

Connectivity

Corporate Social Responsibility

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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 continues to focus heavily on employee communication, development and retention. In 2010, the employee appraisal process continued to bring further focus to the personal development planning of employees, aligning personal objectives with those of the business, thus improving employee engagement at all levels within the business. We also want people to have a longer term stake in the Group's performance and we continue to offer schemes that encourage share ownership amongst employees.

We are committed to communications from the top down and our Chief Executive attends employee consultation forums and induction meetings for all new head office staff. We strive to continually improve internal communications, promoting usage of the staff intranet and increasing the frequency of meetings of our head office employee communications groups. In 2010, we introduced a series of employee information briefing sessions at our head office that promote awareness of other internal business units, advocate integration between teams and encourage communication and consultation across the Group.

Our dedicated in-house recruitment function continues to source the next generation of management talent through increased usage of our dedicated careers website 'www.workwithpaddy.com' and various online and social networking recruitment tools. Opportunities for employment, advancement, 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.

Our presence in the UK continued to grow apace in 2010, with the number of people working for the Group in the UK rising by 33% to 644. This has been driven by the aggressive expansion plans of our business in the UK, which will continue in 2011 and beyond.

The number of staff employed in the Group increased by 13% over the course of the year to 2,574 including our Australian business.

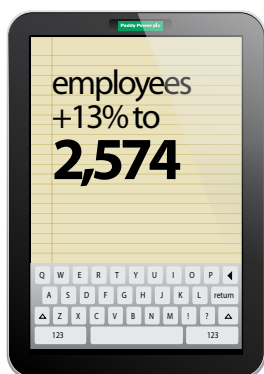


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Safety, Health and Welfare at Work Act 2005

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.

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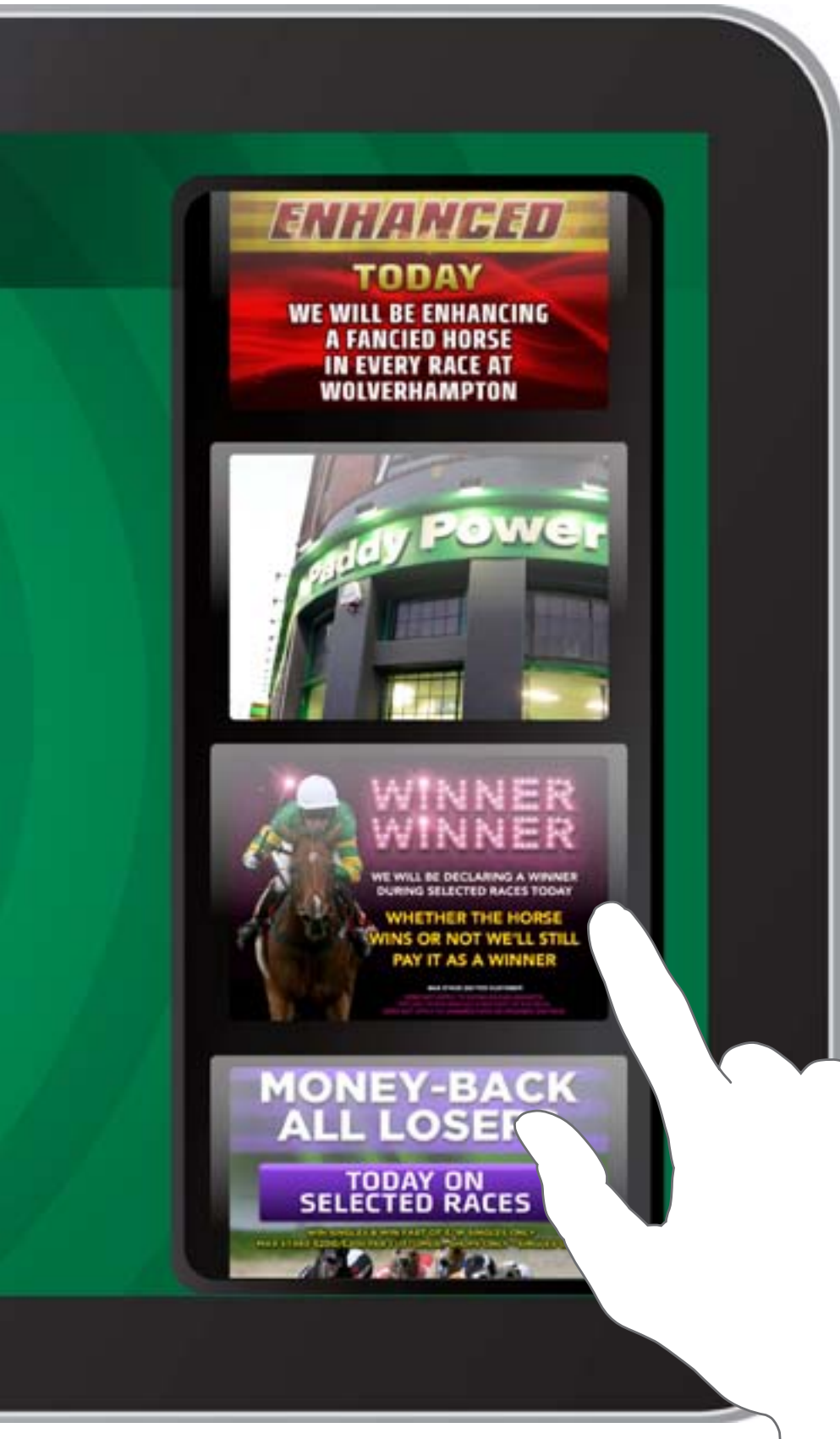
Bricks & Clicks

NEW SHOPS
IRELAND 9

NEW SHOPS
UNITED KINGDOM 31

Paddy Power plc





Bricks & Clicks

2010 was not just about online. In 2010, we continued to expand our retail presence both at home and abroad. We opened the doors to 31 new betting shops in the UK and nine in Ireland. Our expansion was supported with product innovation across all aspects of the retail offering. Newly introduced Self Service Betting Terminals give customers further service and choice about how they want to bet – they're similar to the express self-service checkouts at supermarkets, only with the added distinction of actually being quick!

Our shop audio team now also communicates key time sensitive news impacting odds and alerts for major Paddy Power specials on Twitter. Such developments leverage online expertise in a retail setting driving more benefits out of the multi-channel approach. New innovative retail offers introduced in 2010 included paying out on two winners where an early leader, frustratingly for punters, fails to finish the job ('Winner Winner'), extending our unbeatable money back on all losers to greyhound racing and an unparalleled level of daily price enhancements.

Connectivity

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IMPORTANT:

The Group increased its charitable donations by 43% to €459,000 in 2010 and was involved in a number of major charitable initiatives.

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 2010 include:

- use of long life energy efficient light bulbs in all 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;
- using only eco-friendly cleaning products 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-out shops to reduce water consumption; and
- running a charity-administered mobile phone and used inkjet cartridge re-cycling programme in our head office.

Paddy Power is also a participant in the Carbon Disclosure Project, an investor sponsored scheme for collating company data on climate change issues.

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 €459,088 on charitable donations (2009: €321,564) and was involved in a number of major charitable initiatives, some of which are further described below by the Charity Committee.

