

CORPORATE SOCIAL RESPONSIBILITY

Paddy Power appreciates that it has important responsibilities to its customers and the broader community, as well as to its employees and shareholders. The Group is committed to acting fairly and properly in its dealings with all stakeholders and the directors are cognisant of the significant impact that environmental, social and governance matters may have on our business. We have set out below brief overviews of some areas of particular focus for the Group.

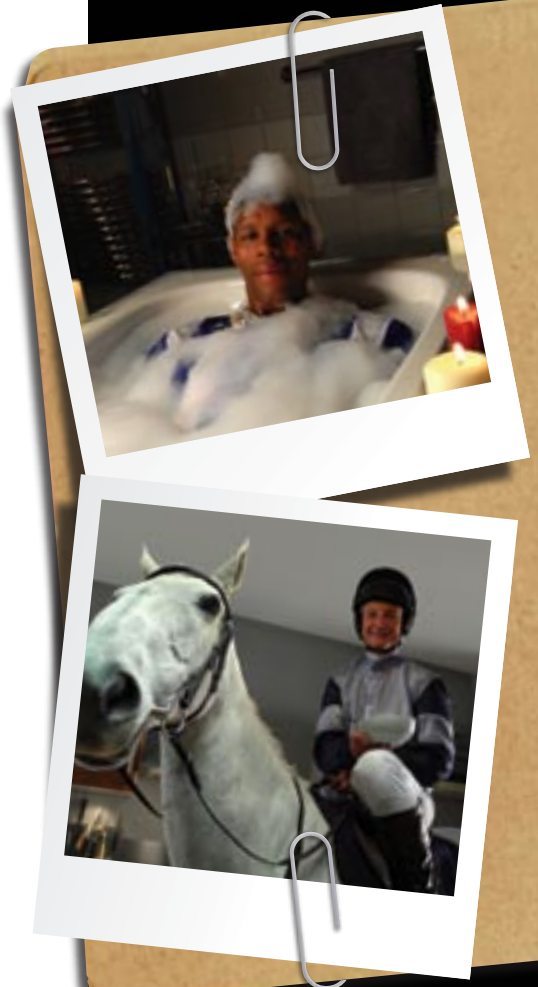
Employees

Our people are pivotal to everything we do and we are fortunate to have such a range of talented people that epitomise our devotion to customer service, our dedication to product excellence and our brand values of 'fun, fair and friendly'.

The Group focuses heavily on employee communication, development and retention. In 2009, we continued to improve the employee appraisal process to bring greater focus to the personal development planning of employees, which saw an increase in targeted training for both junior and senior employees. We also want people to have a longer term stake in the Group's performance and have introduced schemes to encourage share ownership amongst employees. During 2009, we continued to focus on improving internal communications, by promoting usage of the staff intranet and increasing the frequency of meetings of our head office employee communications groups. In addition, we gather feedback from staff through employee surveys. We are committed to communications from the top down and our Chief Executive attends at employee consultation forums and at induction meetings for new head office staff.

We continued to invest heavily in our dedicated in-house recruitment function to source the next generation of management talent. In 2009, we improved our recruitment processes by increasing our adoption and usage of online and social networking recruitment tools and by continuing to enhance our dedicated careers website 'www.workwithpaddy.com'.

Opportunities for employment, training and development are determined on the basis of each individual's ability and performance record, irrespective of their gender, ethnic origin, nationality, age, religion, sexual orientation or disability. The number of staff employed in the Group increased by 21% over the course of the year to 2,276, including our Australian business. The growth of our retail estate in the UK in 2009, coupled with greater presence of non retail employees in our London offices, has seen the number of people working for the Group in the UK rise by 44% to 457 people. We anticipate that we will continue to grow our employee base as we aggressively expand our online, retail and business-to-business service offerings over the coming years.



NAME

No.

MISSION 08

BROADCAST YOURSELF

It may have been a few years since Carlton Palmer's glory days at Sheffield Wednesday but, thanks to our new TV advertising campaign, the former striker was back on the box where he magically appeared in bathtubs on a quest to refund losing bets.

Carlton was joined by renowned jockey Richard Dunwoody and Liverpool legend, Bruce Grobbelaar, for a series of three TV commercials to promote our Money-Back Specials. The Carlton ad was voted by Football Punk magazine as being amongst the Top 20 most humorous events from the 2008/2009 football season.



Safety, Health and Welfare at Work Act 2005

Paddy Power is committed to the safety and well being of employees at work in compliance with the Safety, Health and Welfare at Work Act 2005. The Act imposes certain obligations on employers in respect of health and safety in the workplace. Appropriate measures have been taken to ensure that health and safety standards are complied with at all relevant locations and that all applicable Group companies meet the requirements of the Act. These measures include Safety Statements at all locations and training in health, fire and general safety for all new employees, conducted by our area trainers at the start of employees' induction training. All of our appointed contractors must submit an up to date Health and Safety Statement and proof of their public liability insurance before we award any contract. Prior to the commencement of any major works within the Group, the appointed contractor must submit a 'method statement' describing how the proposed works will be carried out safely. We service all of our essential emergency and fire alarm systems on a six-monthly basis to protect our staff and to ensure that we comply with relevant statutory regulations.

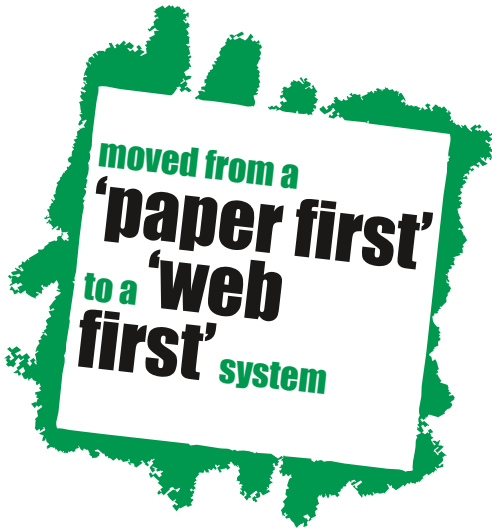
Responsible gambling

We strive to protect the small number of our customers who may have difficulties with gambling. For most people gambling is a harmless and fun leisure activity, however, if a customer does develop a problem with gambling, we actively refer them to the relevant experts who can help. Our close association with Gamcare, a registered UK charity and a leading authority on the provision of information, advice and practical help to promote responsible gambling, helps us to protect our customers. We also provide significant funding to Gamcare via agreed contributions to the Responsibility in Gambling Trust. All of our customer service agents are certified by Gamcare and undergo regular Gamcare training to ensure they offer the most professional service possible to those who might be suffering from a problem with gambling. We also display information about Gamcare in all of our shops.

We provide our customers with comprehensive information about problem gambling including recognising behaviour signs, the various forms of treatment available, relevant contact information, and advice on software to block access to gambling sites. This information is available in the responsible gambling section of all our websites, with a link to this section included on every page of the site.

We empower our customers to stay in control of their own gambling activity by allowing them to set limits on the maximum value and frequency of deposits to their account. In addition, we have strict processes in place to ensure that any customers who wish to go further and exclude themselves completely from transactions with us can do so. We offer this self exclusion option to our customers directly through our customer service agents and police it rigorously.

In Australia, we have implemented a Responsible Gambling Code of Conduct, which is continually reviewed to assist customers with difficulties that may arise from problem gambling.



It is illegal for anyone under the age of 18 to bet with us and we take our responsibilities in this area very seriously. We use age verification software to carry out electronic checks whenever a potential customer is proposing to use a payment method that might be available to someone under 18 years of age and the public data infrastructure exists for us to complete such checks. We work closely with age verification software providers to help develop new and better ways of verifying the age of potential customers over the increasing range of payment methods available. We also recommend that our online customers install web filtering software if they share their computer with anyone under the age of 18. Staff in our betting shops are trained to be vigilant and not to accept bets from anyone under the age of 18, requesting reliable proof of age if they are in any doubt.

Environment

Paddy Power has a proactive approach to helping all its personnel conduct business in a manner that protects the environment. The Group encourages efficient use of resources, recycling wherever possible and is compliant with all relevant environmental legislation. The Group has introduced a complete waste management policy in its head office and retail shops and we now recycle almost 100% of all their waste. Examples of environmental initiatives in place during 2009 include:

- installation of long life energy efficient light bulbs in all new and refurbished shops and in place of old bulbs in other shops;
- use of more efficient, and lower cost, combined heat and power ('CHP') generated electricity in our shops;
- replacement of night storage heating in shops with lower electricity consumption split heating and cooling systems;
- ensuring that only eco-friendly cleaning products are used in our shops;
- reducing the level of packaging waste in respect of all cased goods and furniture;
- installation of more water efficient flushing systems in newly fitted shops to reduce water consumption; and
- running a charity-administered mobile phone and used inkjet cartridge re-cycling programme in our head office.

In addition, this year we joined the Carbon Disclosure Project, an investor sponsored scheme for collating company data on climate change issues. As part of the Group's commitment to reduce its carbon footprint and to reduce the quantities of paper used, we also obtained shareholder approval in 2009 to move from a 'paper first' to a 'web first' system of shareholder communication.

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

Community

Paddy Power believes that a responsible approach to developing relationships between companies and the communities they serve is a vital part of delivering business success. We maintain relationships with a large number of charitable organisations, ranging from those supporting the local communities in which our shops play a key role, through to national charities focusing on the welfare of specific groups. Our Charity Committee, which is comprised of employees from across the Group, has responsibility for maximising the effectiveness of the Group's charitable strategy and for the implementation and management of that strategy.

During the year, the Group spent a total of €321,564 on charitable donations (2008: €325,122) and was involved in a number of major charitable initiatives, some of which are further described below by the Charity Committee.

"At the start of 2009 we went back to school, well to college anyway. In January, we launched our partnership with Dublin City University Sports Academy through which we would help fund scholarship programmes for students with outstanding sporting talent and the potential to represent Ireland at the 2012 Olympics.

January was also the month we named the Irish Hospice Foundation as our 'Charity of the Year'. Numerous fund raising initiatives for them took place during the year, raising €100,000. The highlight was undoubtedly a sponsored parachute jump when 105 Paddy Power staff members took to the skies above Ireland and raised over €30,000. The Hospice Foundation also benefited from a very unusual race on Paddy Power Chase Day at Leopardstown when six leading national hunt jockeys traded their horses for space hoppers and bounced their way around the racecourse.

During the year, we also became involved with the organisers of the 'Dip in the Nip', the first ever national skinny dip. The original event, which was set up to raise funds for Breast Cancer Awareness, was abandoned due to concerns over Peeping Toms infiltrating the all female naked swim. The location of the new beach was kept a closely guarded secret and in the end 100 brave ladies dared to bear all in the secluded setting of Lissadell Strand in Co. Sligo.

In December 2009, we embarked on a crusade to clean up Dáil Éireann, the Irish parliament. The idea was sparked by the outpouring of 'most unparliamentary language' by Green Party backbencher Paul Gogarty during a heated discussion on social welfare cuts. We pledged to donate €1,000 to the Down Syndrome Centre each time the 'F word' is used in Dáil Éireann during 2010. It was only fair that we backdated the initiative to the beginning of the month and donated €2,000 to the Down Syndrome Centre in light of Mr Gogarty's indiscretions!

This is just a snapshot of some of our charity initiatives from last year. The bar was set high and we rose to the challenge. We believe we made a difference. Bring on 2010!"



NAME

No.

MISSION 09

LAUGH IN THE FACE OF ADVERSITY

It seems just like yesterday that the dream of a place for Ireland in the 2010 World Cup Finals looked like becoming a reality.

That was until Thierry Henry with one wave of his Gallic hand smashed that dream into a million pieces. In typical Paddy Power fashion we immediately refunded all bets placed on Ireland to qualify for the World Cup and, proving that we don't hold a grudge, booked every poster site in the baggage hall in Dublin Airport where we ran advertisements welcoming all visitors to Ireland except for those called Thierry!



Power