding its Internet platform and range of games on mobile media is Loterie Romande's response to crucial challenges, as the company is keen to halt encroachment by offshore gambling operators that are illegal under Swiss law. Loterie Romande is fighting to ensure players' money stays in Switzerland and contributes towards the common good instead of being siphoned off into the coffers of private shareholders abroad.

Most illegal gambling and betting sites operate no controls, leaving the door wide open for addictive habits to take hold, whereas Loterie Romande offers its playing public a completely reliable and secure platform, fitted with the most appropriate and effective fail-safe mechanisms to counter risks associated with addictive gambling.

Both the identities and ages of those playing are rigorously checked: only those aged over 18 and living in one of the six French-speaking cantons can register to play online. The possibility of limiting losses (compulsory for some games) and the option of self-exclusion feature among the array of gaming moderators installed on the platform.

SWISS LOTO: 29 MILLIONAIRES IN SWITZERLAND

Twenty-nine Swiss Loto players became millionaires in 2017. Six lucky players scooped the jackpot prize, nineteen won CHF 1 million by having six numbers correct (2nd prize tier) and, thanks to the extra Joker play, another four won a seven-figure prize. The biggest prize won in 2017 amounted to a huge CHF 37 million.

For the record, the biggest ever single win in Swiss Loto history is CHF 48.6 million, won in August 2014. On 17 December 2016, three people share the record jackpot payout of CHF 70 million. From when it was first drawn up to end-2017, this game has created 912 millionaires.

EURO MILLIONS: NEW SWISS RECORD WIN

The new form of the Euro Millions game launched on 27 September 2016 boosted this game's appeal, with bigger jackpots that would increase more quickly. Euro Millions brought great fortune to one lucky player who took home the biggest win ever in Switzerland totalling CHF 157 million on 19 December 2017, with the winning ticket being validated in the Canton of Zurich.

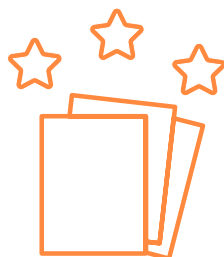
The previous record Swiss win had been the CHF 115.5 million jackpot won in the Canton of Valais in August 2013. From its first draw in 2004 up to end-2017, Euro Millions has made 48 players millionaires in Switzerland.

SCRATCH-CARDS: 33 BRAND-NEW GAMES

In June 2017, Loterie Romande launched Tetris, a game bringing back to life the cult 1980s video game in the shape of a scratch-card wholly inspired by the iconic squares, rectangles and other shapes that were this must-play game's hallmark.

The Bougie (lit. 'Candle') game, launched in December 2017, was also based on an innovative concept: a special 'scratch-and-sniff' card releasing a delicate cinnamon aroma when boxes are scratched off.

In 2017, Loterie Romande launched 33 new scratch-card games in all, including some bonus series for flagship cards alongside 24 brand-new games.



33

new scratch-card games
in 2017



Trésor (CHF 10.-): a card with a treasure hoard of gold, jewels and gemstones offering scratchers the chance to win up to CHF 200,000.-.



Tour du Monde (CHF 15.-): players travel to all corners of the world seeking to win up to CHF 300,000.-.



Mots-Codés (CHF 12.-): an intriguing mix of letters and numbers to be decoded on this puzzle card to win up to CHF 250,000.-.



Western (CHF 7.-): a Far West adventure to try to clinch the big prize of CHF 70,000.-.



Bonbon (CHF 5.-): a sweet treat of candy floss, jelly beans and caramel chews, with CHF 50,000.- for the lucky winner.



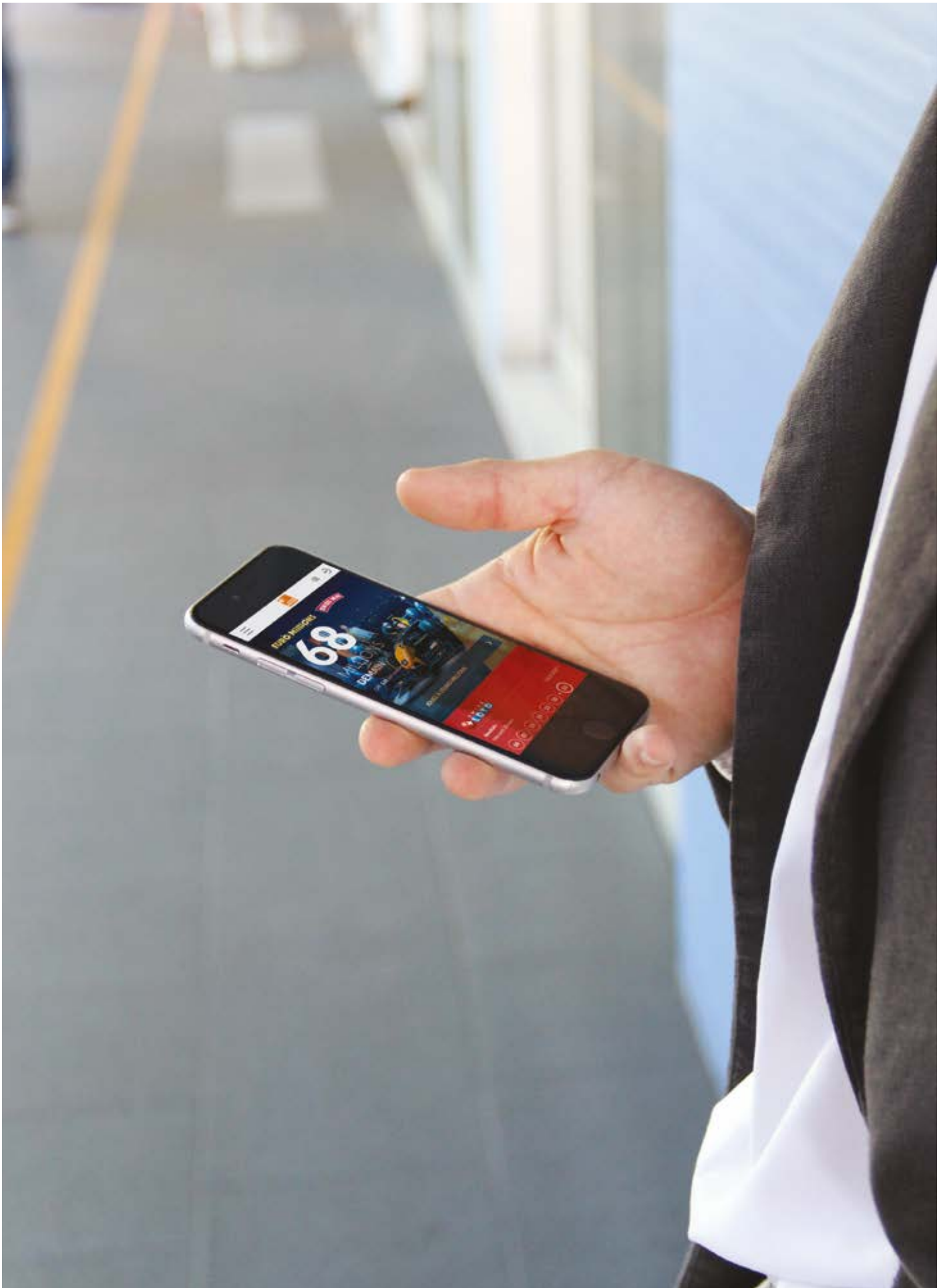
10x la mise (CHF 10.-): a card allowing players to multiply their winnings 2, 5 or 10 times as they seek to win up to CHF 200,000.-.

LOTIERIE ROMANDE ON SOCIAL MEDIA

Throughout 2017, Loterie Romande pressed ahead with expanding its presence on social media by providing high-quality informative content focusing on organisations that are beneficiaries of Loterie Romande's funding contributions. A team of specialists have formulated plenty of fun infotainment and interactive content devised to be shared on the main social media networks. Several competitions have been organised, along with active-participation content enabling users to discover heritage sites in French-speaking Switzerland and learn about those organisations seeking to safeguard and preserve them.

#AvecLoRo – follow us on:

- Facebook
- Twitter
- Instagram
- LinkedIn
- Youtube



Ongoing and permanent dialogue

In keeping with the principles of social responsibility espoused by it, Loterie Romande is committed to an ongoing and permanent dialogue with all of its stakeholders. Ethics and transparency lie at the very root of this in-depth and constructive two-way exchange of views.

MULTIPLE EXCHANGES

Loterie Romande constantly seeks to involve all its stakeholders in its strategic and operational choices. This approach is not only founded on the values espoused by Loterie Romande, but is also aimed at improving the company's overall performance.

The main relevant players who interact with the company are presented in the accompanying table. Over and above the main tools of mass communication aimed at the general public and the media, specific information and activities are targeted at various groups of stakeholders, meeting both Loterie Romande's and their own expectations.

DATA PROTECTION

Since 2012, the data-protection consultant for the Loterie Romande undertakes, entirely independently, the role to assist in and monitor tasks. Accredited with the Federal Data Protection and Information Commissioner (FDPIC), in compliance with the Swiss Federal Law on Data Protection, he supervises the implementation of regulations relating to data protection. He also has the responsibility of advising staff members, supervising projects involving data processing and conducting internal auditing in regard to data protection.

Stakeholders



Players

Almost 70% of people in French-speaking Switzerland regularly play Loterie Romande games



Beneficiaries

All net profit distributed via the appropriate distributing bodies



Staff

283 staff, including 51 mobile ticket-sellers



Retailers

2,600 retailers located throughout the six French-speaking cantons of Switzerland



Suppliers

External partners, suppliers of goods and services



Partners

Industry companies (Swisslos, Société du Sport-Toto) and associations (EL, WLA), other organisations active in the lottery sector



Authorities

Lotteries and Gambling Conference for French-speaking Switzerland (CRLJ)
Conference of Cantonal Directors with Responsibility for Lotteries (CDCM)
Swiss Lottery & Betting Board (Comlot)



Public-interest groups

Responsible for protecting minors and other vulnerable people in society: researchers, medical practitioners, care/treatment centres, etc.

What is expected of Loterie Romande	What is expected by Loterie Romande	Projects or programmes	Means of dialogue
Responsible operator offering entertaining games and a clearly defined distribution schedule for prizes 100% of net profit distributed for the public good Secure and reliable games	'That gaming remains a game'	Annual survey of players' profiles and tastes Tried and tested rigorous 'Responsible Gaming' policy, based on the principle of informed choice Marketing & Advertising Code of Conduct Anonymity of winners guaranteed; assistance if they so wish	Information available at sales outlets Draw/winnings schedules available and regulations at www.loro.ch Age restrictions printed on tickets, games, terminals, etc
Over CHF 500,000.- distributed every day	That the projects given support (around 3,000 p.a.) come fully to fruition	www.entraide.ch	Interviews conducted when preparing the Annual and Social Reports Sharing content on social media
Reliable employer, providing motivation and training Ethical and responsible company	Satisfied and motivated employees aware of their responsibilities	Ongoing training Satisfaction surveys Public health measures Apprenticeship opportunities Reintegration schemes Annual appraisals, with setting of individualised staff targets Professional integration	Intranet In-house meetings Corporate charter, highlighted and available on several support media
Financial backing in keeping with the efforts undertaken Attractive and secure products Marketing support Training Ongoing dialogue	Partners who conduct themselves responsibly, adhering to the provisions put in place	Training courses on the games and Responsible Gaming, in particular with regard to the protection of minors Modernisation of games equipment Motivation and incentive schemes Training on security	In-house magazine for retailers Information via sales support advisors Training sessions for retailers
Reliable business relationship	Long-term partnership taking business and social aspects into consideration Financially independent from Loterie Romande	Signing up to Marketing & Advertising Code of Conduct Contract including reference to obligations, especially with regard to Responsible Gaming	Communication with the relevant departments Regular meetings and ongoing exchange of views on the company's business activities, especially about Key Accounts
Reliable cooperation Ongoing dialogue	Thorough and constructive discussions, centred on defending common interests	Games operated jointly Communicating on news and developments in the lottery and betting sector Drafting of standards and guidelines in connection with security or Responsible Gaming Conferences, lectures and seminars	Regular and extensive contacts (phone calls, meetings, conferences) Working groups
Compliance with laws and regulations in force Games not targeted at minors or other vulnerable members of the public; adherence to a pre-established schedule for distributing winnings Community support Responsible company	Safeguarding the mission of lottery companies who work for the public good under the supervision of the cantonal authorities	Obtaining their seal of approval for all games before they are launched on the market Communications and reports on Responsible Gaming policy Regular meetings and ongoing exchange of views	Monthly meetings and contact on a weekly basis Working groups
Games developed that take note of their analysis Preventative measures funded via a 0.5% levy on GGR	Long-term partnership based on constructive exchanges of views and effective co-operation (particularly the training of retailers)	Training of staff and retailers Regular meetings, sharing of experience 0800 801 381 Helpline number prominently displayed at all points of sale	Regular contacts (lectures, meetings, telephone calls) Working groups

Guaranteeing an exemplary playing environment

Loterie Romande implements the most exacting security standards, ensuring that it undertakes disciplined supervision of all processes associated with its business operations and puts in place the highest precepts of corporate governance. The same can be said for its robust commitment, constantly being reinforced, to Responsible Gaming.

ISO 27001 CERTIFICATION

Since 2009, Loterie Romande has had official ISO 27001 certification. This stamp of approval guarantees the business is applying and implementing best possible practice when it comes to security and risk management in compliance with strict criteria recognised worldwide. Awarded for a three-year period, this official certification was successfully renewed in 2015. Regular interim audits are made in the intervening period.

Three key areas are assessed: integrity of transactions, financial security, and checking procedures. ISO 27001 bears witness to the equity and quality of games marketed.

AN EFFECTIVE SYSTEM OF GOVERNANCE

In conjunction with its ISO 27001 certification, Loterie Romande has set up a structured and effective Information Security Management System (ISMS) designed to safeguard the confidentiality, integrity and availability of information in its broadest sense. The applicability of the ISMS covers all employees, locations, premises, IT equipment, and data in electronic or hard-copy forms. This tool makes it feasible to guarantee the fairness and reliability of the games in conformity with Loterie Romande's responsible-gaming principles.

Loterie Romande has also had an Internal Control System (ICS) in place since 2008 to provide assistance in managing the company. The purpose of the ICS information tool is to ensure financial risks are optimally managed. The ICS thus enables managers and auditors to verify Loterie Romande's finances are both transparent and soundly managed.

WLA-SCS - SECURITY OF GAMES

With its WLA-SCS:2012 certification, Loterie Romande has achieved the highest recognition for supervision of its processes on the basis of the Security Control Standards (SCS) formulated by the World Lottery Association (WLA). This certification – which requires a business to fulfil beforehand the requirements of the ISO 27001 standard – imposes rigorous and permanent controls on security, placing emphasis on defining risks specific to the lottery business itself. In effect, it encompasses 111 more checking procedures on top of those demanded to fulfil ISO 27001 standard requirements.

CONSTANTLY REASSESSING RISKS

ISO and WLA certifications are not ends in themselves: quite the contrary, certification forms just one aspect of a continuous process of self-improvement to enable a business to boost its efficiency. In this respect, Loterie Romande has been applying an ongoing risk-management methodology tailor-made for its specific environment: this takes account of the full length of the chain of games production and operation as well as all its own services and departments, including monitoring of suppliers and financial risk analysis.

EUROPEAN RESPONSIBLE GAMING STANDARDS

European Responsible Gaming Standards were published in October 2007 by European Lotteries (EL). These standards, drafted by a working group of experts, in which Loterie Romande is involved, stipulate under ten key headings the obligations of lottery companies with regard to their players, the purpose being to prevent and combat addictive gambling. The rules of conduct flowing from these standards are stringent: those signing up to the standards must undergo a lengthy certification process, with compliance being reassessed for confirmation every three years. Of the fifty or so operators to have ratified the Standards to date, Loterie Romande was among the first to be officially certified. Loterie Romande was successfully re-awarded this certification in 2015.

www.european-lotteries.org



WLA WORLD RESPONSIBLE GAMING PRINCIPLES

On the global stage, the World Lottery Association has also drafted standards aimed at actively furthering Responsible Gaming principles. Loterie Romande already signed up to these World Responsible Gaming Principles in 2007. The company attaches great significance to complying with these. After achieving the highest certification rating (Level 4) in 2009 and 2012, Loterie Romande was proud to have sustained this standard of excellence, confirmed during the recertification process conducted in 2015.

www.world-lotteries.org

MARKETING & ADVERTISING CODE OF CONDUCT

Loterie Romande's marketing and advertising practices also adhere to strict criteria in terms of social responsibility. These criteria were laid down in its Marketing & Advertising Code of Conduct formulated back in 2008. Taking European Responsible Gaming Standards as a

template, this Code lays down a framework and benchmark not just for marketing, publicity and advertising campaigns themselves, but also relating to the games design process. It guarantees promotional and advertising materials are drafted and broadcast in keeping with a strict and transparent ethical and socially responsible code.

All of Loterie Romande's suppliers must sign the Marketing & Advertising Code of Conduct, thereby making a pledge to adhere to its principles. Available to download from www.loro.ch, the Code is submitted to any new partner during the year: around one hundred suppliers have already signed up to it.



WORLD LOTTERY ASSOCIATION
CERTIFIED
WLA RESPONSIBLE GAMING
FRAMEWORK
LEVEL 4 / VALID UNTIL 2018



100% of profits distributed

Loterie Romande pursues a public-interest mission founded on a business model that is unique worldwide: it distributes all the profits it makes to thousands of organisations working for the good of the community. Independent distributing bodies are responsible for allocating the funds in the half-dozen cantons of French-speaking Switzerland.

ON EVERYONE'S BEHALF

Every day, Loterie Romande distributes over CHF 500,000.- for projects for the public good. Thousands of not-for-profit associations, active in the widest array of fields, benefit from this financial input.

How the profits are allocated is dictated by very precise criteria. After deduction of a share earmarked for ADEC (Association pour le développement de l'élevage et des courses; Association for the Promotion of Horse Breeding & Racing), the profits are shared out as follows:

- **5/6^{ths}** going to cantonal distributing bodies (culture, social welfare, education, etc.)
- **1/6th** going to cantonal distributing bodies for sport.

SIX CANTONAL DISTRIBUTING BODIES

The lion's share, i.e. five-sixths, of profits generated for disbursement by Loterie Romande is made available in full to the cantonal distributing bodies.

These bodies, independent from the operating side of Loterie Romande's business, are responsible for distributing profits allocated to them throughout the six French-speaking Swiss cantons (Vaud, Fribourg, Valais, Neuchâtel, Geneva and Jura). They alone choose the organisations or projects they wish to support in accordance with transparent

and clearly defined selection criteria stipulated in their framework arrangements.

The share allocated to each cantonal distributing body is based pro rata on the cantons' populations (one half) and gross gaming revenues (GGR) generated in each canton (the other half).

In 2017, almost 3,000 associations, bodies, organisations, foundations or projects were awarded funds by the distributing bodies. The support funds are split into eight different fields of action (as shown in the charts opposite).

INTERCANTONAL PROJECTS

Specific donations awarded to organisations that undertake public-interest work in most cantons in French-speaking Switzerland or whose intercantonal coverage is acknowledged are considered to be intercantonal disbursements for French-speaking Switzerland.

It is incumbent on the Conference of the Chairs of the Distributing Bodies (CPOR), comprising the Chair of each individual cantonal agency, to assess funding applications. Every decision is taken unanimously and ratified by all the distributing bodies. The funds awarded by the CPOR, which constitute a maximum 10% of profits available, are financed by the cantonal bodies in proportion to their cantons' populations.

ESSENTIAL CONTRIBUTIONS

The increase in applications being made to cantonal bodies or to the CPOR provides evidence of the ever-increasing role played by these institutions interwoven into the social and cultural fabric of French-speaking Switzerland. It also re-affirms the dominant role played by Loterie Romande in these bodies' very existence. Its support and backing are even more crucial against the backdrop of funding provided by private companies or the public sector being scaled back.

NUMBER ONE SUPPORTER OF SPORT

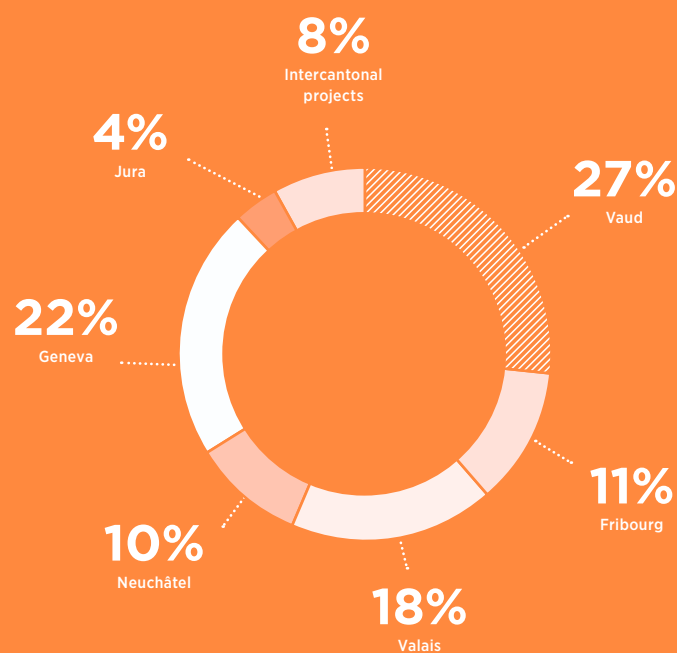
Funding allocated to amateur and elite-level sport, amounting to one-sixth of the profits, is divided between two key entities:

- the cantonal sports bodies which, in turn, help to finance a whole host of amateur and popular sports projects (infrastructure, next generation/grassroots, local events);
- the Sport-Toto company, which, in turn, gives backing to Swiss Olympic, the Swiss Football Association and the National football and ice hockey leagues.

2017 DISBURSEMENTS TO CANTONS

(in CHF)

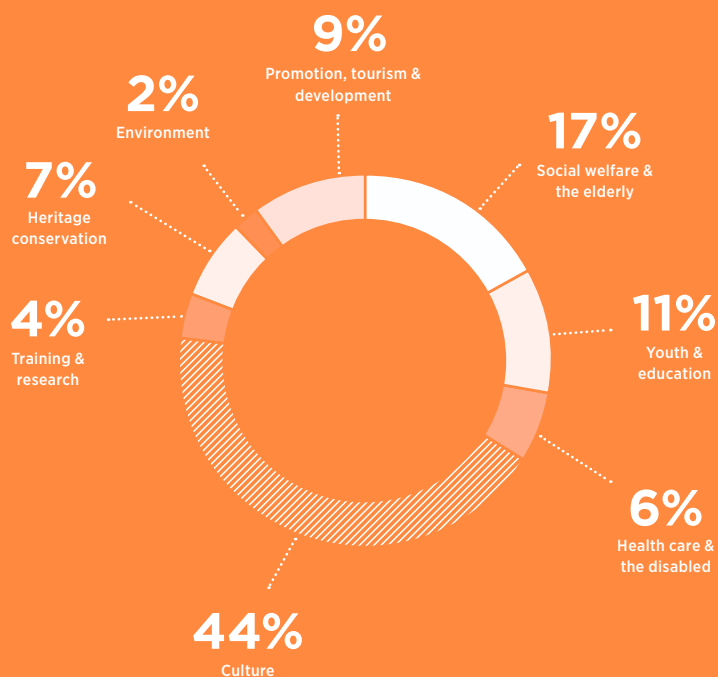
Vaud	40,437,100
Fribourg	17,156,388
Valais	27,088,102
Neuchâtel	14,360,550
Geneva	32,102,825
Jura	6,639,316
Total for cantons	137,784,281
Intercantonal projects	11,364,500
TOTAL	149,148,781



DISBURSEMENTS BY SECTOR MADE BY DISTRIBUTING BODIES IN 2017

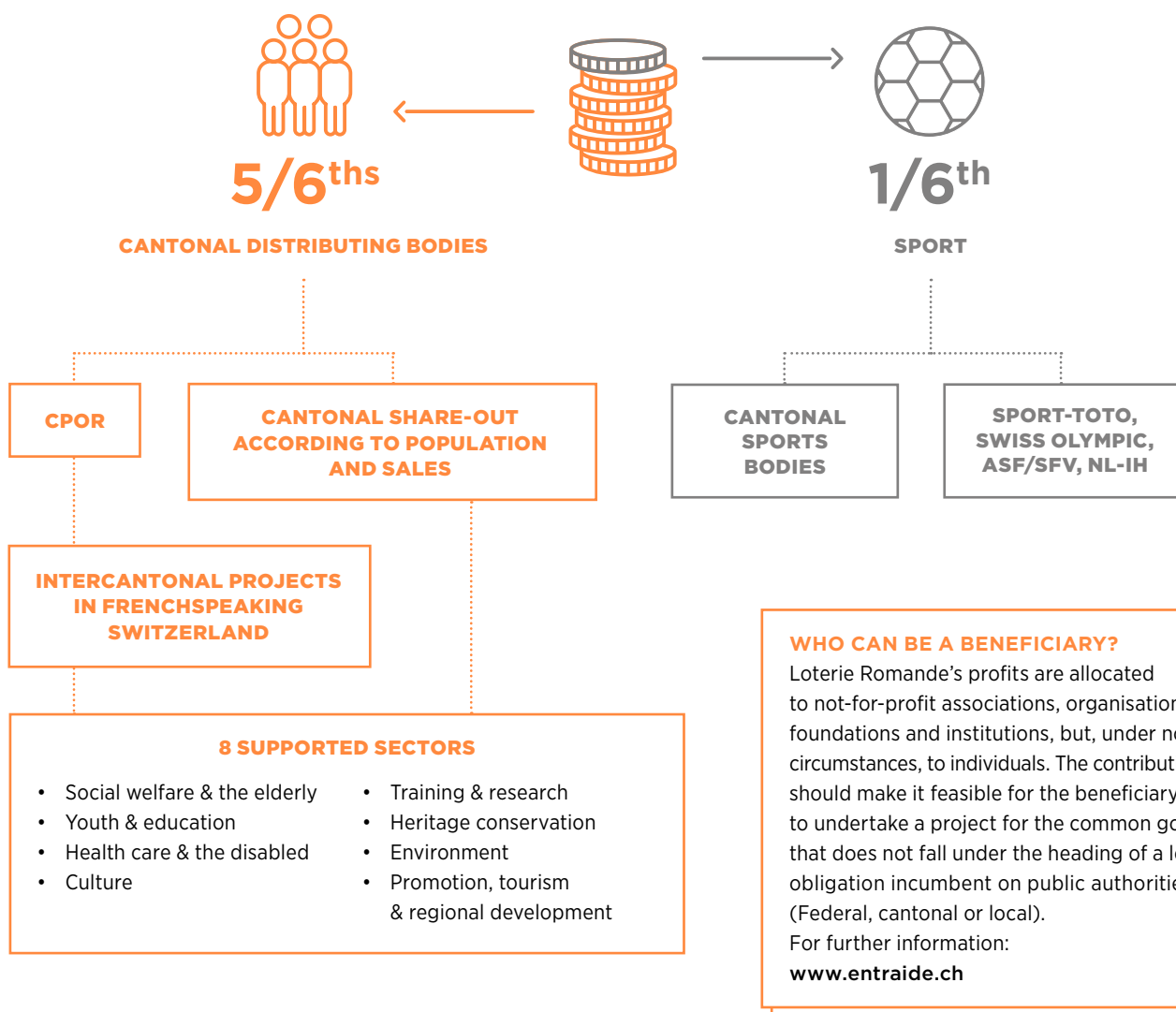
(in CHF)

Social welfare & the elderly		24,953,377
Youth & education		15,835,213
Health care & the disabled		8,750,600
Culture		64,569,860
Training & research		5,308,500
Heritage conservation		10,862,094
Environment		2,933,500
Promotion, tourism & development		13,225,300



SHARE-OUT OF 2017 PROFITS

The chart below shows the breakdown of profits in 2017 after allocation of funding to ADEC (CHF 3.6 million).



Loterie Romande's support plays a crucial role in safeguarding cultural diversity and the creative arts in French-speaking Switzerland – a role it has been playing for over 80 years.

Jean-Maurice Tornay

Chair of the Conference of the Chairs of the Distributing Bodies (2017)

Portraits

Loterie Romande's profits are distributed in full to thousands of social-welfare, charitable, cultural and sporting bodies and associations. Among the beneficiaries are not only large institutions such as Caritas, Cinéforum (Fondation romande pour le cinéma), Pro Juventute, the Gianadda Foundation, the Red Cross or the Chillon Castle Foundation, but also a multitude of projects in the most varied fields. The pen-portraits presented on the next few pages highlight the variety of the activities being supported.



SOCIAL WELFARE

Fondation Emmaüs (Neuchâtel)

The Fondation Emmaüs is a social centre for those experiencing difficulties in finding their place in society. Everyone is welcome regardless of their past, background, culture or religion. The community offers a shelter for living and sharing, a family-like setting providing everyone welcomed into the community with a reason for hoping and seeking to make a fresh start in their lives.

Emmaüs is also a hive of activity centered around recycling. The purpose behind these activities is to add value to, resell and re-use items and objects. This enables the community to function without being subsidised, and everyone welcomed into the community is recognised as an active participant on a day-to-day basis.

The Emmaüs amenity in La Chaux-de-Fonds is home to around twenty residents or day members, thirty or so volunteers, care-workers and those doing civil public service, who all work together to keep this haven of solidarity running. Loterie Romande's support has helped towards the opening of a new clothing shop and workshops in La Chaux-de-Fonds town centre.

www.emmaus-ne.ch



YOUTH & EDUCATION

Young People's Orchestra (Fribourg)

Youngsters who choose, get involved and take action. That is basically the message sent out by the Orchestre des Jeunes which enables adolescents to enjoy and share their passion for classical music.

Since it was set up in 1971, the concept of exchanges has been at the heart of the Orchestre des Jeunes' commitment. Young people can work together as a team while being assisted by a group of professional musicians. Through the whole rehearsal process, these young musicians aged between 12 and 18 learn how to work together and exceed themselves in a completely educational environment. They strive to bring the music to life, revivifying masterpieces of all styles and from all ages, ranging, for instance, from the 16th-century Willaert to the 20th-century Bartók.

Ten or so concerts, aimed at as wide a public as possible, are arranged each year with support from Loterie Romande.

www.ojf.ch



HEALTH CARE & THE DISABLED

Fondation Ensemble (Geneva)

The purpose of the Fondation Ensemble is to care for those with learning disabilities that may or not be associated with other disorders. Through its twenty or so facilities throughout the Canton of Geneva, this charitable foundation provides services for the very young to the elderly, through nurseries, special schools, workshops, daycare centres and residential homes.

Forging social cohesion between those with and without disabilities is of paramount importance to the foundation. As part of its drive to provide a suitable environment to make life easier, it has embarked on an ambitious initiative in conjunction with Codha, one of the leading cooperative housing associations in the Canton, a project that will include constructing a new building. Loterie Romande is supporting this innovative programme aimed at bringing all citizens together.

www.fondation-ensemble.ch



CULTURE

Chant du Gros (Jura)

At the outset of the summer holidays in 1992, a group of twenty or so friends, aged between 18 and 20, from the Franches-Montagnes region decided to launch and set up a small-scale free festival at Noirmont. The team got in touch with 'Gros Louis' who immediately agreed to let them use his field as the festival's site. And thus the 'Chant du Gros' festival was born, and it has gone on expanding ever since. Nowadays, the festival's name has spread far and wide beyond the Canton of Jura, but it still delivers what its public has always been looking for: a festive, friendly, relaxed, warm and informal atmosphere.

The 26th annual celebration took place on 7, 8 and 9 September 2017, with some 38,000 festival-goers. Once again, an impressive host of artistes performed to light up the festival. Among the headline acts last year were the Insus, Tryo, Véronique Sanson and Renaud.

This year's festival is scheduled for 6 to 8 September 2018. Put that date in your diary!

www.chantdugros.ch



HERITAGE PROJECTS & CONSERVATION

Church tower at L'Abbaye on the Lac de Joux (Vaud)

The church tower in the village of L'Abbaye on the Lac de Joux was built in the early 14th century, its earliest date put at 1324, by Aymon de Montferrand of La Sarraz who was keen to cement his authority over the L'Abbaye monastery. The tower itself measures 7 metres by 7 metres at its base. This impressive landmark can be seen from far away. For almost two centuries now, it has featured on engravings and paintings depicting the village of L'Abbaye, for which it has, in many ways, become a symbol.

Keen to safeguard the tower's long-term future, the Association pour la Restauration de la Tour de l'Abbaye du lac de Joux (ARTA) was set up on 6 July 2017. Its primary goal is to give vital impetus for complete restoration of the church tower so that it can be opened to the general public. Loterie Romande has given its financial backing for this renovation project.

www.tourdelabbaye.ch



ENVIRONMENT

Association Passion Nature (Valais)

The aim of the Association Passion Nature is to make all of us think more carefully about the crucial importance of biodiversity and act more thoughtfully. It enables people to discover all aspects connected to plants, animals and fish in a way that is both educational and fun. The Association does its utmost to boost the public's awareness, especially children's, about safeguarding the sustainability of our coexistence with nature and wildlife.

Support from Loterie Romande aims to underpin the teaching, public information and youth education initiatives that all take place under the umbrella of the Salon Passion Nature, an event bringing together all aspects of protecting and preserving biodiversity under the banners of respect and tolerance.

The very first Salon Passion Nature, held from 19 to 21 May in Martigny, was a resounding success, with 100 exhibitors and over 27,000 visitors coming through the doors. That all bodes well for the next Salon.

www.passionnature.ch



PROMOTION, TOURISM & DEVELOPMENT

Association romande des Magasins du Monde (covering the whole of French-speaking Switzerland)

The Association romande des Magasins du Monde (ASRO) runs 37 Magasins du Monde charity shops throughout French-speaking Switzerland. This Association is vibrant and expanding thanks to volunteers who are the bedrock and driving forces behind Magasins du Monde, a leading and committed pioneer of fair trade.

Magasins du Monde's approach is both to be educational and to foster good citizenship, going well beyond the remit of just being a retailer. ASRO and the Magasins du Monde chain provide a forum where everyone can show their commitment by getting involved in this economic-solidarity project. Every item on sale is the product of collective work by a group of producers known to the Association. Information about producers and the reasons that prompted importers to support them is on display in the shops. These sell a range of over 1,500 products, including food items, craft work, cosmetics, clothing and accessories.

Support from Loterie Romande is channelled towards training those volunteers who work for the Magasins du Monde shops.

www.mdm.ch



IN SPORT

Elfic Fribourg basketball & Guin Power Cats (Fribourg)

Women are flying the sporting flag high in the Canton of Fribourg. Two clubs in this region grabbed the headlines in 2017 in their respective sporting arenas: Fribourg's 'Elfes' in basketball and 'Power Cats' from Guin/Düdingen in volleyball. These two women's teams, both in their national premier leagues, took part in their respective European competitions where they excelled themselves.

Elfic Fribourg were competing in Europe for their third season in 2017. After an impressive run in the opening rounds, the team reached Play-Off Round 1 of the EuroCup Women before losing out in December to French team Basket Landes.

As for Guin Power Cats/TS Volley Düdingen, they ended the 2017 season, for the first time ever, by going as far as the eighth-finals of the CEV Volleyball Cup. After overcoming Hapoel Kfar Saba in the 16th-finals, the Power Cats extended their European journey into 2018.

The sporting feats of these two clubs have been supported by Loterie Romande's Cantonal Sports Committee.



IN SPORT

Yann Moulinier, Bobsleigh (Neuchâtel)

Yann Moulinier learned his craft for three years as one of the pushers in Beat Hefti's multi-Olympic-medal-winning bobsleigh team. He has now graduated to being a pilot, his goal being to take part in the 2022 Winter Olympics in Beijing.

Prospects for the new sporting career of this 24-year-old from La Chaux-de-Fond as a bobsleigh pilot look bright with the impending retirements of two illustrious past champions, Rico Peter and Beat Hefti. After starting out in track-and-field athletics as a hammer thrower, Yann Moulinier is now one of Swiss bobsleigh's great hopes.

Through Loterie Romande's Neuchâtel Sports Committee, Loterie Romande is providing backing for this talented and impassioned athlete making a singular name for himself in this exhilarating winter sport.

www.bob-yannmoulinier.ch



IN SPORT

Tchoukball Geneva Indoors

The 21st running of the Tchoukball Geneva Indoors event took place from 6 to 17 December 2017. Over 1,400 men and women proponents of this increasingly popular sport came together on the playing surfaces of the Queue d'Arve sports centre in Geneva. The players, ranging from junior to national and world elite, once again delivered an unforgettable sporting experience to spectators. During the tournament, 20 national teams, from eight different countries, competed. Among the squads, the Swiss men's national team had the honour of taking on the might of the powerful Taiwan team which has dominated this sport for several years.

Hundreds of volunteers were involved in helping to organise this event, welcoming, hosting, refereeing and organising matches to allow both players and the watching public to enjoy a thrilling time. And all with Loterie Romande's support.

www.geneva-indoors.com

CSR Priorities



Responsibility towards the community

GENERAL AIMS

- Ensure sustainability of Loterie Romande's profits to be disbursed for good causes while also safeguarding vulnerable groups in society
- Integrate the concept of Corporate Social Responsibility (CSR) into everyday practice
- Maintain balance between expanding the business and social responsibility
- Integrate the principles of transparency and solidarity

ACHIEVEMENTS IN 2017

- ✓ Strengthen training and upgrade tools for retailers to use for safeguarding minors

CHALLENGES FOR 2018

- Renew the whole workforce's and sales outlets' certification on Responsible Gaming issues thanks to a new interactive training scheme



Responsibility towards gamblers & players

GENERAL AIMS

- Formulate a voluntary and effective Responsible Gaming policy founded on assessments by outside experts
- Encourage a mind-set (both in-house and externally) attuned to Responsible Gaming

ACHIEVEMENTS IN 2017

- ✓ Part-audit in connection with the re-awarding of European Lotteries' Responsible Gaming certification
- Installation of new Responsible Gaming moderators on Loterie électronique equipment

CHALLENGES FOR 2018

- Renew certificates for compliance with Responsible Gaming principles and standards as laid down by European Lotteries (EL) and the World Lottery Association (WLA)

✓ Achieved

→ Ongoing



Responsibility towards employees

GENERAL AIMS

- Foster a social and participatory corporate culture within the company, furthering innovation
- Develop working relations grounded in mutual respect
- Enable all members of staff to develop and blossom in their careers
- Take a lead role in training and integration

ACHIEVEMENTS IN 2017

- ✓ Put in place an ongoing enhancement programme based on findings from the satisfaction survey and the 'Friendly Work Space' audit
- ✓ Manage implementation of the enhancement programme in keeping with the timetable set, and provide information about results being achieved
- ✓ Improve the staff-appraisal system, in particular by formulating an online process, and give staff and managers training in how to use the new tool

CHALLENGES FOR 2018

- Train all managers and employees in agile working practices
- Lead the Health at Work steering group and ensure that a clear action plan is put in place
- Strengthen the feedback culture by optimising the online appraisal tool and training the company's managerial-grade staff on this topic



Responsibility towards the environment

GENERAL AIMS

- Lessen the impact of the company's business operations on the environment
- Heighten staff's and suppliers' awareness of environmental issues

ACHIEVEMENTS IN 2017

- ✓ Develop the section covering the topic of sustainability on the Intranet space for staff use
- ✓ Cut back energy consumption on Loterie Romande's premises

CHALLENGES FOR 2018

- Press ahead with making employees aware of the importance of sustainability in connection with their working and professional lives

A mission under the solidarity banner

Loterie Romande was founded in 1937 with the purpose of serving the common good. After 80 years in existence, it has lost nothing of its founding ideals: by distributing all of its profits to thousands of bodies working on behalf of the community at large, Loterie Romande is pursuing its mission under the banner of solidarity and ethical conduct.

Loterie Romande conducts its business in a measured, ethical and transparent way courtesy of its privileged position as a lotteries operator with exclusive rights in its region. It places fundamental importance on its social responsibility and pursues a proactive policy in this area, reflected in the implementation of tangible measures to prevent excessive gambling as well as the forging of relationships of trust and confidence with all stakeholders.

VITAL SUPPORT

Loterie Romande plays a linchpin role as a driving force in civic life throughout French-speaking Switzerland. By distributing its net profits in their entirety to public-service projects, averaging more than CHF 500,000.- every day, Loterie Romande provides vital support for around 3,000 social, cultural and sports institutions and organisations. This role as the leading patron in French-speaking Switzerland does not detract from the company's dynamism – indeed the opposite is true. It bolsters its legitimacy and its determination to be innovative.

PREVENTING PEOPLE FROM SINKING INTO PROBLEM GAMBLING

As a leading light when it comes to preventing and combating excess gambling, Loterie Romande constantly pursues its efforts to ensure 'gaming remains a game'. This precept is rooted in the very heart of all that Loterie Romande does in business, especially in marketing and sales. For this purpose, stringent guidelines have been laid down and adhered to, especially when it comes to safeguarding minors:

- From initial design to the drafting of promotional messages, all games to be offered are checked in advance for compliance with social-responsibility criteria.
- Under no circumstances are games targeted specifically at children or vulnerable groups in society.
- No claims made in advertising focus solely on the chances of getting rich by gambling. Advertising and promotions are slanted towards aspects related to fun, dreams and entertainment.

These guidelines form reference points that must be accepted and complied with by all of Loterie Romande's business partners and suppliers.

TRAINING FOR THOSE IN SALES OUTLETS

A perfect example and vital component of Loterie Romande's commitment to social responsibility is its training of retailers and staff in sales outlets. All Loterie Romande retailers, some 2,600 in all, take compulsory training courses geared towards making them aware of the damaging repercussions of addictive gambling and encouraging them to take appropriate action. These training programmes are run by expert outside agencies and are subject to regular reviews and assessment so that they can be continually upgraded.

The purpose is to make retailers, both managers and their staff, aware of their responsibilities as distributors of gambling products. Loterie Romande is determined its retailers should uphold a genuine ethical stance: they must be capable of spotting gamblers in trouble so they can pass on to them useful and targeted information.

On these courses, protecting minors against the dangers associated with gambling is accorded a high level of importance, and this aspect is regularly reinforced. An age calculator was installed on all sales terminals in 2017, the purpose being to assist retailers in checking players' ages using dates of birth recorded on their ID cards.

3,000

social, cultural and sports
institutions are supported

A policy of social responsibility enacted in dealings with every single stakeholder.

SIZEABLE BUDGET EARMARKED FOR PREVENTION

The prevalence of addiction to gambling in Switzerland, i.e. the risk of an adult developing a behaviour pattern of excessive gambling, lies between 1% and 2%. Although only a minority of players suffer from gambling addiction, Loterie Romande is very mindful of the seriousness of this issue and is committed to preventing, through various means, the socially damaging consequences of addictive gambling. On top of measures envisaged under its Responsible Gaming programme, a 0.5% duty has been levied annually since 2006 by the cantonal authorities on gross gaming revenues generated by Switzerland's two lottery operators – Swisslos and Loterie Romande.

This levy raises CHF 4.5 million a year and is channelled towards funding cantonal programmes for preventing and treating gambling addiction. In particular, the levy serves to finance the PILDJ, an intercantonal programme against gambling addiction which aims to harmonise the six French-speaking cantons' efforts to prevent and combat problem gambling. The levy ensures that considerable financial means are built up to implement large-scale projects in prevention, treatment and research.

A COMMITTED POLICY ON THE INTERNATIONAL STAGE

Gambling as an activity is regulated in most countries round the globe, the primary purpose being to stamp out risks associated with gambling addiction, money laundering and criminality. Over the last few years, these risks have been mounting as a result of the ever-expanding activities of illegal, mostly offshore-based, Internet gambling operators. Through international organisations like European Lotteries and the World Lottery Association, national lottery companies have swung into action and been lobbying political authorities about the need to establish a regulatory framework with measures appropriate for the gambling and gaming industry, which, by its very nature, cannot be treated like any other sector in the economy.

Loterie Romande is fully involved in formulating and developing best practice in the field of lotteries and sports betting. Keen to dispel threats to players and the integrity of games, particularly associated with the phenomenon of match-fixing, Loterie Romande encourages all initiatives taken to combat these illegal product offerings which not only have the knock-on effect of diminishing funds available for allocation to good causes, but also leave the door wide open to addiction and dependency. This stance highlights the great importance Loterie Romande places on offering the playing public a healthy, reliable and safe gambling environment.



Over
CHF

4 billion

distributed
for the public good since 1937

Preventing and combating problem gambling

In order to offer the general public a gaming environment that is both healthy and fun, Loterie Romande develops and implements specific measures to prevent and combat excessive gambling. With the backing and support of researchers and health-care experts, Loterie Romande ranks as one of the most active operators when it comes to Responsible Gaming.

Preventing minors and vulnerable people from falling prey to problem gambling is the motivating factor behind several measures undertaken by Loterie Romande as part of its Responsible Gaming programme. This programme, launched on Loterie Romande's own initiative almost 20 years ago in 1999, forms a central plank of its corporate strategy. The policy demands utmost commitment not just from Loterie Romande's management and all departments, but also from retailers and outside suppliers.

TANGIBLE AND EFFECTIVE MEASURES

As a pioneer in putting reliable and effective preventative tools in place, Loterie Romande works in close collaboration with researchers and experts of world renown in the field of gambling addiction. This approach is particularly telling in the following areas:

Scientific research

- Exchange of information and consideration given to the recommendations from specialist researchers.
- Active cooperation with specialist outside bodies.

Preventative measures at gamblers' level

- Strict age limits for each type of game: 16 years for scratch-cards or draw-based games; 18 years for PMU, Loterie électronique machines and all online games.
- Dissemination of precise and detailed information about risks associated with addictive gambling and assistance available if playing is turning into a problem.
- Distribution of information cards on safeguarding young people.
- Technical and environmental moderators installed on Loterie électronique machines and the online games platform.

Training of retailers and partners

- Compulsory training of all retailers and staff members, relevant to their responsibilities.
- Promotion of a healthy gaming environment by making publications and leaflets available in all sales outlets that contain comprehensive, useful information about help centres.

- Regular and systematic monitoring of the implementation of the required Responsible Gaming guidelines in sales outlets, with action being taken where deemed necessary.

PROVIDING TARGETED INFORMATION

On the advice of researchers and specialists, every player must be able to find out information easily about gambling dependency and to seek, if wanted, assistance from qualified therapists. Loterie Romande adheres scrupulously to this principle of 'informed choice', implying that all retailers must be capable of providing this information appropriately to players, i.e. their customers. An instructional brochure has been published for this purpose, containing all the addresses of appropriate help centres in French-speaking Switzerland. It is available at all points of sale.

PROTECTING MINORS

Studies have proved that young children who have regular contact with forms of gambling are at greater risk of turning into gambling addicts in adulthood. This explains why Loterie Romande imposes, of its own volition, strict age limits for its games: no minors aged 16 or under are allowed to play. This ban is clearly displayed on all scratch-card and lottery game tickets and grids offered in retail sales outlets. For other games, like the Loterie électronique machines, PMU or online games, the age limit is set even higher, at 18.

To ensure these age limits and Responsible Gaming guidelines are properly complied with, inspections are undertaken regularly by sales advisors and by 'Mystery Shoppers' who are responsible for anonymously checking sales outlets (bars, cafés or restaurants). Each retailer with Loterie électronique equipment was visited at least five times in 2017. Eleven retailers were issued with a formal warning, and two others had their contracts terminated. PMU and LotoExpress outlets were likewise inspected and checked.



Compulsory training for all retailers, their employees and all staff.

An automatic age calculator was installed on all gaming terminals in 2017, the purpose being to assist retail staff at the point of sale in checking fast and reliably players' ages using dates of birth recorded on their ID cards. Information cards for the players themselves are also available.

SECURE AND RESPONSIBLE ONLINE GAMES

Loterie Romande's online gaming platform was completely overhauled in 2017 and has been fitted with essential tools to enable players to moderate their online gambling. The aim is to help players keep control over the sums of money they are staking and be aware of their losses as well as their gambling behaviour. These moderators include:

- compulsory registration, restricted exclusively to individuals aged over 18 years and resident in one of the six French-speaking Swiss cantons
- stringent checks on age and place of residence when a gaming account is opened
- possibility for all users to set caps on their daily, weekly or monthly losses; these ceilings are compulsory for the range of scratch-cards and LotoExpress.

The Internet platform also offers players the opportunity to undertake a self-evaluation survey, compiled by experts, on whether and how they should play, and, if they wish, players can exclude themselves from playing on the site for a specific period ranging from one day to one year.

LOTÉRIE ÉLECTRONIQUE

The 700 Loterie électronique machines installed throughout the 350 sales outlets in French-speaking Switzerland have always been subject to particularly stringent Responsible Gaming measures. The equipment terminals are fitted with numerous technical and environmental moderators:

- minors banned from playing
- slowed scratching speed
- no credit cards or bank notes accepted
- impossible to feed in more than CHF 50.-
- lack of comfort in front of the machine
- warning messages scrolling across the screen
- terminals located in places where they can be supervised
- Responsible Gaming Charter and leaflet displayed
- etc.

All these moderators are regularly assessed by experts so that they can be constantly improved.

INTERACTIVE TRAINING

Since 2009, Loterie Romande has been running compulsory interactive training courses for all of its retailers and its own staff members. Developed in conjunction with SiLabs (www.silabs.se), a Swedish research agency unanimously acknowledged for its expert know-how in Responsible Gaming, this training programme serves not only to give those following the training a knowledge base about gambling addiction, but also to equip them with the right responses should the need arise. Interviews with psychologists, alongside role-play exercises in dealing with real-life situations, make the training more realistic. The course concludes with a test leading to a certificate being awarded to those who pass, a compulsory requirement for all staff members and all retailers. In 2017, 181 managers and staff of new sales points undertook this interactive training course.

0800 801 381, free-phone number in Switzerland
Players in distress or their family and friends
can seek expert help by dialling 0800 801 381.
This Helpline number features widely on Loterie
Romande's materials.
www.sos-jeu.ch



For further information:
www.loro.ch/jeu-responsable

Prioritising innovation and sharing

Loterie Romande is committed to fostering a social and participatory corporate culture within the company, furthering innovation. Central to this approach is a staffing policy founded on the cornerstones of diversity, training and emphasis on living and working well together.

Since it was set up in 1937, Loterie Romande has been evolving non-stop to develop games that combine appeal and social responsibility. From fewer than 30 employees in 1980 and around 100 by 2000, Loterie Romande now has almost 300 employment posts in a most varied range of areas. This expansion has been matched by determination to foster the sharing of skills and advocating new ways of working.

PROUD OF BEING A TRAINING ORGANISATION

Loterie Romande places singular importance on enabling young people to take their first steps along their lifelong career paths. A group of ten apprentices is being permanently trained up, with three future IT specialists and seven business/commercial apprentices currently on the payroll. In 2017, three Federal Vocational Education Training Certificates were awarded to company employees. In this field, Loterie Romande regularly takes part in the Careers & Training Fair, organised every November in Lausanne, enabling thousands of school children and students to learn about the various jobs at the company.

START@LORO

Working along the same lines of helping young people to enter the professional world, Loterie Romande has instituted a programme dubbed 'start@loro', giving young higher-education and university graduates the opportunity to make a start on their chosen careers with Loterie Romande. Nine people, working in the fields of legal affairs, marketing, PR/communications, IT, HR, sales and archives/records, are already benefiting from this programme. This enables Loterie

Romande to ensure it will benefit from the next generation of managers of the highest calibre and to allow young graduates to make a great start to their working lives.

PROFESSIONAL INTEGRATION

Loterie Romande is also keen to develop, as far as possible, a programme to re-integrate people who have been absent from the jobs market for considerable time. A collaborative venture developed with Formation IPT ('Integration for All') has proved highly positive. This aims to offer in-service placements to people on invalidity benefits or to job-seekers. In 2017, Loterie Romande, working with this organisation, welcomed six people on such internships for professional integration.

PERSONAL STAFF DEVELOPMENT

So as to allow all members of staff to develop and acquire fresh knowledge, Loterie Romande has been formulating for several years now a programme of ongoing training schemes, the purpose being to encourage as many of its employees as feasible to take advantage of opportunities available. Several new training schemes, particularly connected to management of health and welfare at work and interpersonal communication, are regularly arranged.

In 2017, 158 members of staff took part in ongoing training programmes – that involved over 3,700 hours of lessons and courses all in all. For longer-duration training courses, staff members can be granted financial support, and time spent training can be counted in lieu of working hours.



Loterie Romande has provided me with a working environment that is enabling me to acquire and build valuable experience in the area in which I am being trained.

Tiffany Defleur,
Junior Marketing Assistant
at Loterie Romande

PROMOTING HEALTH IN THE WORK-PLACE

Health and well-being at work are major topics of interest for Loterie Romande. It has devised several major initiatives to be able to provide staff with optimal working conditions that are as healthy as possible.

- The offices were completely refurbished and redesigned in 2016 with input from expert consultants in ergonomics.
- Defibrillators have been installed, with staff trained in how to use them properly.
- The staff restaurant offers a wide menu choice in a pleasant setting, including a terrace.
- Fresh fruit is available free of charge in the staff cafeterias.
- A 20-minute seated massage by a qualified therapist is offered to all staff.
- Employees are offered the opportunity to have a comprehensive health check-up by an accredited practitioner free of charge and anonymously.
- A Health at Work steering group has been set up, its remit being to come up with a series of measures designed to improve health at work, the initiative being a response to findings from staff satisfaction surveys.
- Action geared to fostering both good health and a healthy environment at the company, such as the 10,000 steps campaign.

All these measures, that are constantly being improved, highlight Loterie Romande's commitment to promoting health and well-being in the workplace. As far back as 2013, Loterie Romande was awarded the 'Friendly Work Space' label by the Swiss Health Promotion Foundation. This distinction, re-awarded in 2016, is reward and recognition for Loterie Romande's effective management of health-related issues at the company and the particular attention paid to how work is organised and its social responsibility.

A training organisation and pro-active management of health and well-being at work.

BEING ABLE TO HELP ON A DAY-TO-DAY BASIS

Each year, all the company's managerial-grade staff attend a training course on key topics relating to change management or dealing with situations that arise on a day-to-day basis. The 2017 course focused on preventing risks associated with alcohol consumption or abuse of other psychoactive substances among the workforce. Following this workshop, a procedure for managing dependencies was put in place.

For a number of years now, Loterie Romande has also offered external and neutral support for members of staff with problems or issues, for instance family troubles, conflicts or any other personal or work-related problems. This service is provided by qualified social-welfare specialists who can offer useful advice.

ENCOURAGING 'SOFT MOBILITY'

As all of its operations were brought together onto a single site at avenue de Provence in March 2016, Loterie Romande formulated a mobility plan. Under the plan,

measures involving public transport and 'soft mobility' were pushed through, the purpose being to incentivise staff who were using cars to come to work to look into eco-friendlier transport options.

FAMILY DAYS

For a number of years now, Loterie Romande has opened its doors wide to children on the 'Oser tous les métiers' (lit.: 'Be bold and try all types of jobs') day organised in conjunction with local schools. On 9 November 2017, some ten pupils accompanied their parents to work: this day is one full of insight and discoveries on both sides.

As part of the end-of-year festivities, Loterie Romande also organised, in its time-honoured fashion, its children's Christmas party. For one afternoon, Father Christmas paid a visit to delight and entertain both young and the not so young alike. This day of celebration enables Loterie Romande's staff and families to establish more informal and closer workplace friendships in a more convivial setting.

THE HR BAROMETER

Staff numbers	283 (incl. 51 mobile ticket-sellers) 51% women 49% men
Full-time equivalent Percentage working part-time	241.20 42%
Average age	45 years
Staff undergoing training (apprentices)	10
People being re-integrated into professional life	6
Absenteeism rate (excluding training and maternity leave)	3.57%
Staff rotation (excluding those on fixed-term contracts)	7.77%



In 2017, three Federal Vocational Education Training Certificates were awarded to company employees.

Taking action for future generations

Promoting sustainable development features as one of Loterie Romande's main motivations. The company is committed to diminishing the impact of its operations on the environment through a range of targeted and tangible initiatives. This approach linked to safeguarding the environment is reliant on heightening awareness of sustainability issues among its employees and suppliers.

As part of those measures implemented to lessen the environmental impact of its business operations, Loterie Romande prioritises reducing the volume of paper used for producing its games. Keen to instil the concept of sustainability into all of its processes, it also takes action in several other areas: energy saving; business trips and travel for work; mobility plan for staff; point-of-sale materials; waste management.

In each of these areas, measures have been taken, ranging from systematic paper recycling in offices to the collection of used batteries or electronic material. For several years, an efficient procedure has also been in place for sorting plastic waste as well as for special types of waste materials like used solvents, aerosols, etc. When it comes to travel for work purposes, Lausanne Métro travel cards are given to staff to encourage them to use public transport. All vehicles in Loterie Romande's fleet are fitted with particulate filters.

In a bid to encourage employees to adopt appropriate behaviours, awareness-raising campaigns are conducted each year within the company, using the Loterie Romande intranet which has a whole section dedicated to sustainable development.

SPREADING GOOD PRACTICE

Loterie Romande places great significance on being able to pursue a comprehensive sustainability policy and getting all business partners, suppliers and sales outlets involved as well. To this end, Loterie Romande endeavours to foster cooperation founded on the same lines of social-responsibility thinking so that it can itself apply and require others to apply the best standards of sustainability practice to the process of producing and distributing its games, from start to finish.

Loterie Romande thus systematically includes criteria relating to sustainable development, in connection with environmental protection, in its tendering procedures. This principle extends along the full length of its game-production chain: from choices about supplies to waste management and transport matters. For instance, Loterie Romande requires printing firms to use FSC paper for all types of publication, irrespective of whether these are management reports, publicity or advertising material or magazines for retailers.

In step with its determination to pursue an overarching approach, new avenues are constantly being explored to be proactive and take account of the latest breakthroughs in sustainability. Although, owing to the very nature of its business as a lottery operator, the company continues to place emphasis on paper and waste management, it is also focusing on other more complex processes. Purchasing policy and the design of point-of-sale materials have come under the spotlight with a view to reducing the company's environmental impact.

PRIORITY TO PUBLIC TRANSPORT

The purpose behind the mobility plan devised for staff is to prioritise the use of public transport. The range of information on this subject has been regularly broadened, and employees who have tended to use their cars to come to work have been encouraged to look into other eco-friendlier transport options. The mobility plan thus also includes as an incentive a contribution towards part-paying season tickets or buying electric bikes.

Incentives to reduce the impact of the company's operations on the environment.

'CŒUR À CŒUR' CAMPAIGN

To combat poverty and social deprivation among young people in Switzerland as part of the 'Cœur à Cœur' (lit.: 'Heart to Heart') fund-raising campaign undertaken by the Swiss Solidarity charity and RTS, the Swiss-French TV public-service broadcaster, staff at Loterie Romande threw themselves into the challenge of covering 1,000km on indoor exercise bikes. Over one hundred employees took it in turns over two days to pedal furiously.

The target was achieved with consummate ease, as they managed to cycle for over 1,166 km in all. Loterie Romande had pledged to contribute six francs for every kilometre covered in this charity fundraiser, but in the end it decided to round up the total sum handed over to Swiss Solidarity to a generous CHF 10,000.-.



GRI - APPLYING THE NEW STANDARDS (2016)

Since March 2012, Loterie Romande has adopted the world-recognised Global Reporting Initiative (GRI) benchmark to boost awareness of its sustainability policy. For this year's Annual Report, Loterie Romande has adopted the new GRI standards drawn up in 2016, which make it feasible to monitor the company's environmental and social track record more extensively.



The full table, which doubles as a Sustainable Development Report, is available on the **www.loro.ch/publications** webpage



Financial Report

2017

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Balance sheet

(in CHF)

	Notes	2017	2016
ASSETS			
Current assets			
Cash/liquid assets	3	165,019,568	132,643,467
Short-term deposits	4	7,250,000	65,279,032
Retailers	5	16,632,027	20,347,095
Other short-term receivables	6	12,115,922	12,407,073
Net inventories	7	1,616,183	1,846,558
Pre-paid expenses and accrued income	8	4,715,945	8,748,215
		207,349,645	241,271,440
Fixed assets			
Tangible fixed assets	9	52,437,052	58,276,197
Financial fixed assets	10	86,299,285	50,210,021
Intangible fixed assets	11	20,382,341	14,520,783
		159,118,678	123,007,002
Total assets		366,468,323	364,278,442
LIABILITIES			
Current liabilities			
Winnings and prizes payables	12	18,330,509	15,099,955
Players' wallets	13	2,977,320	2,711,628
Trade accounts payables	14	3,189,465	4,204,958
Profit to be paid out	15	42,770,894	46,465,362
Other liabilities	16	5,047,832	4,870,868
Short-term provisions	17	2,900,000	2,900,000
Accrued charges and deferred income	18	21,825,449	21,758,348
		97,041,469	98,011,119
Equity			
Guarantee fund		862,000	862,000
Free reserve		52,348,868	42,348,868
Net profit		216,215,985	223,056,455
		269,426,854	266,267,323
Total liabilities		366,468,323	364,278,442

Income statement

(in CHF)

	Notes	2017	2016
GROSS GAMING REVENUES	20	386,486,537	398,339,061
Other operating income			
Regulatory duties and adjustments		3,204,330	6,534,104
Income from rebilling		407,242	387,428
Operating expenses			
Comlot supervision fees		-870,924	-904,826
Levy for prevention of excessive gambling		-1,932,433	-1,991,695
Commission fees	21	-71,623,833	-74,525,887
Retailers' expenses		-591,910	-618,677
Producing games		-3,944,661	-4,570,019
Operating games		-12,569,754	-12,958,683
IT		-17,076,562	-18,587,396
Personnel costs		-29,344,361	-27,985,821
General overheads & administrative costs		-6,969,973	-7,221,737
Marketing, publicity & communications		-14,041,487	-13,742,552
Sales & promotional events		-2,592,704	-2,714,506
Depreciation & impairment		-13,578,176	-15,748,785
Operating expenses	22	-100,709,588	-104,148,177
OPERATING PROFIT		214,961,330	223,690,007
Financial expenses & income	23	791,714	247,157
PROFIT FROM ORDINARY OPERATIONS		215,753,045	223,937,164
Non-operating expenses & income	24	462,941	-880,710
NET PROFIT		216,215,985	223,056,455

Cash flow statement

(in CHF)

	2017	2016
CASH AS OF 1ST JANUARY	132,643,467	174,014,632
Cash flow from operating activities		
Net profit	216,215,985	223,056,455
+ Depreciation & impairment	13,578,176	15,748,785
+/- Allocation to/Release of provisions	-	100,000
+/- Other non-cash items	8,279	-298,142
+/- Proceeds from sale of fixed assets	-7,463	-
Cash flow from operating activities	229,794,977	238,607,098
+/- Trade accounts receivables	3,715,068	-7,935,895
+/- Inventories	230,376	1,491,199
+/- Other receivables and accrued assets	4,323,421	-2,441,578
+/- Trade accounts payables	-1,015,492	971,411
+/- Other short-term debts and accrued liabilities	3,740,311	232,499
Increase/Decrease in working capital	10,993,684	-7,682,364
Net cash from operating activities	240,788,661	230,924,734
Cash flow from investing activities		
+/- Short-term deposits	58,029,032	-24,730,030
- Investment in tangible fixed assets	-2,455,825	-8,520,787
+/- Financial fixed assets	-36,097,542	-24,250,008
- Investment in intangible fixed assets	-11,144,765	-5,382,808
+ Sale of tangible assets	7,463	-
Net cash from investments	8,338,363	-62,883,633
Cash flow from financing activities		
- Distribution of prior-year profits	-216,750,923	-209,412,266
Net cash used in financing activities	-216,750,923	-209,412,266
CHANGE IN CASH POSITION	32,376,101	-41,371,165
NET CASH AS OF 31ST DECEMBER	165,019,568	132,643,467

Statement of movements in equity

(in CHF)

	Guarantee fund	Profit to be paid out	Free reserve	Net profit
Equity as at 1 st January 2016	862,000	204,534,261	47,348,868	
Profit to be paid out		-209,534,261		
Allocation to/Use of free reserve		5,000,000	-5,000,000	
Net profit for the year				223,056,455
Equity as at 31 st December 2016	862,000	-	42,348,868	223,056,455
Equity as at 1 st January 2017	862,000	223,056,455	42,348,868	
Share of profit to be distributed		3,699,948		
Profit to be paid out		-216,756,403		
Allocation to/Use of free reserve		-10,000,000	10,000,000	
Net profit for the year				216,215,985
Equity as at 31 st December 2017	862,000	-	52,348,868	216,215,985

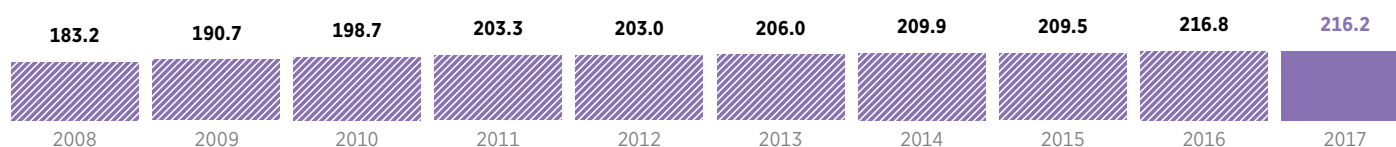
Breakdown

(in CHF)

Profit in 2017	216,215,985
- Allocation to/+ Use of free reserve	-
Total profit for distribution	216,215,985
- ADEC (Equestrian sport)	-3,573,387
Balance of profit for distribution	212,642,598
5/6 ^{ths} to distributing bodies and agencies	177,202,165
1/6 th allocated to sport	35,440,433
Detailed breakdown	
- Swiss Olympic; Swiss Football Association; National football and ice-hockey leagues	10,632,130
- Share allocated to cantonal distributing bodies for sport	24,808,303

Distribution

(in CHF millions)



Basis for distribution of profit

(in CHF)

GROSS GAMING REVENUES (GGR)

	Vaud	Fribourg	Valais	Neuchâtel	Geneva	Jura	Total
Scratch-card games	43,189,455	11,547,933	23,123,106	11,307,647	16,591,099	4,580,831	110,340,072
Draw-based games	57,395,367	19,735,210	30,927,732	11,852,157	27,987,042	5,468,798	153,366,306
Sports betting	2,520,957	721,977	1,090,335	641,635	1,878,482	163,031	7,016,417
Loterie électronique	32,935,406	6,260,631	14,641,372	7,803,757	20,282,527	2,655,709	84,579,402
PMUR	12,501,876	1,549,256	3,778,288	3,448,109	8,613,822	1,292,989	31,184,340
Total	148,543,061	39,815,007	73,560,833	35,053,306	75,352,972	14,161,357	386,486,537

POPULATION

	Vaud	Fribourg	Valais	Neuchâtel	Geneva	Jura	Total
Population	784,822	311,914	339,176	178,567	489,524	73,122	2,177,125

Breakdown profits by canton

(in CHF)

SHARES ALLOCATED TO CANTONAL DISTRIBUTING BODIES AND AGENCIES

	Vaud	Fribourg	Valais	Neuchâtel	Geneva	Jura	Total
Population	31,939,406	12,693,767	13,803,232	7,267,029	19,921,849	2,975,800	88,601,083
GGR	34,053,129	9,127,492	16,863,639	8,035,884	17,274,483	3,246,456	88,601,083
Total	65,992,535	21,821,259	30,666,871	15,302,912	37,196,332	6,222,256	177,202,165

SHARES ALLOCATED TO CANTONAL DISTRIBUTING BODIES FOR SPORT

	Vaud	Fribourg	Valais	Neuchâtel	Geneva	Jura	Total
Population	4,471,517	1,777,127	1,932,452	1,017,384	2,789,059	416,612	12,404,152
GGR	4,767,438	1,277,849	2,360,909	1,125,024	2,418,428	454,504	12,404,152
Total	9,238,955	3,054,976	4,293,362	2,142,408	5,207,486	871,116	24,808,303

Notes to annual financial statements

(With comparable 2016 data/expressed in Swiss francs CHF)

1. GENERAL INFORMATION

Société de la Loterie de la Suisse Romande is a private-law non-profit-making association. It is governed by Articles 60ff of the Swiss Civil Code. Loterie Romande has its registered head office in Lausanne. Its business object is to organise and operate, with the due authorisations as laid down in legislation, lottery games and betting involving draws in money and in kind, and to redeploy net profits generated from this to public-service institutions and associations – social-welfare, cultural, research or sporting – working for the community in the cantons of French-speaking Switzerland.

2. ACCOUNTING AND VALUATION PRINCIPLES

Basis on which the accounts have been compiled

The annual accounts for the 2017 financial year have been compiled in compliance with all Swiss GAAP Accounting & Reporting Recommendations (ARR). As a result, the company's annual accounts represent a true and fair view of the company's assets, financial position and results.

These accounts have been drawn up on the basis of the 'going concern' principle. The accounts are prepared according to the historical cost principle. The accounting years are defined in accordance with the accrual basis of accounting.

Transactions in foreign currencies

Transactions in foreign currencies, recognised in the income statement, are converted at the average exchange rate as recommended by the Swiss Federal Tax Administration (FTA). Currency gains and losses resulting from completion of such transactions, as well as the revaluation of balance-sheet items in foreign currencies to the exchange rate on the period-closing date, are booked in the income statement for the period.

Transactions with associated parties

Associated parties should be understood to mean: associated bodies, occupational-pension institutions, and individuals (physical persons) such as Members of the General Management or Board of Directors.

No transaction of any significance was undertaken with associated parties.

Cash/liquid assets

Cash and liquid assets are valued at their nominal value. Assets in foreign currencies are valued at the exchange rate applicable on the period-closing date.

Short-term deposits

Short-term deposits extend up to a maximum duration of one year. These are valued at their nominal value.

Retailers' current-account balances

Current-account balances of our lottery-games retailers represent, at nominal value, the total stake money cashed on the company's behalf, after deduction of winnings paid out by retailers and retailers' commission fees. A provision for losses on accounts receivable, after residual risks have been analysed, is calculated each year.

Other short-term receivables

Other short-term receivables are booked at nominal value with due account being taken of any requisite value adjustments.

Inventories

Inventories bought are valued at acquisition cost after correction for any necessary value adjustments. The detailed examination is presented in Note 7. Discounts or rebates are treated as reductions in the acquisition cost.

Pre-paid expenses and accrued income

This item covers costs paid in advance chargeable to the following financial year, together with income relating to the current financial year that will only be cashed at a later date. Pre-paid expenses and accrued income are valued at their nominal value.

Tangible and intangible fixed assets

Tangible and intangible assets are valued at their acquisition cost, less any required depreciation charges. Depreciation of fixed assets is calculated using the straight-line method over their economically useful lifetimes.

Lifetimes for various assets

Buildings	33 to 60 years
Installations & equipment	10 to 40 years
IT hardware	4 to 8 years
Furniture, fixtures & fittings	2 to 10 years
Fixtures & fittings at points of sale	3 to 5 years
Audiovisual equipment	4 years
Vehicles	4 years
Software	4 to 6 years

Depreciation commences as soon as the fixed asset starts being used.

The value of tangible and intangible fixed assets is subject to examination if signs are noticed indicating the asset's book value might be lower than its recoverable value. The detailed examination is presented in Notes 9 and 11.

Financial fixed assets

Financial fixed assets are valued at acquisition cost after deduction for economically necessary value adjustments. Those denominated in foreign currencies are booked at the exchange rate applicable on the period-closing date.

Current liabilities

These liabilities are booked at their nominal value. Current liabilities comprise all debts with maturities of less than 12 months.

Pension liabilities

Pension liabilities are calculated on the basis of the balance sheet of the occupational retirement benefit plan established in accordance with Swiss GAAP/ARR Standard No.26.

Provisions

Probable liabilities based on a past event and the amount and timing of which cannot be stipulated with any certainty, but can be estimated reliably, are booked under provisions. For instance, this could relate to liabilities connected with legal or other such proceedings.

Accrued charges and deferred income

This item comprises expenses or costs chargeable to the current financial year, but which will only be paid at a later stage, as well as any income received in advance, but relating to the subsequent financial year. Accrued charges and deferred income are valued at their nominal value.

Equity – Guarantee fund

This item corresponds to the sum at historical cost paid by the five French-speaking cantons when Loterie Romande was set up in 1937. It also includes the sum paid in by the Canton of Jura when it was created in 1979.

Free reserve

The free reserve corresponds to a fund the General Assembly may decide to pay into or draw down. Allocated from profits generated in the annual accounts, sums considered appropriate are set aside for the free reserve necessary for sound long-term management of the company's funds. Redeploying this free reserve must meet this goal. The Board of Directors submits a proposal to set aside or use this free reserve for approval by the General Assembly.

Gross gaming revenues

Gross gaming revenues (GGR) constitute the difference between the money staked by players and winnings, adjusted for the theoretical payout ratio as defined in the draw schedule.

Approval of accounts

The annual accounts were approved by the Board of Directors at its meeting on 20 March 2018.

Events that occurred after the year-end closing date

The value of assets and liabilities is adjusted when and if events, which were generated or conditions for which existed at the time of the balance-sheet date, would modify values as of the year-end closing date. Such adjustments can occur up to the date when the financial accounts are approved by the Board of Directors. Events not altering balance-sheet values are presented in these Notes to the accounts.

For the 2017 financial year, no event occurred after the year-end closing date.

3. CASH/LIQUID ASSETS

	2017	2016
Cash in hand	19,195	15,741
PostFinance	65,902,449	35,096,763
Cash held at banks	99,097,924	97,530,964
	165,019,568	132,643,467

The ceiling for assets, fixed by banks, above which interest expenses amounted to a charge of CHF 25,873 (CHF 119,094 in 2016). Loterie Romande contracted more long-term deposits so as to reduce as

much as possible the level of interest expenses being charged on cash balances (see Note 10).

4. SHORT-TERM DEPOSITS

	2017	2016
Short-term deposits	7,250,000	65,279,032
	7,250,000	65,279,032

Such deposits are contracted with financially sound counterparties in accordance with a stringent in-house procedure. There are no deposits held in foreign currencies.

Given the prevailing level of interest rates in 2017, these cash deposits were contracted at rates between 0% and 0.1%.

5. RETAILERS

	2017	2016
Retailers	17,032,027	20,747,095
Provision for losses on receivables	-400,000	-400,000
Net retailers' balances	16,632,027	20,347,095

Invoicing is done weekly. Payments are collected at the end of the week, except for sizeable accounts, where the payment deadline is 30 days.

NOTES TO FINANCIAL STATEMENTS

6. OTHER SHORT-TERM RECEIVABLES

	2017	2016
Société simple Euro Millions	4,029,734	2,031,968
Distributing bodies and ADEC	5,635,781	7,727,378
Withholding tax paid at source	315,359	741,302
Other receivables	2,135,048	1,906,426
	12,115,922	12,407,073

The current account of the Société simple Euro Millions, relating to the Euro Millions game, is denominated in euros and valued at the euro/Swiss franc exchange rate in force on the last day of the financial year. This is mainly money paid into banks in connection with the Euro Millions game.

Receivables for the distributing bodies include primarily contributions allocated directly to various associations for which financing is drawn down from profits for the current year. Such amounts are subsequently deducted from the profits to be distributed once the

accounts are definitively approved. The allocation to ADEC is also an advance on profits which is reconciled once the profit distribution is determined.

This 'Withholding tax paid at source' item constitutes withholding tax calculated on winnings paid and won during the draws and sports events. Withholding tax is then paid to the Swiss Federal Tax Administration (FTA) in the month following the month in which the draws take place, regardless of whether the winner has claimed their winnings or not.

7. NET INVENTORIES

	2017	2016
Consumables	1,379,693	1,306,825
Value adjustments on inventories	-100,000	-50,000
Finished products	336,489	589,734
	1,616,183	1,846,558

Inventories are comprised of the following:

1. consumables, in particular spare parts needed for repairing and maintaining gaming machinery and terminals on our retailers' premises, as well as rolls of paper and blank tickets for the gaming equipment;
2. finished products, i.e. batches of cards/tickets already printed and waiting to be put on sale (their value comprises the cost of printing and the paper).

Value adjustments on inventories

So as to reflect their residual lifetimes, varying between 2 and 5 years, the value of spare parts for PMU devices and game terminals was adjusted. The gross value of these items is CHF 193,711.

8. PRE-PAID EXPENSES AND ACCRUED INCOME

	2017	2016
Winnings calculated on stakes booked in advance	1,161,571	1,050,350
Adjustments to GGR	901,590	5,276,625
Pre-paid expenses	2,290,537	2,141,323
Accrued interest and other income to be booked	92,538	73,604
Other accrued assets	269,708	206,313
	4,715,945	8,748,215

This item covers, in particular, invoiced charges paid in advance by the closing date for the accounts, but relating to the following financial year. Adjustments to GGR are also included under this item. These adjustments constitute the difference between the actual rate

of payout on winnings and the theoretical payout ratio as defined in the draw schedule. The GGR figure in the operating account is thus the theoretical GGR from games.

9. TANGIBLE FIXED ASSETS

	Property & buildings	Installations & equipment	Furniture, fixtures & vehicles	IT hardware	Fixed assets under construction	Total
GROSS VALUES						
Position as of 01.01.2016	13,147,701	7,242,113	12,837,611	47,186,422	30,131,392	110,545,239
Additions	-	23,432	157,704	358,202	7,981,449	8,520,787
Disposals	-	-3,855,851	-1,798,988	-731,882	-	-6,386,721
Reclassification	21,375,291	10,584,612	2,148,870	1,842,302	-35,651,075	300,000
Position as of 31.12.2016	34,522,992	13,994,306	13,345,197	48,655,043	2,461,765	112,979,305
ACCUMULATED DEPRECIATION						
Position as of 01.01.2016	-5,011,305	-6,712,976	-10,795,973	-29,247,927	-801,791	-52,569,972
Depreciation	-750,324	-463,976	-860,128	-6,091,727	-	-8,166,155
Disposals	-	3,855,851	1,798,987	731,882	-	6,386,720
Reclassification	-300,000	-	-	3,983	-	-296,017
Impairment	-801,791	-	-46,398	-11,285	801,791	-57,683
Position as of 31.12.2016	-6,863,420	-3,321,101	-9,903,512	-34,615,074	-	-54,703,107
Net values as of 31.12.2016	27,659,572	10,673,204	3,441,685	14,039,969	2,461,765	58,276,197
GROSS VALUES						
Position as of 01.01.2017	34,522,992	13,994,306	13,345,197	48,655,043	2,461,765	112,979,305
Additions	42,532	58,228	896,597	493,836	964,632	2,455,825
Disposals	-	-	-516,781	-581,063	-	-1,097,845
Reclassification	-4,208,420	230,551	273,148	2,897,888	-3,213,410	-4,020,244
Position as of 31.12.2017	30,357,104	14,283,084	13,998,161	51,465,704	212,987	110,317,041
ACCUMULATED DEPRECIATION						
Position as of 01.01.2017	-6,863,420	-3,321,101	-9,903,512	-34,615,074	-	-54,703,107
Depreciation	-687,393	-499,616	-826,839	-4,724,007	-	-6,737,856
Disposals	-	-	516,781	581,063	-	1,097,845
Reclassification	3,969,085	-	-	4,309	-	3,973,395
Impairment	-	-	-28,311	-1,481,954	-	-1,510,265
Position as of 31.12.2017	-3,581,728	-3,820,718	-10,241,880	-40,235,662	-	-57,879,988
Net values as of 31.12.2017	26,775,376	10,462,366	3,756,282	11,230,042	212,987	52,437,052

Impairment on asset values

Shelving of the pilot project on self-service terminals (SSTs), together with a shortening of the useful lifetime of gaming equipment routers, which will be replaced at end-2018, were the main factors behind value writedowns totalling CHF 1,510,265.

NOTES TO FINANCIAL STATEMENTS

PROPERTY AND MORTGAGES

	2017	2016
Total value of buildings in the balance sheet	26,775,376	27,659,572

Mortgage notes on such property assets are as follows:

First-ranked mortgage notes	2,500,000	2,500,000
Second-ranked mortgage notes	500,000	500,000
Total of guarantee-free mortgage notes	3,000,000	3,000,000

10. FINANCIAL FIXED ASSETS

	2017	2016
Long-term loan (9 years)	23,000,000	23,000,000
Participation in SLE Euro Millions	3,186,069	2,877,890
LODH bond funds & securities	20,031,077	1
Long-term investments	40,000,000	24,250,000
Rent guarantee	82,139	82,131
	86,299,285	50,210,021

The long-term loan, contracted in 2011, has a term of 9 years. It is secured by property and bears interest in accordance with the contract terms.

The value of the SLE Euro Millions stake also factors in money earmarked for designing the game. These funds will be recouped once the game is no longer being operated.

The long-term deposits, with a maximum term of 5 years, are a response to the need to scale down cash balances held in bank accounts that are incurring interest charges. Investments in bond funds invested with Lombard Odier Darier Hentsch (LODH) also fulfil this need.

11. INTANGIBLE FIXED ASSETS

	Software	Fixed assets under construction	Total
GROSS VALUES			
Position as of 01.01.2016	76,642,903	2,054,684	78,697,587
Additions	741,165	4,641,643	5,382,808
Disposals	-32,186	-	-32,186
Reclassification	1,875,414	-1,875,414	-
Position as of 31.12.2016	79,227,296	4,820,913	84,048,209
ACCUMULATED DEPRECIATION			
Position as of 01.01.2016	-62,030,684	-	-62,030,684
Depreciation	-7,004,439	-	-7,004,439
Disposals	32,186	-	32,186
Reclassification	-3,983	-	-3,983
Impairment	-520,507	-	-520,507
Position as of 31.12.2016	-69,527,426	-	-69,527,426
Net values as of 31.12.2016	9,699,870	4,820,913	14,520,783
GROSS VALUES			
Position as of 01.01.2017	79,227,296	4,820,913	84,048,209
Additions	656,921	10,487,844	11,144,765
Disposals	-	-	-
Reclassification	9,419,260	-9,368,101	51,158
Position as of 31.12.2017	89,303,478	5,940,655	95,244,133
ACCUMULATED DEPRECIATION			
Position as of 01.01.2017	-69,527,426	-	-69,527,426
Depreciation	-4,185,488	-	-4,185,488
Disposals	-	-	-
Reclassification	-4,309	-	-4,309
Impairment	-1,144,568	-	-1,144,568
Position as of 31.12.2017	-74,861,792	-	-74,861,792
Net values as of 31.12.2017	14,441,686	5,940,655	20,382,341

Impairment on asset values

In 2017, some items underwent a revaluation reappraisal and the length of their useful lifetimes was reassessed. Useful lifetimes for gaming systems, in particular relating to previous sports betting offers, were reassessed and shortened. The various software programmes associated with the SST initiative were fully written down.

The total amount of writedowns on values of intangible assets came to CHF 1,144,568.

NOTES TO FINANCIAL STATEMENTS

12. WINNINGS AND PRIZES PAYABLES

	2017	2016
Winnings and prizes payables	18,330,509	15,099,955
	18,330,509	15,099,955

Winnings and prizes payables represent those winnings and prizes that can still be claimed by the winners in the six months following the date of the draw or the sports event, as well as the jackpot reserve fund.

13. PLAYERS' WALLETS

	2017	2016
Players' wallets	2,977,320	2,711,628
	2,977,320	2,711,628

The 'Players' wallets' item is the balance on accounts of players using the online games platform. Funds for these accounts are supplied by the players themselves who use the money in their accounts to play the various games offered by Loterie Romande

on its Internet platform. Once their accounts are credited, the players can access the games offered by Loterie Romande. Winnings of up to CHF 1,000 are directly credited to players' wallets, whereas winnings in excess of that figure are paid into their bank accounts.

14. TRADE ACCOUNTS PAYABLES

	2017	2016
Trade accounts payables	3,189,465	4,204,958
	3,189,465	4,204,958

15. PROFIT TO BE PAID OUT

	2017	2016
Profit to be paid out	42,770,894	46,465,362
	42,770,894	46,465,362

Profit is paid out in three instalments once the accounts have been finally validated by the General Assembly. Payments start in June. As of the year-end closing date, the final quarter of profits for the

2016 financial year still remained to be paid out. It was paid in January 2018.

16. OTHER LIABILITIES

	2017	2016
Withholding tax payable	2,340,404	2,624,211
VAT payable	485,607	514,201
Partner companies' current-account balances	754,885	1,535,868
Other debts	1,466,936	196,587
	5,047,832	4,870,868

The 'Withholding tax payable' item consists of withholding tax to be paid for winnings in the month of December. Partner companies' current-account balances relate to services undertaken related to joint running of various games. The 'Other debts' item comprises,

in particular, payroll expenses which are settled at the start of the next financial year once the final statements of account have been received.

17. SHORT-TERM PROVISIONS

	Provisions for legal costs	Other provisions	Total
Position as of 01.01.2016	2,000,000	803,592	2,803,592
Allocation	-	100,000	100,000
Use	-	-3,592	-3,592
Release	-	-	-
Position as of 31.12.2016	2,000,000	900,000	2,900,000
Allocation	-	87,934	87,934
Use	-	-87,934	-87,934
Release	-	-	-
Position as of 31.12.2017	2,000,000	900,000	2,900,000

As this pertains to a civil-law case as part of an application for dispute-resolution arbitration, the degree of uncertainty as regards the outcome of the legal case cannot be estimated.

18. ACCRUED CHARGES AND DEFERRED INCOME

	2017	2016
Stakes booked in advance	2,230,420	2,014,463
Other accrued liabilities	3,522,348	3,707,357
Provision for invoices to be received	3,858,325	3,055,075
Adjustments to GGR	12,214,357	12,981,453
	21,825,449	21,758,348

Adjustments to GGR constitute the difference between the actual rate of payout on winnings and the theoretical payout ratio as defined in the draw schedule. The GGR figure in the income statement is thus the theoretical GGR from games. This adjustment implies that winnings paid out effectively compared to sales for the period are lower than the theoretical payout ratio.

This stems primarily from new tickets and games being launched at the end of the year, as well as the time-lag between the sale of a ticket/card and payment of any winnings relating to it. The most striking example of this is the Millionnaires scratch-card, when the bulk of the sales occur at the end of Year N, whereas the major prizes can only be cashed in as from 24 December.

19. PENSION LIABILITIES

LoRo employee Pension Foundation surplus cover	Economic benefit	Economic benefit	Change during the year	Personnel costs	Personnel costs
2017	2017	2016		2017	2016
-	-	-	-	3,431,418	2,523,900

As of 31 December 2017, the employee Pension Fund Foundation's provisional results showed surplus cover. However, this cover did not reach the targeted fluctuation reserving rate as defined in the

Foundation's regulations. Nor are there any employer contribution reserves.

NOTES TO FINANCIAL STATEMENTS

20. GROSS GAMING REVENUES (GGR)

	2017	2016
Gross gaming revenues	386,486,537	398,339,061
	386,486,537	398,339,061

Gross gaming revenues (GGR) constitute the money staked by players less the winnings paid out, adjusted for theoretical winnings, so as to reflect the theoretical level of GGR as defined in the draw schedule published in the Official Gazettes.

Owing to Loterie Romande's weekly invoicing period, the 2017 financial year books sales from 1st January to 30 December 2017 (2016: from 27 December 2015 to 31 December 2016).

21. COMMISSION FEES

	2017	2016
Commission fees	71,623,833	74,525,887
	71,623,833	74,525,887

These constitute commission fees paid out to our retailers from sales of lottery products and games.

22. OPERATING EXPENSES

	2017	2016
Retailers' expenses	591,910	618,677
Producing games	3,944,661	4,570,019
Operating games	12,569,754	12,958,683
IT	17,076,562	18,587,396
Personnel costs	29,344,361	27,985,821
General overheads & administrative costs	6,969,973	7,221,737
Marketing, publicity & communications	14,041,487	13,742,552
Sales & promotional events	2,592,704	2,714,506
Depreciation & impairment	13,578,176	15,748,785
	100,709,588	104,148,177

Operating expenses are all expenses and costs needed to operate Loterie Romande's games.

23. FINANCIAL EXPENSES & INCOME

	2017	2016
Financial costs	59,018	194,145
Financial income	-850,732	-441,302
	-791,714	-247,157

Financial expenses and income include interest on bank and postal accounts, interest on the long-term loan and on fixed-term place-

ments. Also included under this item are currency gains/losses on accounts denominated in foreign currencies.

24. NON-OPERATING EXPENSES AND INCOME

	2017	2016
Non-operating & exceptional expenses	-	1,004,471
Non-operating & exceptional income	-462,941	-123,761
	-462,941	880,710

In some financial years, some income and/or expenses may not be directly charged to the operation of lottery games. This might relate to one-off expenses which will not recur.

The Sport-Toto (SST) company paid back the balance on the reserve set aside in 2006 in conjunction with Swisslos. The purpose of this reserve was to develop the offering of sports betting from the two lottery companies. The sum reimbursed totalled CHF 394,298.

In 2016, exceptional expenses were booked, related, in the main, to Loterie Romande's contribution to offsetting the accounting loss incurred by the employee Pension Fund Foundation as an upshot of the sale of the premises at 13, rue Marterey.

25. OFF-BALANCE-SHEET OPERATIONS

	2017	2016
Total amount of guarantees, deposits and other pledges in favour of third parties	100,000	100,000
Leasing debts of less than 1 year	539,453	604,023
Leasing debts between 1 and 4 years	429,194	561,849
Total sum of leasing debts	968,647	1,165,871

The pledges are collateral security with a bank acting as cover for exchange-rate risks on forward currency purchases to pay our European suppliers.

Leasing debts relate to the company's fleet of vehicles, in agreements concluded with Amag Leasing SA.

26. FEES FOR AUDITORS' SERVICES

	2017	2016
Auditors' fees	76,728	68,728
Fees for other services	96,282	-
	173,010	68,728

27. NUMBER OF FULL-TIME-EQUIVALENT EMPLOYEES (FTEs)

	2017	2016
Number of full-time-equivalent employees	241	237
	241	237



Deloitte SA
Av. De Montchoisi 15
Case Postale 460
CH – 1001 Lausanne

Tel: +41 (0)58 279 92 00
Fax: +41 (0)58 279 93 00
www.deloitte.com

Report of the statutory auditor

To the General Meeting of the members of
Société de la Loterie de la Suisse Romande, Lausanne

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Société de la Loterie de la Suisse Romande, which comprise the balance sheet as at 31 December 2017, and the statement of income, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with Swiss GAAP FER, the requirements of Swiss law, intercantonal agreements and the articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2017 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law, intercantonal agreements and the articles of incorporation.



Société de la Loterie de la Suisse Romande
Report of the statutory auditor
for the year ended
31 December 2017

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Deloitte SA

Annik Jaton Hüni
Licensed Audit Expert
Auditor in Charge

Jürg Gehring
Licensed Audit Expert

Lausanne, 21 March 2018

Enclosures

- Financial statements (balance sheet, statement of income, statement of changes in equity, statement of cash flows and notes)

PUBLISHING DETAILS

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