

The Report has been developed based on GRI indicators at level A+.
It takes into account The Ten Principles of the UN Global Compact.
Reviewed by PwC's auditor.



The Joy of Winning

Totalizator Sportowy
Corporate Social Responsibility Report 2010/2011



www.otto.pl

APR 60 2011



Dear Sirs/Madams,

I am proud to manage a company that has achieved social objectives for 55 years. Totalizator Sportowy is the only company in Poland to have contributed to building more than 3,500 sports facilities. We have supported clubs, sportsmen and sportswomen, the Olympic team and numerous crucial cultural events in Poland. Special purpose grants allotted to sports and culture from every bet or ticket sold to our players make this possible. Our social involvement is only one of Totalizator Sportowy's Corporate Social Responsibility Strategy (CSR) elements, whom we have dedicated much attention in this Report. The safety of our players and products offered to them is equally important to us. Above all, we want our games and lotteries to provide fun and entertainment. We have aimed to achieve this based on international standards applied by lottery operators and market leaders in the CSR. We have put into practice internal regulations that exceed legal requirements as we feel obliged to shape safe patterns of playing gambling games. Corporate social responsibility is our way of management. It involves forming a high corporate culture in relations with employees, lottery agents and partners. It also involves mitigating our environmental impact. We wish to continue to be a trend setter among state-owned companies and a leader in changes in the gambling market. We feel

responsible for the course of development of the whole sector.

In 2010, we established cooperation with gambling addiction therapists. We have implemented the '18+' project to educate our retailers on the ban on sale of games to juveniles. We have also raised awareness of responsible sale principles. The Million Dreams Foundation (Milion Marzeń) that we have established has helped flood victims. Recently, we have also conducted extensive surveys on our stakeholders' expectations. When we were handing you over our first report last year, we wrote about our „way to sustainable development”. We have continued the change process. We recognize the need for a reliable communication with the world. We have developed a dialogue with our employees, customers and business partners. Today, we are telling you of the joy of winning. We believe that we will all win with responsibility – our company, partners and players and Polish sports that we have funded for years.

Sławomir Dudziński

Sławomir Dudziński
President of the Management Board,
Totalizator Sportowy



Sławomir Dudziński
President of the Management Board,
Totalizator Sportowy

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Selected Corporate Social Responsibility Strategy Activities

The table lists the status of Corporate Social Responsibility (CSR) projects.

	Management	2009	2010	2011
1	Developing Totalizator Sportowy's Social Responsibility Strategy and communicating it to business partners	●	✓	
2	Cooperating with international lottery business and CSR leaders	→	→	→
3	Following policies in compliance with the UN Global Compact Initiative's principles		→	→
4	Developing Totalizator Sportowy's first corporate social responsibility report at Level B+ in compliance with the most common CSR reporting standards from the Global Reporting Initiative organization		✓	
5	Redefining the company's goodwill		●	●
6	Conducting a stakeholder expectations survey			✓
7	Reviewing the Corporate Social Responsibility Strategy (CSR) status and updating the Strategy			●
	Responsible Gaming	2009	2010	2011
1	Achieving Level 1 out of the four levels of Responsible Gaming Certification from the World Lottery Association	✓		
2	Introducing the ban on sale of the products to juveniles	✓		
3	Achieving Level 3 out of the four levels of Responsible Gaming Certification from the World Lottery Association		✓	
4	Conducting a mystery customer research on compliance with responsible sales principles by retailers			●
5	Developing a guide to Responsible Gaming principles for retailers		✓	
6	Instructing retailers on gambling addiction prevention		→	→
7	Improving transparency in exhibiting game results and rules of procedure		✓	
8	Assessing risks for Totalizator Sportowy's products			●
9	Implementing a corporate Advertising and Promotion Code			●
10	Implementing a Guide for Millionaires including information addressed to winners of considerable sums of money			●
11	Launching a hotline to advise players			●
12	Educating customers on gambling addiction prevention			→
	Our Employees	2009	2010	2011
1	Holding trainings on interpersonal skills addressed to employees	●	✓	
2	Holding meetings on Health and Safety at Work principles with employees	→	→	→
3	Implementing a New Employee Orientation Program		✓	

4	Holding managerial trainings addressed to the management		✓	
5	Holding Emergency First Response Primary Care trainings		✓	
6	Launching the Diversity Management Program		●	●
7	Implementing the Code of Best Practices for employees			✓
8	Conducting an employee satisfaction and involvement survey			✓
	Social Involvement	2009	2010	2011
1	Establishing Totalizator Sportowy's Million Dreams Foundation	✓		
2	Financial support for local sports clubs and institutions	→	→	→
3	Implementing a local community support program		✓	
4	Developing policies to support local social, sports and cultural initiatives		✓	
5	Supporting social, sports and cultural initiatives that are crucial to local communities		→	→
6	Educating therapists and psychologists on gambling addiction prevention		→	→
7	Holding conferences on gambling addiction			→
8	Conducting research on gambling addiction			→
	Environment	2009	2010	2011
1	Implementing Printscope to control printing and copying expenses	✓		
2	Promoting environmental practices among employees	→	→	→
3	Limiting water, energy, material and resource consumption	→	→	→
4	Holding environmental campaigns at the company headquarters		✓	
5	Replacing 12,500 lottery terminals with energy-efficient ones		●	●
6	Adapting lottery outlets for disabled people		→	→
7	Preparing responsible procurement procedures		▲	▲
8	Developing environmental standards for business partners		▲	▲
9	Implementing an environmental management system		▲	▲
10	Developing a guide to green driving for company vehicle users			✓
11	Conducting an audit and drawing up Energy Performance of Buildings Certificates aimed to limit utilities' consumption			●
12	Holding environmental campaigns at the company branches			→

- ✓ – Completed
- – Partly completed
- ▲ – Planned
- – Continuous process

Source: Totalizator Sportowy's own material

Prizes Worth Millions Won in 2010

Lotto	
Elbląg	24.6
Warszawa	23.4
Ostrowiec Świętokrzyski	15.7
Wydminy	13.3
Przemyśl	13.2
Oleśnica	12.9
Łódź	11.8
Piaseczno	11.5
Lubin	11.2
Tarnowskie Góry	10.6
Starogard Gdański	10.0
Świętochowice	7.9
Olsztyn	7.9
Karczew	7.5
Pułtusk	7.2
Wałbrzych	6.9
Krzeszowice	6.8
Wola Batorska	6.8
Warszawa	6.4
Chorzów	5.4
Siedlce	5.3
Tomaszów Mazowiecki	5.2
Cieszyn	4.9
Leszno	4.9
Stalowa Wola	4.8
Złotoryja	4.7
Wierzchowo	4.7
Kraków	3.8
Rzgów	3.8
Pleszew	3.5
Pleszew	3.5
Szczytno	3.2

Mission

To maximize social benefits by providing best-quality services.

Vision

To be an innovative leader in the game of chance market in Poland to set the course for development of the whole industry by providing attractive products and highest standards of work.

Objectives

- Increasing funds for social public purposes as defined by laws, at the same time providing highly attractive products and services that continue to yield profits
- Learning stakeholder expectations and developing good cooperation with them
- Convincing the society that dreams may come true
- Maintaining Totalizator Sportowy’s credibility by way of reliable, fair and transparent activities and communications
- Implementing the Responsible Gaming project as part of the Corporate Social Responsibility program
- Informing of funds allotted to social purposes reliably and transparently

Who We Are

- We are the only company from the draw-based and instant games sector in Poland’s market
- We yield revenues for the State Treasury, our owner
- We have supported Poland’s sports for 55 years
- In 2010, the amounts from a surcharge on draw-based and instant games that we had donated allowed 489 sports facilities to be built or renovated
- LOTTO is one of the best-recognized brands in Poland
- We have developed one of the largest sales networks in Poland. More than 30,000

- retailers are authorized to sell Totalizator Sportowy products at 12,300 points of sales
- We employ almost 900 persons
 - We collaborate with more than 12,000 business partners
 - More than 800 persons have become millionaires with us
 - We are among leaders in Corporate Social Responsibility
 - We have secured the 32nd place in the Responsible Company 2011 Ranking held by the Kozminski Business Ethics Centre under the auspices of the Responsible Business Forum and the 6th place among state-owned companies
 - We have received an Award for the Best Report in the Debut category and in the Social Reports competition based on internet user votes held by CSR Consulting, the Responsible Business Forum and PwC

Company Image and Brand

The 55-year tradition in Poland’s market as well as charity and sponsorship activities have led to establishing a strong brand that enjoys widespread recognition and great trust. Surveys have shown that our company is perceived as a fair and credible business by both our customers and non-users of the company’s products. Our company is widely recognized to benefit the society, support the culture and take care of the customers. In consultation with our customers, we have introduced a new logo and company brand name, LOTTO. LOTTO is to express a new quality of operations adjusted to market standards. In its graphic form, the logo represents a joyful play. Having regard to a long-standing relation between our company and Poland’s sports, popular Poland’s sportsmen, Robert Kubica and Adam Małysz, have acted as ambassadors of the LOTTO

brand. We have also started rebranding points of sales in our network. We desire to reinforce LOTTO as a strong retail brand offering safe products. LOTTO is to symbolize a modern active company. LOTTO is to be associated with the chance to make the Poles’ dreams come true.

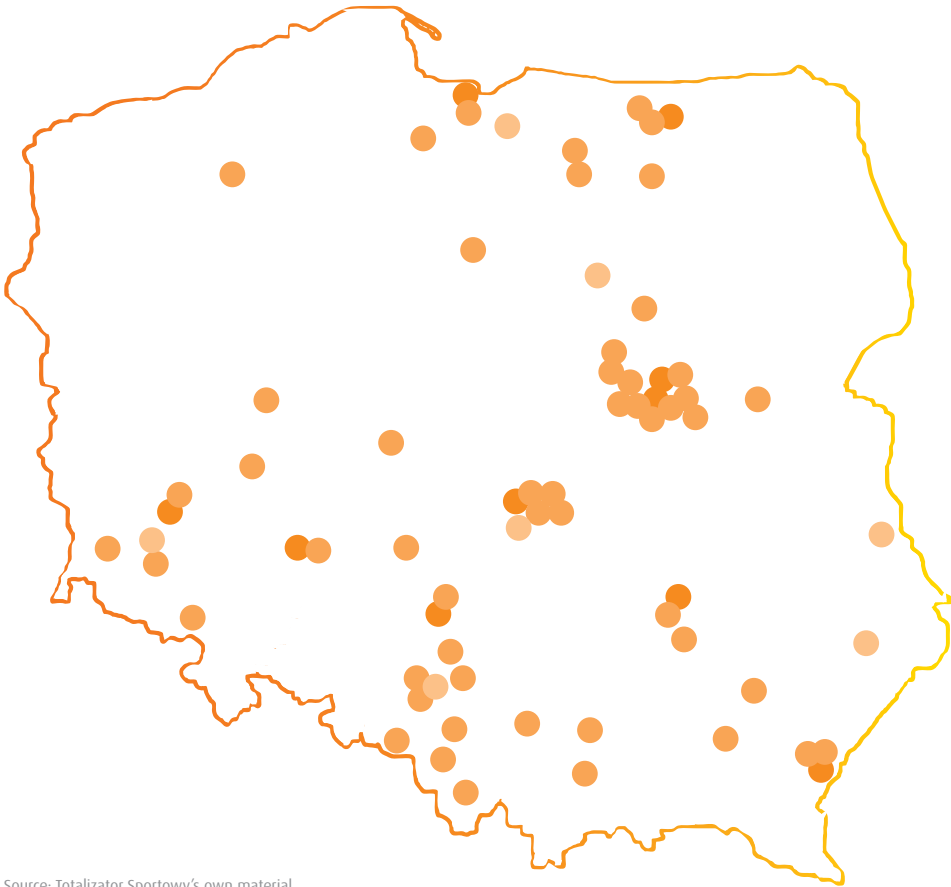
Making Dreams Come True

2010 was yet another year of records set

by our players. The highest prize of 2010 was PLN 24.6 million. Over the year, 59 persons joined the millionaire’s club, having won a total of PLN 311.2 million. As of all our games, we recorded almost 65 million winning tickets worth PLN 1.2 billion in total. In the first half of 2011, we made 29 new millionaires who cashed in PLN 657.3 million. Two months after launching Kaskada, a new monetary lottery, eight persons won PLN 250,000 each.

Millionaire Map

Here is where prizes worth millions were won in 2010



Source: Totalizator Sportowy’s own material

Prizes Worth Millions Won in 2010 continued

Poznań	3.0
Łaziska Górne	3.0
Rzeszów	2.9
Rajcza	2.7
Jonkowo	2.6
Tomaszów Mazowiecki	2.6
Grudziądz	2.0
Warszawa	2.0
Pszczyna	2.0
Warszawa	2.0
Warszawa	2.0
Przemyśl	2.0
Czastary	2.0
Warszawa	2.0
Bolesławiec	2.0
Ćmielów	2.0
Kętrzyn	1.8
Andrychów	1.8
Lublin	1.8
Warszawa	1.4
Katowice	1.4
Joker	
Knurów	3.6
Multi Multi	
Pasłęk	2.8
Lubin	1.6
Sawin	1.3
Tomaszów Mazowiecki	1.3
Mława	1.2
Łódź	1.1

More information at <http://mapa.lotto.pl>

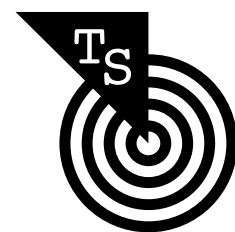


Long-standing Tradition and Great Emotions

1950s

In 1956, we launched football bets. A year later, we introduced Toto-Lotek, the first draw-based game. The first ticket was bought by Mr Mieczysław from around Siemiatycze, Poland. The game continued to arise great emotions in the Poles for 16 years. By the end of 1950s, we added English Premier League Betting to Polish Premier League Betting.

Our first logo reflected the striving for simplicity and modernity, typical of the late 1950s design.



1960s

We implemented international standards in Poland's market. We established cooperation with numerous international lotteries. This allowed our company to join the International Association of Toto and Lotto Organizations (INTERTOTO), later changed to the World Lottery Association (WLA), as early as in 1964.

Design, which turned to technology rather than arts, was increasingly more important. That was reflected in our new logo based on a schematic shooting target with a dart bearing the TS acronym in the center.

1970s

It was a landmark decade for both players and ourselves. Further games were included in the offer: Mały Lotek (Small Lotek), Duży Lotek (Big Lotek) in place of Toto-Lotek, Express Lotek and Zakłady Specjalne (Special Bets). In 1973, the first lottery draw was held with participation of a state TV station, TVP. The same year, we introduced a lottery drawing machine. Previously, draws had been held using special rolls with bushes and a manned drum.

A second mark was in use parallel to the logo from the 1960s, thus combining two types of lettering in an interesting way.

1980s

Draw-based games were increasingly popular. In 1986 the first Super Lotek draw was held. Players were to mark 7 of 49 lucky numbers. The game was sold for five years.

In the 1980s, for the first time our logo was in color and incorporated the target already known to the Poles in two firm letters.



1990s

It was a decade of greatest changes in the company's history. In 1991, lottery outlets were equipped with the first online lotto terminals called lottomat. They allowed bets to be taken in real time. Lottery draws were accompanied with the following slogan: "A billion on Wednesday, a billion on Saturday" (Miliard w środę, miliard w sobotę). We launched the LOTTO brand together with further games: Multi Lotek and Twój Szczęśliwy Numerek (Your Lucky Number). In 1997, in the course of commercialization, we transformed from a state enterprise into a limited liability company with the State Treasury holding 100% of shares. In 1999 we launched the first scratch card: Zodiak (Zodiac).

With a delicate line of the 'S' letter, the logo assumed a lighter form. Blue was accompanied with yellow, a joyful color.



2000s

We launched Keno, a game where winning numbers are drawn every 5 minutes and the results are displayed on POS monitors, and Loteriada, a promotion lottery, as well as Los Millionos, a terminal instant game. We held Duży Lotek draws as many as three times per week. In 2008, a record jackpot of almost PLN 40.5 million was hit in a Duży Lotek draw. At that same time, we became the host of the Służewiec Race Track in Warsaw. Our games changed: Lotto replaced Duży Lotek, Multi Multi took place of Multi Lotek and Mini Lotto – of Express Lotek. From 2009 on, lottery draws could be watched at www.lotto.pl.

In the 21st century, the logo has become a market-recognized trademark rather than a mere design.



2010 and 1st Half of 2011

We launched the Joker game and the Kaskada instant game where the odds are 2 in 9. A record prize was won in Lotto – PLN 24.6 million. We established our own TV studio where draws were held. The show was broadcast in a new format. Special guests from the music, film and sports world were invited to participate. In mid-2010, we presented our Służewiec Race Track development concept. We planned to renovate and equip the racing infrastructure, to build office, sports, leisure, food service and entertainment facilities.

The logo was embellished with two 'lucky' stars. Below a smile-shaped line was provided to symbolize the joy of winning.



Lucky Numbers of Totalizator Sportowy in 2010



PLN 1,2 billion
Prizes in all games

PLN 311.2 million
Prizes won by millionaires



PLN 24.6 million
Highest Lotto prize

65 million
Winning tickets in all games



PLN 3.6 million
Highest Joker prize

1.3 million
Average tickets sold per day



PLN 1.6 million
Highest Multi Multi prize

489 facilities
Facilities constructed or modernized with funding from Totalizator Sportowy



PLN 275,000
Highest Mini Lotto prize

59
Millionaires in all games

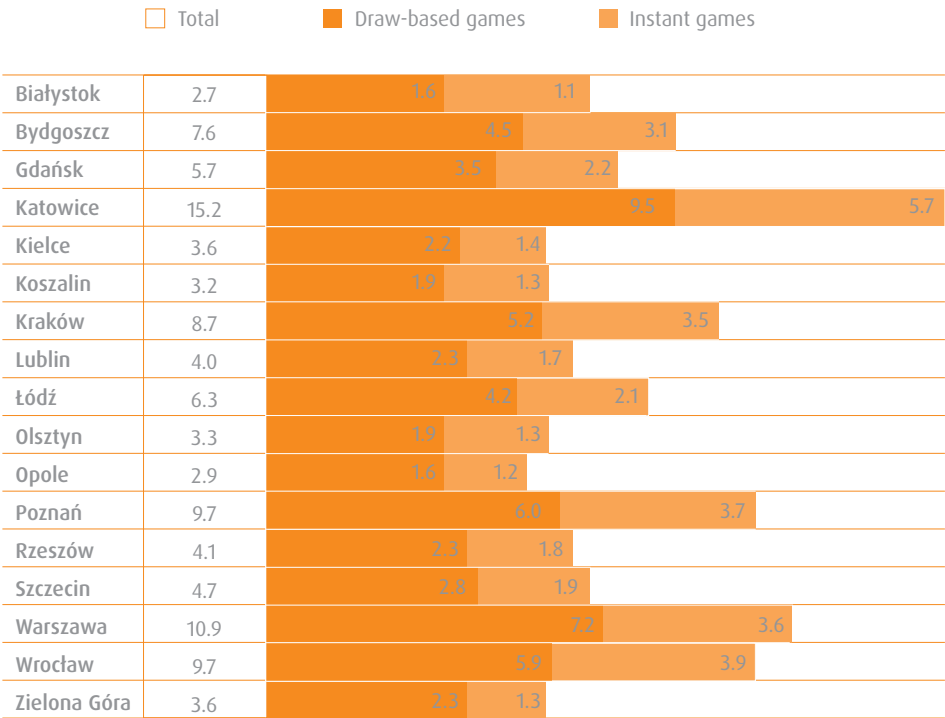


PLN 100,000
Highest Keno prizes

52
Millionaires in Lotto

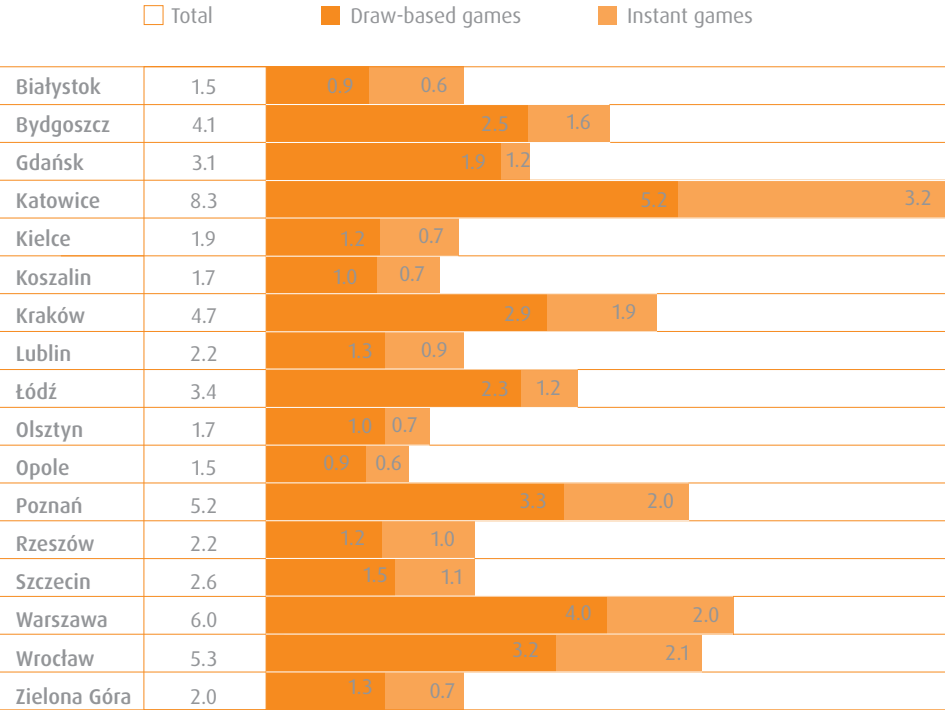
Source: Totalizator Sportowy's own material

Winning tickets in 2010 in millions



Source: Totalizator Sportowy's own material

Winning tickets in the 1st half of 2011 in millions



Source: Totalizator Sportowy's own material

Product Brands

In 2010, we changed most of our product names and logotypes. The changes resulted from changing preference of the players who expected more emotions, fun and entertainment. Popularization of the new names was accompanied by advertising and communication campaigns.

- We took part in more than 250 mass events to build the brand's long-lasting relation with fun and entertainment.
- We established cooperation with Polish racing driver Robert Kubica, taking the opportunity to launch Pole Position, a new scratch card.
- We standardized points of sales' identification.



Grzegorz Chachaj, Deputy Director, Sales and Marketing, Totalizator Sportowy

Zdrapman is the first scratch card we have offered whose name was suggested by our customer. The Zdrapman, whose character is a perfect reflection of the product, was created as part of an online competition published at www.zdrapowisko.pl. Kaskada, a new instant game, was developed in a similar way. Following marketing research and a thorough analysis of what our customers needed, we launched a bespoke product to meet players' expectations.

Draw-based and Instant Games

In 2010 and in the first half of 2011, we offered our customers five draw-based games: Lotto, Mini Lotto, Multi Multi and Keno. In April 2010 we launched Joker. Lotto was the most popular draw-based game. Its sales share was 52%. Multi Multi was the second favorite game among our customers. Zdrapki scratch cards – instant tickets – took the third place in terms of sales. Increasing the pool of prizes and the number of editions of scratch cards led to increasing their share in the sales structure. In addition, we operated Los Milionos, a terminal instant game. In 2010, we enhanced access to our most popular



Marty Morrow, GTECH, Business Partner

I can see a great potential for growth in the scratch card segment for Totalizator Sportowy. The game brings immediate results. Its percentage share in the world lottery market has been growing steadily. The current share of scratch cards in sales is 27% across the world and 9% at Totalizator Sportowy. This shows a great potential to exploit.

products and facilitated their sales. Over the year, we implemented 3,000 new LCD terminals. We planned to optimize our products, reposition selected products and reach new target groups.

Zdrapki – Scratch Cards

Scratch cards were among our most popular products. Depending on the sales period (from 6 to 12 months), the turnover ranged from 4m to 12m tickets. The prize ranged from PLN 1 to PLN 100,000. We had launched the first scratch card in 1999.

Kaskada – New Instant Game

Kaskada was launched in May 2011 to meet our players' expectations who desired to win more frequently. The odds of winning Kaskada are 2 in 9. In June 2011 the share of Kaskada in the sales portfolio was 8.3%.

Growth of Sales

- In 2010, a record number of instant games in Totalizator Sportowy's history was available for sale. We launched 50

scratch cards and two editions of Los Milionos instant game.

- We implemented Keno in all LOTTO network terminals.
- We implemented motivational competitions for retailers.

LOTTO Studio and Online Lottery Draws

In June 2010, Totalizator Sportowy opened its own LOTTO Studio from where lottery draws have been broadcast. Special guests – music, film and sports world figures – are invited to participate. Since the beginning of 2010, Lotto, Mini Lotto, Multi Multi and Kaskada lottery draws have been broadcast every Tuesday, Thursday and Saturday by TVP Info. All draws can be watched online at www.lotto.pl. For the first sixteen years of Totalizator Sportowy's operation, draws were held with audience's participation. We held the draws in cinema screening rooms, at sports stadiums or community centres.

Our games draw schedule

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
Lotto		✓		✓		✓	
Joker	✓		✓		✓		
Multi Multi	✓	✓	✓	✓	✓	✓	✓
Mini Lotto		✓		✓		✓	
Kaskada	✓	✓	✓	✓	✓	✓	

Source: Totalizator Sportowy's own material



Drawing machine at LOTTO studio



Our Games and Instant Wins

Everything begins with a dream

Make your dreams come true, play for big money. On average, one person a week becomes a millionaire with Lotto. It is the most popular game of chance in Poland. Select 6 of 49 numbers, or choose a quick pick. The division for six winning numbers ranges from a couple to several dozen million zlotys. The draw is held every Tuesday, Thursday and Saturday.



Challenge yourself in Multi Multi

In this game, many ways lead to the prize. Choose your own way. Decide how much you will win. Decide how many out of the 80 numbers you want to mark. Decide how many times you want to multiply the prize. Select the Plus option to additionally increase the prize. You can win from PLN 2 to PLN 25 million. Draws are held every day at 14:00 hrs and at 22:15 hrs.



Great fun with a thrill of emotion

You need just a moment to give chance to your good luck. You immediately learn if you have won. Whenever you want or feel that the fate is on your side, simply get one of a dozen of different scratch cards. Win up to PLN 100,000. On average, every fourth ticket wins. Play just when you want it – you draw.



Check how easy it is to win

Play and see how easy it is to win! You get two sets of 12 random numbers picked out of the 24 numbers. 8 lucky numbers in a set is all you need to win. With 12 lucky numbers you scoop a quarter of million zlotys. The draw is held from Monday to Saturday.



Mini price and up to PLN 300,000 to win

In Mini Lotto, you can easily scoop nearly PLN 300,000 at a minimum expense. Simply select 5 of 42 numbers, or choose a quick pick. The draw is held every Tuesday, Thursday and Saturday.



Chance to win every 5 minutes

Do you have a moment? This can be the luckiest moment in your life. Select 1 to 10 of 70 numbers and follow the draw on the screen at your point of sales. In Keno you can win up to PLN 1 million. The draw is held every 5 minutes.



Bet on you lucky number

In the same way as joker can become any card, your number can become anything you desire. To play, select 1 of 36 numbers. A set of 4 out of 50 numbers will be generated for you on a quick pick basis. Once your number is drawn, you win at least PLN 10. The more winning numbers in your 4-number set, the higher the prize. A jackpot can even reach several million PLN. The draw is held every Monday, Wednesday and Friday.



Great opportunity to win a million

Take the slipping opportunity. Los Milionos lottery is available only few times per year and the number of tickets is limited. Prizes range from PLN 100 to PLN 1 million and the chance of winning a million-worth prize is greater than in any other LOTTO game.

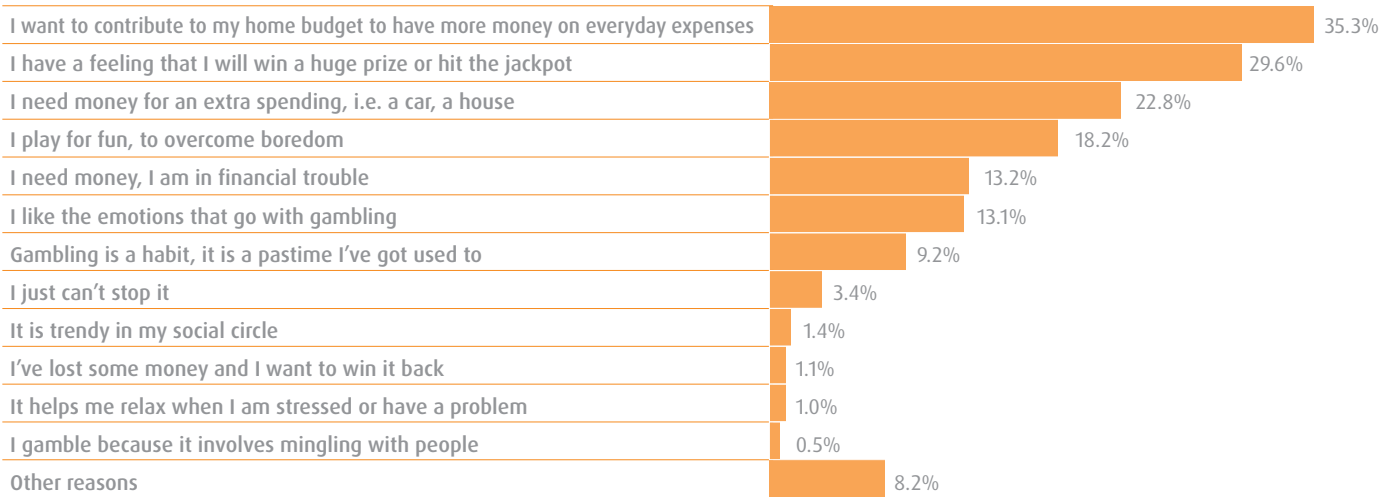


What our Clients Would Do with a Big Win



Source: Public Opinion Research Center (CBOS): Poland’s Draw-based and Instant Game Market in 2010 (Rynek gier liczbowych i loterii pieniężnych w Polsce w 2010 r.)

Motives for gambling Totalizator Sportowy’s draw-based games



Source: Gambling Addiction Survey (Uzależnienie od hazardu) by Public Opinion Research Center for Million Dreams Foundation, 2011

Our Customers

In the survey of 2010, 39.4% of adult Poles declared to had played Totalizator Sportowy’s draw-based and instant games. More men (55.1%) than women (44.9%) played. Among the players, the most numerous group comprised persons between the age of 25 and 34. City dwellers accounted for 73.7% of the players. Lotto was the most popular game played by 36.9% of adult population, thus by almost all players. Instant games were highly popular, with 10.1% of those playing draw-based games. Multi Multi was also a popular game chosen by 18% of the players. We surveyed what the notion of „winning a considerable amount money” meant to the Poles. For half of the players it meant PLN 5,000.

Source: Poland’s Games and Lotteries Market in 2010 (Rynek gier i loterii w Polsce) by Public Opinion Research Center

Our sales network

Branch	Our lottery outlets	Network partners			Other legal lottery outlets
		Newspaper distribution	Commercial centers	Fuel stations	
Białystok	10	65	5	18	300
Bydgoszcz	34	128	24	38	593
Gdańsk	54	79	19	21	539
Katowice	126	240	146	87	1 014
Kielce	46	79	24	19	319
Koszalin	15	37	8	6	273
Kraków	97	81	41	39	744
Lublin	58	84	16	13	368
Łódź	61	100	44	52	535
Olsztyn	22	33	7	14	294
Opole	26	26	26	9	273
Poznań	72	81	55	72	768
Rzeszów	41	67	16	10	310
Szczecin	45	59	20	3	368
Warszawa	107	169	46	71	1 022
Wrocław	6	113	104	58	736
Zielona Góra	0	50	39	21	390
razem 12 348	820	1 491	640	551	8 846

Source: Totalizator Sportowy’s own material, as of 31 December 2010

Sales Network

Totalizator Sportowy has developed one of the largest commercial networks in Poland with 12,348 lottery outlets. In December 2011, a new contract for operation of the company’s online instant game system and related systems has come into force. The “Bid of the Decade” has been awarded to the Data Trans and GTECH Consortium. The contract provides the company, and indirectly all player, with access to state-of-the-art technologies. We will be able to launch new products in a fast and flexible way. With the terms agreed, we will save over PLN 100 million per year.

Connie Laverty
GTECH, Business Partner

Totalizator Sportowy’s online lottery system is one of the most state-of-the-art technologically advanced systems in the world. It complies with the highest security standards for operations processed in a few seconds. It also ensures full transparency of betting, thus considerably facilitating its legal and financial supervision. Totalizator Sportowy is one of GTECH’s major clients.



Information on races and the race calendar are available at: www.torsluzewiec.pl and www.facebook.pl, profile: Wokół Służewca.



Horses racing on the final meters guarantee excitement

Horse Racing at Służewiec

In 2008, we leased the Służewiec Race Track in Warsaw for 30 years. By entering the horse race market, Totalizator Sportowy ensured that the Warsaw hippodrome continued its business and allowed races to be hosted in 2008. Races are held from April to the end of November.

The 2010 season saw 66 racing days. The pool of prizes for competitions on grass race tracks exceeded PLN 6.8 million in total. Some 507 races were held, including:

- 174 Pure-bred Arab horse races
- 315 Thoroughbred English horse races
- 14 Hurdle races
- 1 Trotter race

Derby, Wielka Warszawska and HH Sheikh Mansoor bin Zayed Al Nahyan's Global Festival

Derby and Wielka Warszawska are the greatest events held at Służewiec. The former summarizes 3-year-old horse races. The latter reflects the progress in horse selection and compares horses born in individual years. Worth noticing in the 2010 season was the cooperation established with enthusiasts of pure-bred Arab horses from the Arabian Peninsula. The novelty was that Sheikh Zayed from Abu Zabi took the Europe's Prize under his auspices.

In 2011, an additional race was held as part of the Wathba Stud Fram Small Cup. The cooperation looks promising.

Horse Betting

Totalizator Wyścigów Konnych – Horse Betting – means gambling on the outcome of horse races. Bets are taken at the Warsaw's hippodrome and at our lottery outlet network across Poland. Players pay their bets. The value of the prize depends on the outcome, event and total amount of bets paid. In 2009, the annual horse race bet sales increased by 80%. In the 2010 season, we achieved a further growth of revenue by 5%, up to PLN 13.6 million at Służewiec Race Track. As from 2011, Traf – Zakłady Wzajemne sp. z o.o. has taken over the pari-mutual sports betting sales operation. Bets will be offered under the Galoppo brand name. Traf Zakłady Wzajemne sp. z o.o. shareholders:

- Totalizator Sportowy sp. z o.o. (1/3 shares)
- Lottomerkury sp. z o.o., a subsidiary of Totalizator Sportowy (1/3 shares)
- Merkury-Invests sp. z o.o., a subsidiary of Lottomerkury sp. z o.o., (1/3 shares)



Włodzimierz Bąkowski
– Director of Służewiec Race Track in Warsaw

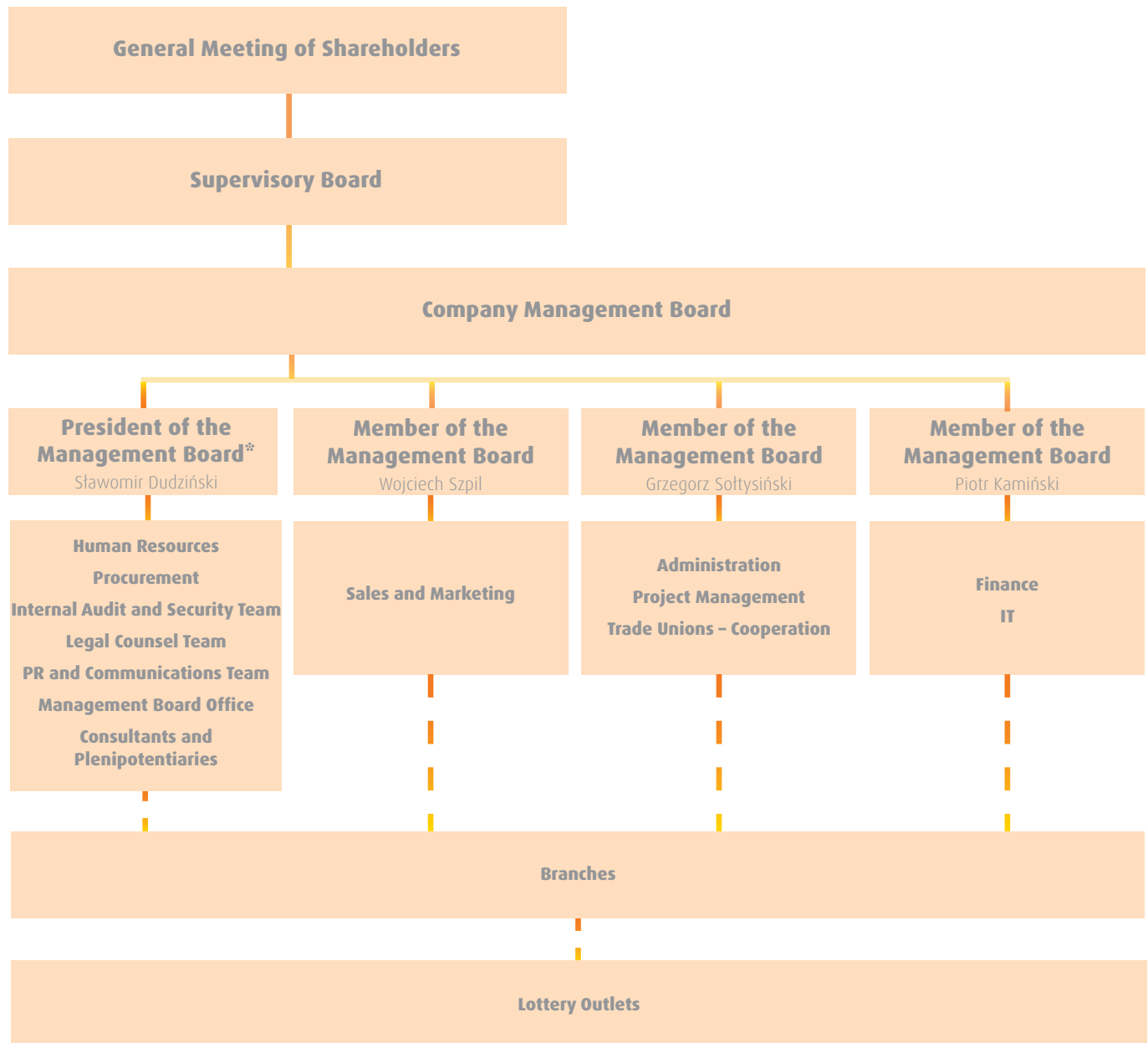
We have restored Służewiec to its pre-war splendor. Throughout 2010, we were renovating the facility and restoring the meaning of horse racing. We obtained a permit to renovate the stand and the saddle room. We also started to renovate the stable and residential buildings.

Organizational Structure

Totalizator Sportowy is a limited liability company. It was established following a commercialization of a state enterprise. It is of crucial importance to the economy. It executed the state monopoly on draw-based and instant games pursuant to the Polish Gambling Act, Code of Commercial Partnerships and Companies and Deed of Company Formation. In 2010, the compa-

ny's organizational structure was amended in two crucial aspects. Financial and accounting processing, which had been carried out by company branches, was enhanced and centralized. It simplified procedures and facilitated internal control and management of the Finance Department's staff. It also allowed one common knowledge and communication platform to be developed for the staff from the Finance Department.

Totalizator Sportowy organizational scheme



* President of the Management Board also acts as CEO

Department. Totalizator Sportowy has pursued its business activities in the territory of Poland. As of the reporting period (data as of the end of 2010), it owned or co-owned the following entities:

- LOTTOMERKURY sp. z o.o. – 100%
 - TRAF Zakłady Wzajemne sp. z o.o. – 33.3% (100%, including subsidiaries)
 - Merkur Invest sp. z o.o. – 10%
 - Totolotek SA – 2.5%
 - PTE Polsat SA – 1.99%
 - TS&TS sp. z o.o. under liquidation – 25% (In 2010, the company was under liquidation and did not pursue business activities)
- Totalizator Sportowy is the founder and sole sponsor of the Million Dreams Foundation (Milion Marzeń). Pursuant to law and the Company Deed of Formation, Totalizator Sportowy may hold shares in other companies or undertakings in the territory of the Republic of Poland and abroad. As of the reporting period, the company did not form any joint ventures.

Governance Bodies

General Meeting of Shareholders

The General Meeting of Shareholders is the highest governance body in the company. Totalizator Sportowy is a single-person state-owned company and all powers of the General Meeting of Shareholders are exercised by the Minister of Treasury who represents the owner.

Supervisory Board

The Supervisory Board oversees the company in all its activities on an ongoing basis. Its Members (from 3 to 12) are appointed and recalled by the General Meeting of Shareholders for a term of three years. At present, the Supervisory Board is composed of three representatives of the State Treasury and two representatives of the employees. The Chairman of the Board does not hold any executive office in the company. As Totalizator Sportowy is a state-owned company, special criteria for Supervisory

Board Member elections apply, as defined by law. Each candidate is required to have had a 4-year on-the-job experience on a position related to business, financial, legal service or management activities and to pass a state examination for candidates for members of Supervisory Boards. Members of the Supervisory Board are independent. Each Member must submit a declaration of their legal and political dependencies as well as of dependencies relating to the company itself and its affiliates.

Supervisory Board Composition

- **Barbara Kołtun** – Chairman of the Supervisory Board (from July 2009)
- **Monika Rolnik** – Deputy Chairman of the Supervisory Board (from June 2009)
- **Jarosław Sienkiewicz** – Secretary of the Supervisory Board, Employee Representative (from May 2006 and in this term)
- **Paweł Łatacz** – Member of the Supervisory Board (from June 2009)
- **Grzegorz Chachaj** – Member of the Supervisory Board, Employee Representative (from June 2008 to May 2011)
- **Małgorzata Kotapka** – Member of the Supervisory Board (from August 2011)

Totalizator Sportowy's Management Board

The Management Board manages the company's activities and represents it in all court and out-of-court acts. Members of the Management Board (from 1 to 6) are appointed and recalled by the Supervisory Board following prior qualification proceedings. The proceedings evaluate knowledge and experience required to hold such position. The Management Board holds office for a term of three years.

■ Sławomir Dudziński – President of the Management Board

Educational background: Faculty of Electrical Engineering at the Warsaw University of Technology. Hobbies: active leisure including skiing and cycling. Sławomir joined Totalizator Sportowy four years ago.

■ Wojciech Szpil – Member of the Management Board

Educational background: Faculty of Design at the Academy of Fine Arts in Warsaw. Hobbies: extreme sports, travelling to remote destinations. Wojciech joined Totalizator Sportowy two years ago.

■ Grzegorz Sołtysiński – Member of the Management Board

Educational background: Economic Studies, Faculty of Domestic Trade, Postgraduate Studies in Marketing and Management at the Warsaw School of Economics. Hobbies: tourism, sailing. Grzegorz joined Totalizator Sportowy 26 years ago.

■ Piotr Kamiński – Member of the Management Board

Educational background: Faculty of Management at the University of Warsaw. Hobbies: mountain hiking with family, reading, swimming. Piotr joined Totalizator Sportowy in May 2011.

Corporate Governance Principles

Activities of the Management Board are overseen and evaluated by the Supervisory Board and evaluated by the General Meeting of Shareholders which grants a vote of approval for completing duties by the Management Board at an Ordinary Meeting of Shareholders following the end of the fiscal year. In addition to the ongoing overseeing of the Management Board's performance, the company's reports are analyzed by the Supervisory Board and the owner, State Treasury, on a quarterly basis. The status of material and financial schedule and long-term strategic plan is also reviewed in respect of economic, social and environmental parameters. Specific tasks assigned are also overseen. The Supervisory Board monitors and evaluates sponsorship activities pursued by the company.

The Management Board is obliged to pro-

duce a report on task completion to be submitted to the Ministry of Treasury. Pursuant to the Company Deed of Formation, the Management Board is obliged to draw up a financial statement and a report on the activities for the last fiscal year, have it audited by a chartered accountant and submit all such documents to the Supervisory Board for evaluation. The Management Board is subsequently obliged to submit the required documents to the General Meeting of Shareholders, enclosing a report of the Supervisory Board. The Ordinary Meeting of Shareholders approves the financial statement for the fiscal year concerned and grants its vote of approval for the Management Board and the Supervisory Board. Members of the Management Board are entitled to a monthly remuneration the value of which is determined pursuant to the Act of 3 March 2000 on remuneration of persons managing certain legal entities. The maximum value corresponds to six average monthly remunerations in the sector of enterprises, as announced by President of the Central Statistical Office. Members of the Supervisory Board are also entitled to a monthly remuneration the value of which is determined pursuant to the regulations – it may amount up to one average monthly remuneration in the sector of enterprises. Pursuant to the said Act, Members of the Management Board are entitled to an annual bonus which is conditional upon financial performance achieved and the status of completion of tasks entrusted to them, with its maximum value corresponding to their three average monthly remunerations in the year preceding the bonus to be granted. Terms and conditions of granting bonuses to the company's management and other employees are laid down in the Rules of Procedure for Granting Bonuses, which also provide for granting quarterly and annual bonuses which are conditional upon the company's economic performance.

Management Board about Corporate Social Responsibility (CSR)

Sławomir Dudziński

Corporate Social Responsibility is a set of principles that supports the company's management and affects its growth in a crucial way. It is a new model of conduct to achieve business objectives. It features educational values that raise awareness of our customers. It improves communication with stakeholders. We hold a dialogue with them, we therefore listen to them and benefit from their knowledge and later share it with others.

Grzegorz Sołtysiński

Corporate Social Responsibility is manifested in very notable actions. We have monitored energy consumption and contracted a company to find together a way to economize. The CSR also provides for the replacement of terminals. In no time, we will print the tickets in a different way to save paper and minimize the use of chemicals. All new technological solutions that are being implemented are environmentally friendly and benefit the company in financial terms.

Piotr Kamiński

Corporate Social Responsibility helps determine priorities as regards the company's activities in its social business environment. This perspective allows the company to find new profitable courses of development, while positively contributing to social development.

Wojciech Szpil

Corporate Social Responsibility involves each and every area of our activities. We have always had people in view – our employees, partners, customers and suppliers. Therefore, we plan and implement our activities with them in mind. It is enough to look at our programs: Responsible Gaming and '18+', a ban on selling the products to juveniles. The CSR has been present at our company before we were even able to name it.



Sławomir Dudziński
President of the
Management Board

Grzegorz Sołtysiński



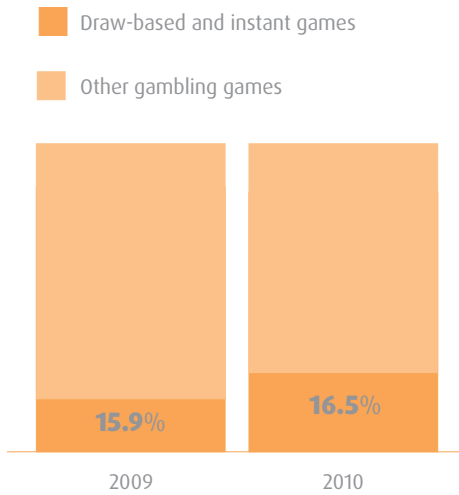
Piotr Kamiński

Wojciech Szpil

Poland's Gambling Market

Poland's gambling market comprises draw-based games, instant games, casinos, low stake slot machine gaming halls, audiotele lotteries and pari-mutual sports betting. Totalizator Sportowy exercises the state monopoly on draw-based and instant games. The year of 2010 was the first year the new Act on Gambling to affect the whole market was in force. All industry segments recorded a drop in that period. Low stake slot machines recorded the largest share in the revenue structure, despite the fact that their share decreased by nearly 35%, from PLN 11.5 billion in 2009 to PLN 7.7 billion in 2010. In 2009, the sale of instant tickets increased significantly (by nearly 20% compared with 2008). In 2010, the sale stabilized. Poland's gambling market is regulated by the Act on Gambling of 19 November 2009 (Dz. U. – Journal of Laws from 2009 No 201 Item 1540) which sets forth the terms and conditions of organizing and the rules of pursuing activities in the scope of games of chance, pari-mutual sports betting and

Poland's Gambling Market



Source: Totalizator Sportowy's own material

slot machine games. The Act came into force on 1 January 2010 and introduced significant amendments. It prohibits the granting of new permits to organize low stake slot machine games, whereas permits which are now valid may not be extended after expiration. By the end of 2015, low stake slot machines will only be available in casinos and gaming saloons. Furthermore, the sale of gambling products to persons under 18 has been banned. Totalizator Sportowy had voluntarily introduced this restriction beforehand. Pursuant to Poland's law, online gambling is prohibited. For this reason, the Ministry of Finance does not take into account online gambling in its reports whereas international companies to offer such products to Polish players do not publish results concerning Poland's market.

Casinos

At the end of 2010, 27 casinos owned by 6 entities operated in Poland. Most of them are still located in Warsaw. Outside the capital city, casinos operate in most [out of 16] provinces, except for Lubuskie, Opolskie, Podkarpackie, Podlaskie, Świętokrzyskie and Warmińsko-Mazurskie. Casinos organize cylindrical games (e.g. roulette), card games, dice games or slot machine games.

Low stake slot machine gaming halls

Low stake slot machine gaming halls mean premises where a maximum of three machines may be located. The maximum stake per participation in a game may not exceed PLN 0.5 and a single prize may not exceed PLN 60. In 2005-2009, the number of low stake slot machine gaming halls increased from 10,000 to 25,000. In that same period, the number of slot machines increased from 15,500 to 55,000. The number of gam-

bling halls fell following the entering into force of the new Gambling Act, which has restricted this form of gambling, and a significant increase in tax burden.

Audiotele lotteries

Audiotele lotteries mean games of chance with cash or material prizes where participation is based on paid phone connections or sending a short SMS. In 2010, this segment was worth more than PLN 75.5 million. In recent years, the major operators in the market included mobile phone operators and entities specialized in organising audiotele lotteries.

Pari-mutual sports betting

Pari-mutual sports betting means gam-

bling on the outcome of sporting events. Until recently, taking online bets was prohibited under Poland's law. In 2009, revenues from the pari-mutual sports betting segment increased by approx. 0.5% compared with 2008 and amounted to PLN 892 million.

In 2010, the value of that market dropped by 12% to PLN 784 million. This was affected by amended taxation of bookmaker bets under the new legislation.

Some 32% of the Poles spontaneously declared to have interest in gambling games.

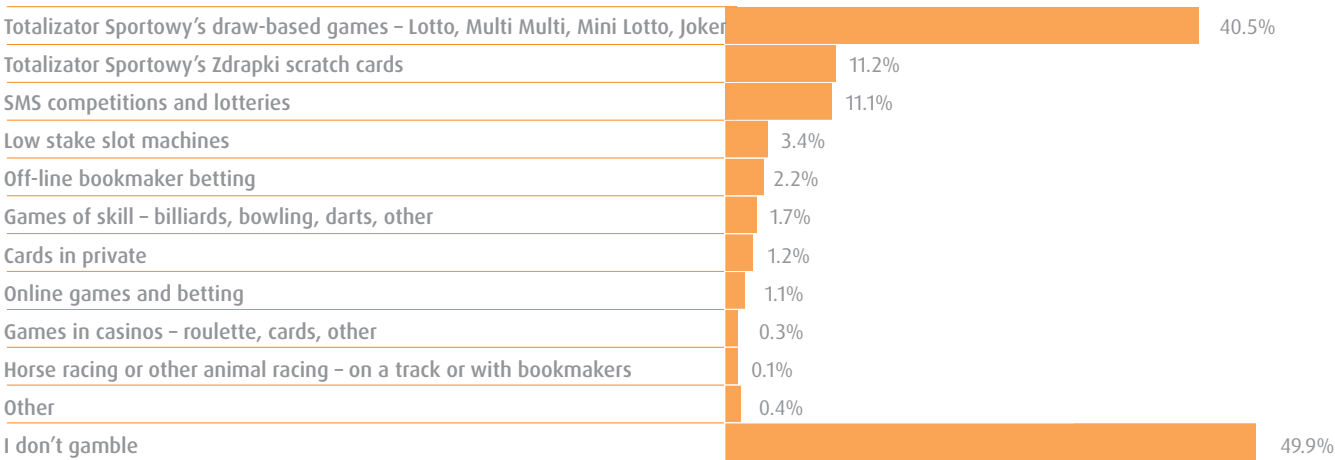
Source: Public Opinion Research Center Survey for Totalizator Sportowy, 2010

Revenues from games and pari-mutual sports betting

	2010 r. in PLN million
Casinos	1,260.3
Slot machine gaming saloons	3,781.1
Low stake slot machine gaming halls	7,654.0
Pari-mutual sports betting	784.3
Draw-based and instant games	2,678.1

Source: Gambling Addiction Survey (Uzależnienie od hazardu) by Public Opinion Research Center for Million Dreams Foundation, 2011

Do you gamble for money, or did you gamble for money in 2010?



Source: Gambling Addiction Survey (Uzależnienie od hazardu) by Public Opinion Research Center for Million Dreams Foundation, 2011

Risk Management

By risk management we mean identification, assessment, control and overseeing of potential problems. Our company has classified risks into several categories in connection with the area of activities. In order to achieve the objectives established, measures are required to secure and prepare the company for adverse events. The management of individual risk categories is the responsibility of relevant organizational units and as a whole it is supervised by the Management Board.

Key external risks

- Change of legal circumstances – Introduction of restrictions in connection with the company activities, including imposing additional obligations, limitations or regulations
- Change of economic situation – De-

terioration in the economic situation and decrease in expenditure on lottery, draw-based and gambling products by players

Financial risks – Caused by exchange rate fluctuations, leading to increased operating costs of the company

Key internal risks

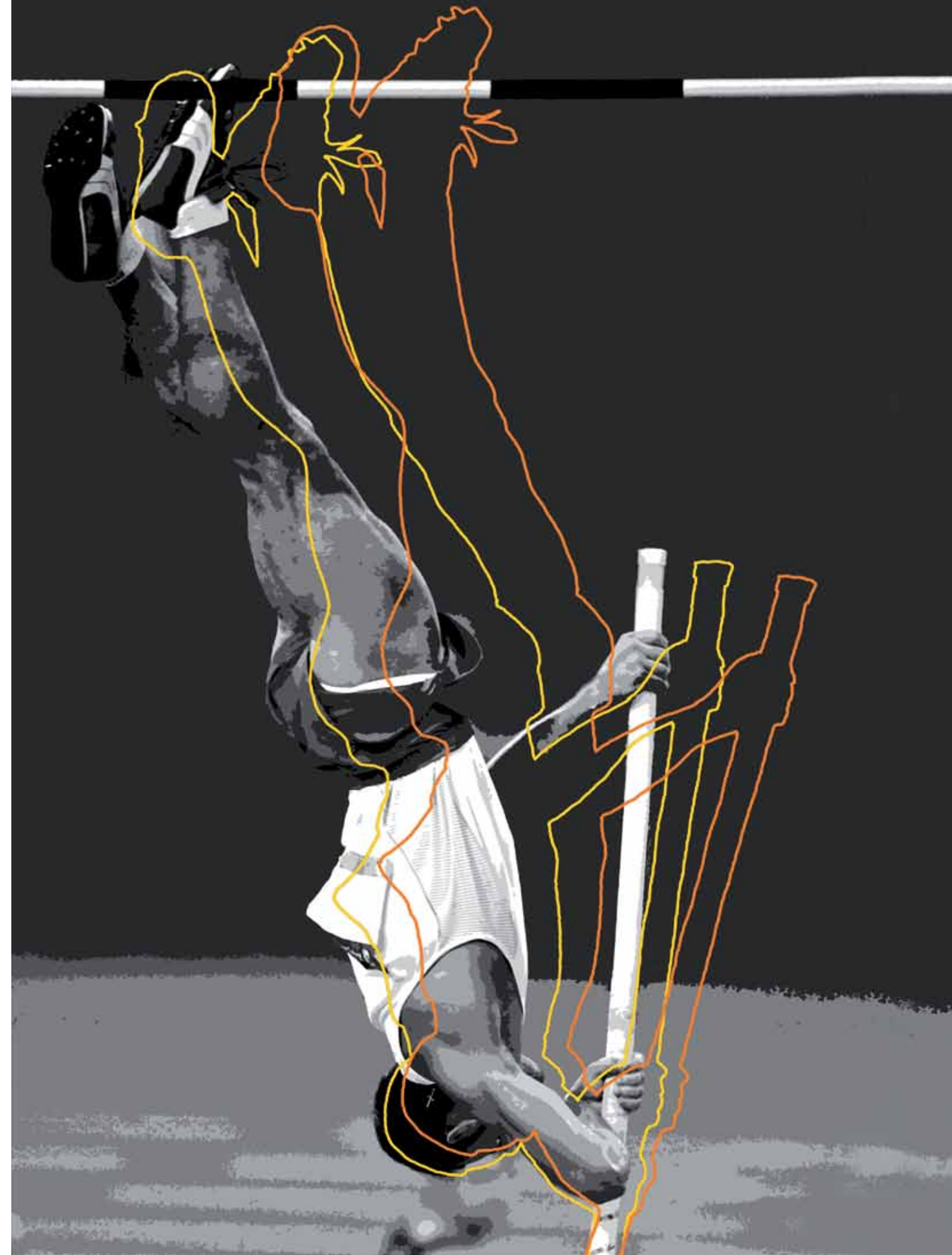
Business risks – In connection with launching new products

Reputation risks – Failed brand management leading to lost trust among customers

Product risks – In connection with the company's gambling offering and customer expectations, including product safety

Market risks – Determined by changing customer expectations and customizing the offering to them

Technological risks – In connection with the company's IT system security and operation





Anna Zawadzka
CSR Coordinator,
Totalizator Sportowy

In the last two years, major progress has been made in implementing Corporate Social Responsibility principles at our company. As part of the Responsible Gaming, our key project, trainings on responsible sales are being held for retailers. We will continue to develop a dialogue with our partners and educate our employees and retailers on corporate social responsibility.

Responsibility

Since the very beginning, that is for over 55 years, our company has carried out tasks which are now deemed to be part of the Corporate Social Responsibility. Our company had formed to contribute to sports infrastructure development. What followed were charity activities and support for culture. We have always acted both locally and centrally. In a sense, we have been pioneers in corporate social responsibility among state enterprises, which are now state-owned companies. In 2009, we summed up our previous activities – business ones in essence and those involving social campaigns. At that time, we also developed a strategy for future actions. The reason behind this was to have a solid base for preparing long-term and advised actions aimed at investments for social benefit and to offer our customers safe, highest-quality world-class products.

Ethical Business

In our day-to-day operation, we follow the Code of Good Practices, which is a set of values and ethical conduct principles. Based on it we have formed our organizational culture. The Code concerns relations between employees and relations with reference groups. It obliges retailers

to provide customers with full and reliable information on products offered. It imposes the obligation to follow transparent cooperation principles in contacts with partners and suppliers. At work, it is helpful in maintaining a good and friendly atmosphere.

Our Principles

Totalizator Sportowy has procedures to prevent errors and financial corruption occurrences. The analysis of all the company’s organizational units has shown that the risk of corruption concerns two units only – the Procurement Department, which coordinates tender procedure at all stages, and the Sales and Marketing Department, which is responsible for the new lottery outlet establishment procedure. In 2010, both Departments were audited for compliance with the procedures in force, including anti-corruption procedures. No irregularities were found. Personal information protection, including personal information on the company’s customers, is governed by national law: the Act on Personal Information Protection of 29 August 1997. The Act lays down the rules of procedure for the processing of personal information and the rights of natural persons whose personal information are or might



**social
responsibility**

CSR Management Structure

The CSR management structure has been developed as part of the company’s Corporate Social Responsibility Strategy. The President of the Management Board approves, issues opinions on and supervises operations. Leaders of Territories are responsible for implementing programs in cooperation with their Plenipotentiaries and Project Managers. The CSR Team headed by the Coordinator coordinates and monitors the progress of work and communicates completed operations.



Sławomir Dudziński
CEO of Totalizator Sportowy



Anna Zawadzka
CSR Coordinator

Piotr Domański

Agnieszka Żukowska



Grzegorz Chachaj
Leader
Responsible Gaming
& Responsible Sales

Plenipotentiaries
Project Managers



Grażyna Kot
Leader
Responsibility
towards Employees

Plenipotentiaries
Project Managers



Piotr Gawron
Leader
Responsibility towards
Local Communities

Plenipotentiaries
Project Managers



Anna Pieślak
Leader
Responsibility towards
Environment

Plenipotentiaries
Project Managers

be processed in data collections. Inspector General for the Protection of Personal Data is the controlling authority. In the reporting period, no penalty or sanction for non-compliance with law or regulations was imposed on our company. In 2010, the Office of Competition and Consumer Protection instigated explanatory proceedings in connection with a possible infringement of the Act on Competition and Consumer Protection by way of selling games in low stake slot machines in Totalizator Sportowy's points of sales. In February 2011, the Office closed the proceedings in the absence of grounds for action.

Partner Organizations

We support the UN Global Compact Initiative

As from 2011, we have been a signatory to the UN Global Compact Initiative for responsible business and sustainable development. We have therefore undertaken to pursue our activities in accordance with the ten fundamental principles of human rights, employee rights, environmental protection, anti-corruption and promotion of corporate social responsibility.

Responsible Business Forum

We have also been a strategic partner of the Responsible Business Forum, a Polish NGO involved in promoting the CSR concept. The Forum admits a company to its partner group based on examples of good business and social practices followed by such company. The Forum also takes into account long-term development plans and whether responsible business principles are implemented as part of the company's management.

Global Reporting Initiative

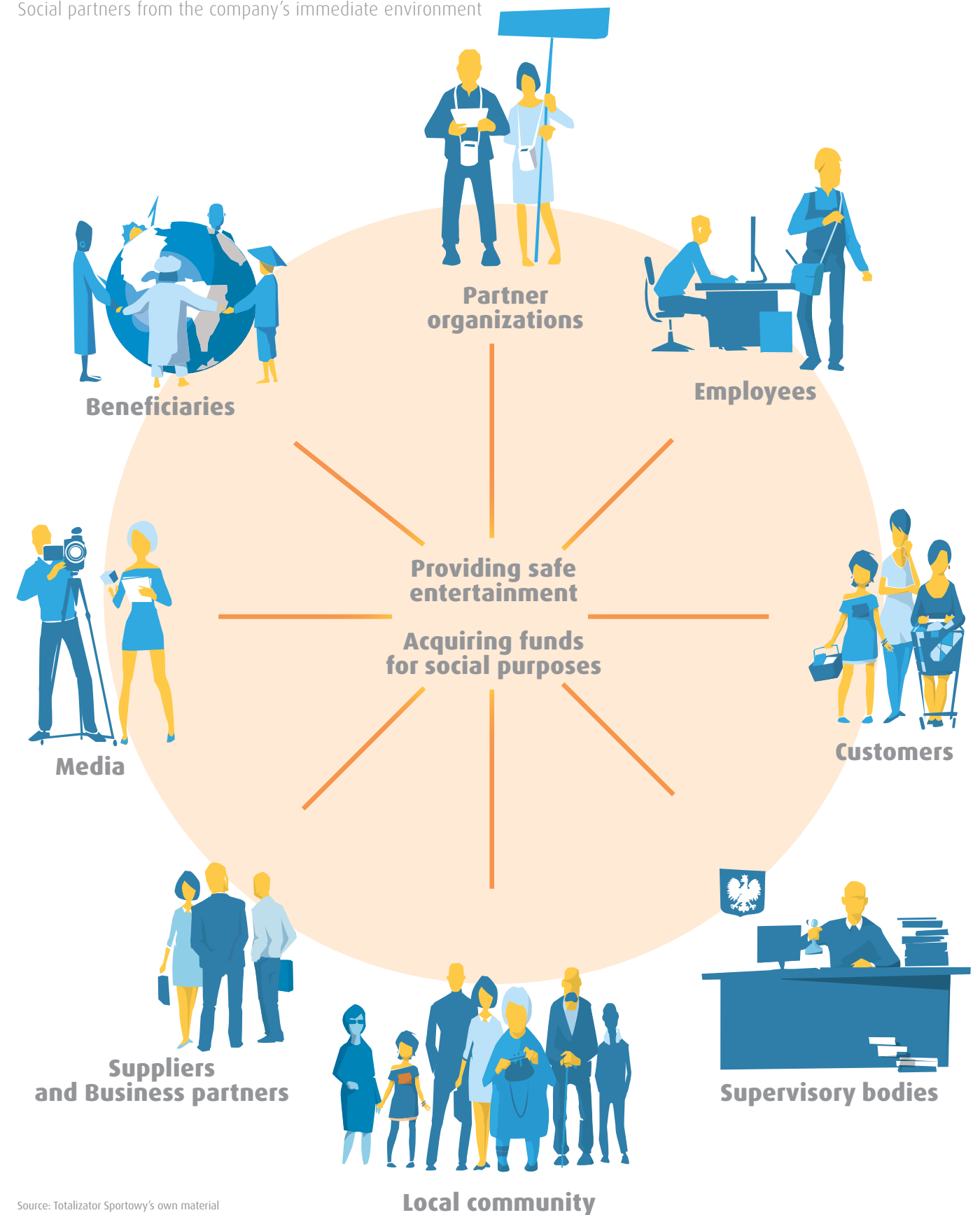
For two years, we have reported on our Corporate Social Responsibility according to the most widespread guidelines of the Global Reporting Initiative. In addition to the organization's economic performance, they allow non-financial aspects to be presented, including the environmental impact, impact on the local community and employment conditions.

Dialogue with Stakeholders

By stakeholders we mean all persons and groups that are affected by our business activities or which affect our company's operation. By taking into account the stakeholders' needs and expectations, we can form partner relations and determine our management objectives effectively. As from 2009, such an approach has become the company's strategic growth element. At that time, we abandoned one-sided communications to establish a dialogue based on understanding of mutual expectations. Through meetings and participation in surveys, we enable our stakeholders to express their needs, expectations and opinions on mutual cooperation. This makes our business decisions more effective, it also mitigates any potential crises. Our stakeholders appreciate our approach. In 2011, we asked our employees and partners what they thought about us. We were replied that we were a solid employer to care for the people whom we provided good work, payment and development conditions. The pace of decision making by the company and too many formalities were assessed by the employees as the weakest points. They expected a more open communication from us.

Totalizator Sportowy's Key Stakeholders

Social partners from the company's immediate environment



Source: Totalizator Sportowy's own material



Relations with Stakeholders in 2010 and 1st H of 2011

Summary of activities pursued as part of cooperation with stakeholders in 2010 and 1st H of 2011

Stakeholders	Description	Objectives	Projects 2010	Forms of dialogue and communication
Customers	<ul style="list-style-type: none"> 39% of Poles over 18 playing Totalizator Sportowy's games Over a million players per day visiting lottery outlets 	<ul style="list-style-type: none"> Proving entertainment by selling safe, attractive and innovative products Educating players on reasonable and responsible gaming Establishing responsible sales standards for the lottery industry 	<ul style="list-style-type: none"> Educating customers by launching a dedicated Responsible Gaming tab at www.lotto.pl Instructing sales agents on Customer Service Standards Preparing a Guide to Responsible Gaming for sales agents Adapting lottery outlets for disabled people 	<ul style="list-style-type: none"> www.lotto.pl Lottery outlets and points of sales Media Marketing research Contact by e-mail, post, phone
Employees	<ul style="list-style-type: none"> 890 employees in 18 branches and the headquarters 	<ul style="list-style-type: none"> Creating a safe, stable and friendly workplace Implementing modern human resources policy principles Improving employee competences, employee development and increasing employee motivation and satisfaction 	<ul style="list-style-type: none"> Implementing the Code of Good Practices Expanding the social package by co-financing the sports package Providing trainings to 68% of employees to improve their qualifications Implementing a professional orientation procedure 	<ul style="list-style-type: none"> Intranet www.lotto.pl Study tours Internal consultations Marketing research Development interviews President's Open Day
Media	<ul style="list-style-type: none"> 13,225 publications in press and on the internet 	<ul style="list-style-type: none"> Building Totalizator Sportowy's image of a socially responsible company Developing cooperation based on trust Providing prompt and reliable information that meets journalists' needs 	<ul style="list-style-type: none"> Cooperating with media to strengthen the company's reputation and brand Communicating prizes Involvement of the company's engagement in activities for local communities through sports infrastructure development and support for culture 	<ul style="list-style-type: none"> Press releases Press conferences Comments and interviews Personal correspondence
Local community	<ul style="list-style-type: none"> Inhabitants Sports people Institutions supporting sporting and cultural activities 	<ul style="list-style-type: none"> Building good relations based on trust and commitment Supporting local sports infrastructure and culture 	<ul style="list-style-type: none"> Financial support to 250 local events Financial support to sports and cultural institutions Aid to 206 households affected by flood at PLN 1 million 	<ul style="list-style-type: none"> Meetings with local clubs and sports centers Media Supporting local events
Partner organizations	Membership and close cooperation with: <ul style="list-style-type: none"> Responsible Business Forum (FOB) European Lotteries (EL) World Lottery Association (WLA) UN Global Compact Initiative Polish Olympic Committee (PKOl) Corporate Million Dreams Foundation Global Reporting Initiative (GRI) 	<ul style="list-style-type: none"> Expanding knowledge and exchanging experiences Enhancing management quality Yielding profits in a flexible, transparent and responsible way towards the society 	<ul style="list-style-type: none"> Joining the Global Compact Initiative Meeting criteria for the third out of four WLA's lottery certificates Financial support to the Polish Olympic Team Close cooperation as part of memberships in the Responsible Business Forum and the European Lotteries Issuing a social report according to GRI standards for Level B+ 	<ul style="list-style-type: none"> Conferences Regular communication and meetings Regular correspondence
Supervisory bodies	<ul style="list-style-type: none"> Ministry of Treasury Ministry of Finance Supreme Audit Office 	Reinforcing trust by way of: <ul style="list-style-type: none"> Pursuing activities in an ethical way Having a sense of responsibility for the players and products offered 	<ul style="list-style-type: none"> Communicating principles of Responsible Gaming and Corporate Social Responsibility programs 	<ul style="list-style-type: none"> Meetings Regular correspondence
Beneficiaries	<ul style="list-style-type: none"> Fund for Physical Development (FRKF) Fund for Promotion of Culture (FPK) Fund for Solving Gambling Problems (FRPH) State Treasury On average, PLN 3.75 million per day allotted to the state budget 	<ul style="list-style-type: none"> Maximizing the value of grants to sports infrastructure and culture development, preventing and solving gambling problems 	<ul style="list-style-type: none"> Communicating principles of Responsible Gaming and Corporate Social Responsibility programs 	<ul style="list-style-type: none"> Personal meetings Regular correspondence
Supplier and Business partners	<ul style="list-style-type: none"> GTECH – Supplier and administrator of the online system including over 12,300 lottery outlets Own network's sales agents Retailers Legal sales agents 	<ul style="list-style-type: none"> Developing partner cooperation Building long-standing relations based on trust and understanding of mutual expectations 	<ul style="list-style-type: none"> Educating on and communicating principles of Responsible Gaming and Corporate Social Responsibility programs 	<ul style="list-style-type: none"> Personal meetings Regular correspondence Professional trainings and examinations Research, surveys, a newsletter

Source: Totalizator Sportowy's own material

CSR Expert Opinions



Mirella Panek-Owsiańska, President of the Responsible Business Forum

The impressive speed at which the CSR strategy was developed and the great social report of Totalizator Sportowy show that it is a company able to learn and acquire knowledge quickly. Totalizator Sportowy still has untapped potential for social involvement and innovative products inspired by sustainable development. It should also communicate its activities to a larger extent as it has a great opportunity to become the most responsible state-owned company.



Bolesław Rok, PhD, CSR Expert, Business Ethics Centre, Kozminski University

The company has implemented significant changes in its management systems. No other company in Poland has made so many improvements in such a short time, I believe. Two crucial elements of this modern vision include responsible leadership and dialogue with stakeholders. It is in this aspect that Totalizator Sportowy is in the very lead in Poland, which is also reflected in the Responsible Business Ranking 2010.



Irena Pichola, CSR Expert, PwC

The survey Gambling Addiction (Uzależnienie od hazardu) held by Totalizator Sportowy is the most extensive study on such addictions in Poland. The company has actively cooperated with organizations and therapists able to assist it in addiction prevention and treatment programs. The most immediate challenge faced by the company will be to use the study results to develop programs aimed at precautionary measures.



Pieter Remmers, Founder of Assissa Consultancy Europe

Totalizator Sportowy is a respected member of the European Lotteries. It is a front runner among new Member States compared to Slovenia, Hungary, the Czech Republic and Estonia. Its intention is to become an important player in the CSR market and therefore apply for further responsible gaming accreditation and certification. It is in the interest of the Polish regulator, the company and the players.



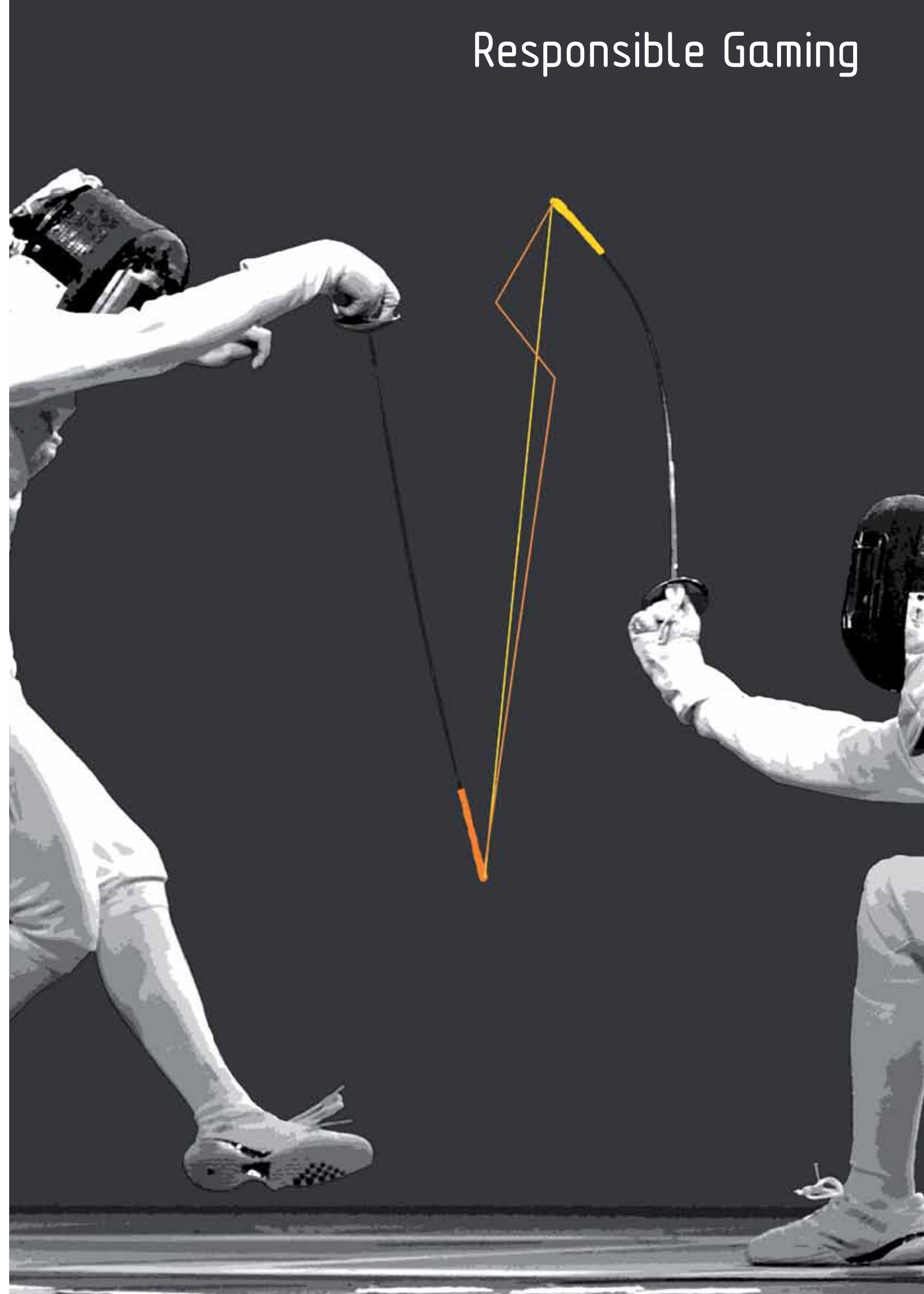
Bernadette Lobjois, Secretary General, European Lotteries

Totalizator Sportowy is aware of EL Responsible Gaming Standards and has taken many actions to implement them. Its collaborators participate in EL responsible gaming seminars and closely cooperate with EL Responsible Gaming Working Group. Combating and preventing gambling addiction is not easy but all EL Members are well-informed and prepared to tackle this challenge.



Kamil Wyszkowski, Global Compact Poland Coordinator

Totalizator Sportowy has consistently followed the path of sustainable development, which is reflected by Level 3 certificate granted by the WLA and the social report for 2009 prepared in accordance with the GRI guidelines for Level B+. As a Global Compact Member, the company soon has the chance to join advanced participants of this initiative.





**Grzegorz Chachaj, Deputy
Director, Sales and Marketing,
Totalizator Sportowy**

At all stages of our activities, we identify and minimize risks that games can adversely affect our customers. The risks are minimized at developing the very game concept and at establishing advertising and promotion rules. The responsibility for our products is expressed in trainings for retailers, monitoring their impact and taking potential precautionary measures. At our website, we publish guidance and warnings addressed to players. We have also published a survey for customers and their families to help them determine whether a person is addicted to gambling.

Responsible Gaming

As a state-owned company, Totalizator Sportowy bears a great responsibility for creating safe gambling patterns. By that we mean our full responsibility for the products offered and their rules of procedure. We are aware that emotions accompanying draw-based and instant games, including the prospect of winning great prizes, may increase risks of addiction as regards a group of susceptible persons. For years, we have consistently strived to minimize the risks. The Responsible Gaming program is aimed to protect players. Its principles are based on international standards and recommendations developed by independent associations of lottery operators. We believe that draw-based and instant games are to bring joy, opportunity to make dreams come true and positive emotions.

Lottery Organizations

World Lottery Association (WLA)

Our program was highly appraised by the World Lottery Association (WLA). In 2009, we were granted Level 1 of the WLA Responsible Gaming Certificate. As from 2010, we have already had Level 3 Certificate. We have also undertaken

to continuously improve rules of procedure for our games and lotteries. To this end, we are applying for the European Lotteries' certificate which will allow us to achieve the highest level of WLA certification, Level 4. The Certificates acknowledge that we have joined leaders in responsible gaming.

European Lotteries (EL)

Since 1993, we have been a member of EL, an independent association of European lotteries. To promote responsible gaming, the association has developed 10 elements of European Standards of Responsible Gaming. These are: research, employee training, retailer and player education, game design, remote gaming channels, advertising and marketing communications, treatment referral, stakeholder engagement and reporting and measurement. With such demanding requirements, only lotteries that meet the most advanced criteria are able to apply for the certificate. Totalizator Sportowy is going to apply for this certificate.

Retailer Education

One of our priorities is to educate our retailers and raise their awareness of risks

associated with gambling. We ensure that our employees and sales agents fully understand activities pursued in the framework of responsible gaming. We have provided all retailers at 12,300 lottery outlets with the guide 7 Safe Gambling Principles. The guide informs on how to recognize a situation when sales agents should refuse to sell a ticket. With the guide, retailers are able to react accordingly and refer a person in need of help to a relevant institution. In addition, sales agents have access to more detailed information in the extranet. New employees attend trainings before they commence their work. At least once a year, they are informed of the Responsible Gaming Policy via the intranet or by Area Sales Managers. Compliance with the principles is monitored in mystery customer research. We are committed to professional customer service. For this reason, we have developed Customer Service Standards for retailers. In the first half of 2011 we trained:

- 173 Area Sales Representatives
- 33 Area Sales Managers
- 5,400 sales agents that have cooperated with our company
- 2,700 new sales agents

We also provide regular trainings to im-

prove sales skills and interpersonal communication skills.

Responsible Promotion and Advertising

Since the formation of the company, we have been characterized by our responsible approach to product sales. The information that selling lottery tickets to minors under age 16 was prohibited could be found at our lottery outlets as early as at the end of 1950s and the beginning of 1960s. We had raised the age barrier to 18 even before the amended Gambling Act of 2009 came into force. We have paid much attention to responsible marketing policy principles. In communication with customers, we have not misinformed them on the chances of winning or on the possibilities of affecting the winning. In advertisements, we have avoided wordings addressed to youth. Retailers ensure that minors and those showing symptoms of gambling addiction are not allowed to play games. Only cash payments for tickets are accepted at lottery outlets. This is to limit emotional spending of larger sums of money by customers out of their control. In 2011, we are going to open a call



**responsible
gaming**



Our products are sold to adults only



Archive photograph from the early 1960s stating: "Toto-Lotek bets are not accepted from juveniles under 16." In the very beginning, we restricted juveniles' access to Totalizator Sportowy's games.

Minimizing risks of gambling addiction at all game and lottery development stages

Gaming impact assessment research

- Player expectations
- Independent analysis
- Market research

Vision

- Business objectives
- Positioning
- Target group

Design and principles

- Prize stake
- Probability of winning
- Rules of procedure

Social risk analysis

- Expert consultations
- Consumer research

Promotion and advertising

- Player education
- 7 Principles of Responsible Retailer
- 18+ Program

Lottery Outlets

- Trainings for retailers
- Player education

Monitoring of effects

- Precautionary measures
- Gaming impact assessment research
- Reports

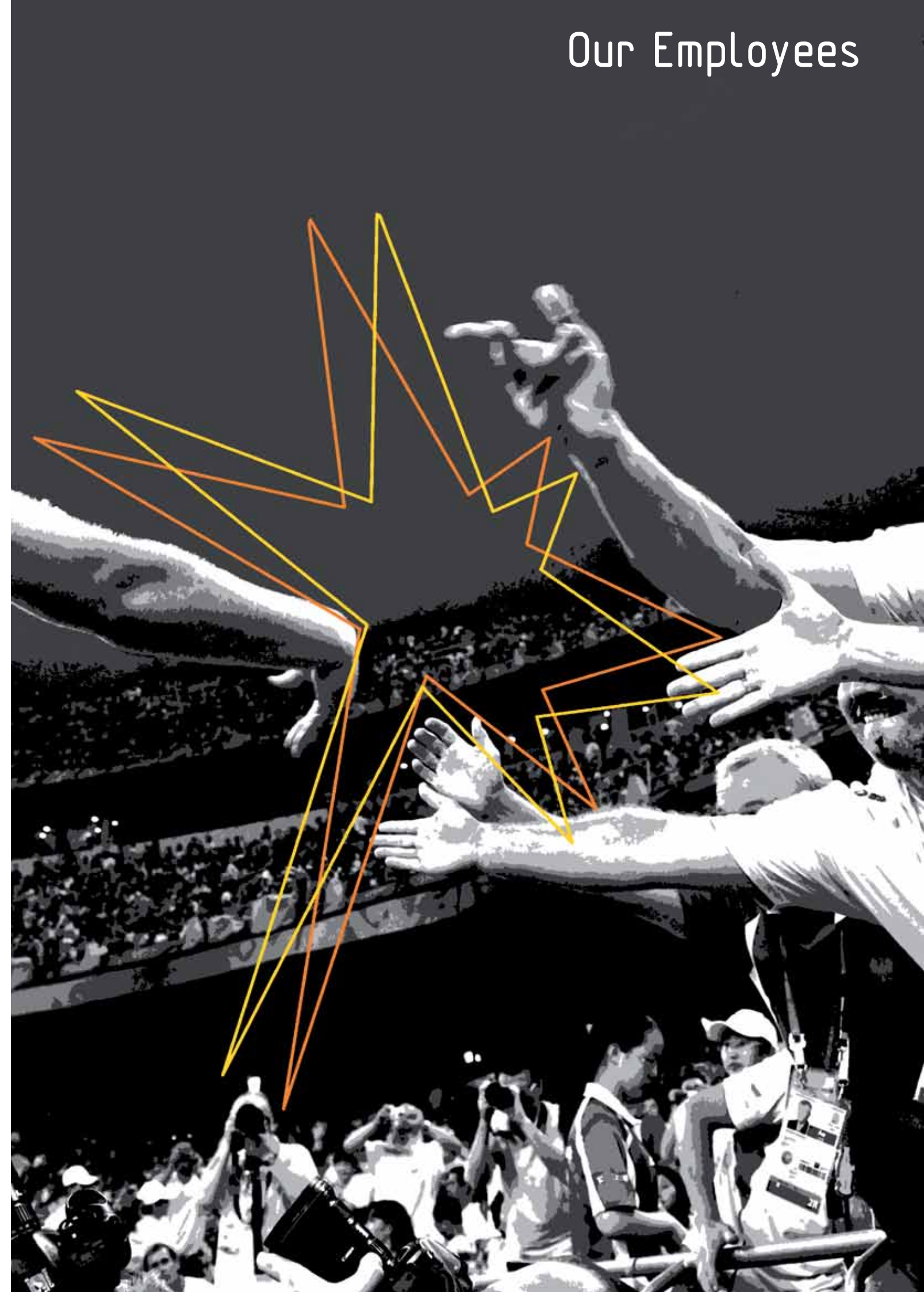
Source: Totalizator Sportowy's own material

centre to provide expert support. We are intending to develop all marketing communication rules of procedure in our internal Promotion and Advertising Code by the end of 2011. In 2009-2010, we found no cases of non-compliance with marketing – including advertisement, promotion and sponsorship – communication codes and regulations.

Transparent Lottery Draws and Rules of Procedure

Our draw-based gaming facilities – draw machines and balls – are manufactured by professional certified companies which manufacture for the global lottery market. We use gaming machines which comply with relevant technical tests and are registered at the Customs Office. On that basis they have been commissioned for lottery draws. This is in compliance with legal regulations on draw-based games and pari-mutual sports betting. Supervision over a due course of lottery draws is vested in the Gaming and Betting Control Commission (Komisja Kontroli Gier i Zakładów). The Commission is composed of 15 members who are required to be of impeccable reputation, responsible and adequately knowledge-

able; they are required to have passed a professional examination testing their knowledge of the Gambling Act, executive regulations and rules of procedure for draw-based and instant games. In addition to supervising the due course of lottery draws, members of the Commission complete and sign lottery draw related documents, take part in blocking the sale of draw-based games in the central IT system and confirm higher-stake prizes. Customs Services are authorized to audit lottery draws. The Customs Office is authorized to control the compliance with regulations which govern the organization and holding of gambling games and the compliance of such activities with the concession and permits granted and with rules of procedure for the games approved. Rules of procedure for all our games must be approved by the Ministry of Finance and customers can find them at our points of sales. As regards draw-based games where jackpots happen, we communicate the potential value of the jackpot. We care for the safety and privacy of our customers. Prizes worth more than PLN 2,000 are collected at local branches of Totalizator Sportowy. Personal information on winners is rigorously protected. The public is only communicated the point of sales where a prize worth of million is won.





Grażyna Kot
Human Resources Director
Totalizator Sportowy

Keeping balance between the company's objectives and employee objectives, between the company's performance and the employees' work performance is crucial. We are planning to implement a knowledge management system. As part of the strategic development, we are implementing the Employee Professional Development Program. We have provided care for our former employees. For the first time, we have provided personal consulting addressed to employees over 45 aimed to take advantage of their vast experience and encourage them to share their knowledge. In today's business we are faced with expectations so we must continue to develop and meet our current and future employees' expectations.

Our Employees

Totalizator Sportowy has 890 employees. Their knowledge, experience and skills contribute to the company's growth. We strive to create at our company the best conditions for work and development in a friendly atmosphere and a sense of stability. We want to provide our employees a balance between professional and private life. For many years, most of the company's employees have worked in Mazowieckie Province where the headquarters and two branches – Warsaw and Służewiec Race Track in Warsaw – are based. In 2010, 40% of all employees worked there (37% in 2009).

Friendly Workplace

The terms of employment are one of the aspects our employees appreciate most. We ensure prompt and competitive remuneration, in particular compared with the local market. We also share the profits yielded. In 2010, lower rank employees at the company's headquarters earned on average 225% of the minimum wage (232% in 2009). We appreciate differences and respect individualism. We create work environment where everyone is treated equally. In 2010, we employed 56% of men and 44% of women. Men and women holding equal work positions

are guaranteed equal rights and remunerations. We care for our employees and care about keeping professionals at the company. Therefore, we offer all our employees extensive fringe benefit packages. The consequence of such approach is a high level of satisfaction and a low rate of employee turnover. In 2010, similar to the previous year, 82 persons left the company – which is only 9% of the staff, of which 2% retired on a pension or an old-age pension.

Fringe benefits

- Annual bonus equal to an average remuneration at the company
- Profit bonus
- Quarterly bonus
- Medical care
- Maternity and paternity leave
- Additional special leave
- Higher severance pay on retirement (up to 400% of remuneration, depending on job seniority)
- Higher dismissal remuneration if employment contract is terminated through the fault of the employer
- Assistance in finding a new job in the period of notice
- Financing holidays for employees and their families
- Refundable housing loans at 1% interest

- Non-refundable special assistance grant
- Gift coupons
- Financing the purchase of glasses
- Sports passes

Employment by type of employment contract

Type of employment	31 December 2009		31 December 2010	
	Employees	Percentage share	Employees	Percentage share
Full-time employees, including:	890	100%	909	100%
Indefinite period of time	799	89.8%	751	82.6%
Definite period of time	70	7.8%	137	15.1%
Replacement	5	0.6%	5	0.5%
Probationary period	16	1.8%	16	1.8%
Sales employees	1,460	-	1,498	-

Source: Totalizator Sportowy's own material

Ratio of women's to men's average remuneration by professional group

Physical workers	67%
Area sales representatives	96%
Office and administration employees	101%
Professional employees	90%
Middle managers	105%
Senior managers	97%

Source: Totalizator Sportowy's own material

Employment and turnover broken down into age and sex in 2010

Age bracket	Employment - Women	Employment - Men	Turnover - Women	Turnover - Men
Up to 30 years old	47	46	4	4
30 to 50 years old	284	225	14	23
Over 50 years old	163	125	21	16
Total	494	396	39	43

Source: Totalizator Sportowy's own material



our employees

In 2010, all senior executives were recruited from the local market (66% in 2009).

Education, Training, Development

We value our employees. We offer them opportunities for continuous development through participation in new projects as well as in conferences and trainings held in Poland and abroad. We confront them with interesting and creative challenges. We provide financing for their participation in specialist training courses. In 2010, the most extensive training development program was called LOTTOLIDERZY (Lottolenders) and was addressed to Area Managers and Area Sales Representatives. The workshops focused on the skills to encourage creativeness and motivation in employees and on developing team leadership skills. 90 employees (10% of total employees) attended the workshop series which consisted of 20 training sessions held in the form of 2-day workshops (640 training hours). In 2010, we held 13 workshops for all groups included in the LOTTOLIDERZY program. The program has been continued in 2011. Another series of workshops held in 2010 and attended by 136 persons involved trainings for man-

agers and focused on skills in selecting the most competent candidates for a job. We offer our employees opportunities to take advantage of their potential and develop in line with their own aspirations and lifelong plans. To this end, we have development reviews. They are performed in the form of direct interviews with superiors. They provide an opportunity to express one's ambitions and evaluate one's quality and efficiency of tasks performed. Based on that, individual objectives and development paths are determined.

Dialogue with Employees

In 2010, we held 1,353 meetings with employees about their professional development. We invited 82% of employees – 739 persons – to the first session and 70% of employees – 614 persons – to the second session.

Safe Workplace

Our care for work safety and conditions is not only due to legal obligations imposed on employers. Having regard to our pro-

file of activities, the company does not provide any workplaces that are particularly exposed to risks of serious diseases or body injuries. Professional risk assessments are developed for each workplace on a regular basis. Every employee must attend a health and safety at work training held by a Health and Safety at Work Inspector. In 2010, in cooperation with Medicover Centre we trained 51 employees in providing first aid. Close cooperation between the Management Board and trade unions and the Employee Board is an important aspect to ensure safe work conditions.

There is a Health and Safety at Work Commission at the company, which also acts as counseling and consultative body of the President of the Management Board. It is formed pursuant to Chapter XI of the Polish Labour Code and Resolution 3/V/2004 of the Management Board. In 2008, the Commission was composed of 8 members as follows: 4 representatives of the employer

(Health and Safety at Work Plenipotentiary for the Management Board, Investment Plenipotentiary for the Management Board and occupational medicine doctor) and 4 employee and trade union representatives. The obligation to follow health and safety at work regulations is also laid down in the Corporate Collective Bargaining Agreement which covers 886 employees (99%). Among other provisions, the document sets out the minimum notice period as regards crucial changes at the company. Certain provisions included therein are more beneficial to employees than provisions of the Polish Labour Code. The trade organization is notified of termination of employment contract for an indefinite period of time by the employer 5 days earlier than provided by Poland's law. Totalizator Sportowy respects human rights and complies with Poland's labour law. The company did not record any cases of discrimination or forced, compulsory or child labor in 2010.

Trainees by employment category

Category of employment	Employees		Trainees		Persons trained		% of trainees	
	2010	2009	2010	2009	2010	2009	2010	2009
Senior managers	37	41	154	106	37	36	100%	88%
Middle managers	103	101	305	257	90	89	87%	88%
Professional employees	264	260	492	287	136	153	52%	59%
Office and administration employees	290	307	137	196	171	118	59%	38%
Physical workers	23	26	0	12	0	11	0%	42%
Area sales representatives	173	174	426	87	173	64	100%	37%
Total	890	909	1 514	945	607	471	68%	53%

* Trainees – Each person was calculated the number of times they participated in trainings
* Persons trained – Each person was calculated once, irrespective of the number of trainings they participated in
Source: Totalizator Sportowy's own material

Accident rate

	2010	2009
Occupational diseases and fatalities	0	0
Total accidents	7	10
Days of absenteeism	334	391
Accident absenteeism rate	47.7	39.1

Hours dedicated to employee training

Category of employment	Employees		Training days		Training hours	
	2010	2009	2010	2009	2010	2009
Senior managers	37	41	348	173	2,784	1,384
Middle managers	103	101	562	46	4,496	368
Professional employees	264	260	525	27	4,200	216
Office and administration employees	290	307	387	524	3,096	4,190
Physical workers	23	26	0	25	0	192
Area sales representatives	173	174	647	328	5,176	2,624
Total	890	909	2,469	1,122	19,752	8,974

Source: Totalizator Sportowy's own material

Employees' Comments

Andrzej Dominiak, Regional Director, Bydgoszcz

Totalizator Sportowy has supported sports for several dozen years. Before surcharge on games and bets was introduced, our company had paid 26% of its turnover to the Chief Committee for Physical Development and Tourism (GKKFiT). The money went back to the provinces in proportion to the volume of sales. Some 25% of surplus yielded was paid to the Provincial Committees for Physical Development and Tourism (WKKFiT), which allocated the money to maintain sports facilities. Many of us have dedicated their time to district sports associations. I was a member of District Basketball Association authorities. I recall that other employees were also very active, including directors. It was a kind of our social activity.

Benedykt Jadziński, Regional Director in Olsztyn from 1982 to 2002, President of Provincial Sports Federation, he has worked with us for 31 years

Together with Gdańsk's Branch we renovated the historic altar in Frombork. We popularized sports among children and youth. The whole inter-school sports competition movement (called *spartakiada*) was financed by Totalizator Sportowy. We took care of children from orphanages, we provided them Christmas gifts and so on, we renovated support centers and helped them in everyday operation. To date, we have been supporting Dom Dziennego Pobytu Arka support facility that we co-founded 18 year ago. In the hardest period, at the end of the 1980s and the beginning of 1990s, when the Warmińsko-Mazurska Philharmonic was going through difficulties, we commissioned concerts for children and elderly persons.

Józef Kolasiński, retailer, he has worked with us for 29 years

For several dozen years, Totalizator Sportowy has been a company to help people and donate its profits for social good. It has build sports facilities, allocated money to schools and helped flood victims. This help is one of the reasons for my professional satisfaction. It is a very constructive awareness that I work at a company which allocates part of its profits to those in need.

Danuta Mokrzyńska, Senior Inspector, Rzeszów, she has worked with us for 39 years

What I value most in Totalizator Sportowy is the friendly atmosphere and good co-operation. I try to contribute to it myself. I have wonderful female colleagues in all means, extremely friendly colleagues and an understanding boss. Working in such a team gives me a lot of pleasure and satisfaction. I advise all new colleagues who are starting work at our company that they should approach work with optimism and distance. Cheerfulness, perseverance and positive attitude work everywhere.

Bożena Szwed, retailer, she has worked with us for 33 years

People, our customers, are the greatest value of working at Totalizator Sportowy for me. During holidays and days off I miss the conversations at the lottery outlet, stories told by players and most of all their happiness with winning.

Danuta Raczkowska, Senior Inspector, Gdańsk, she has worked with us for 38 years

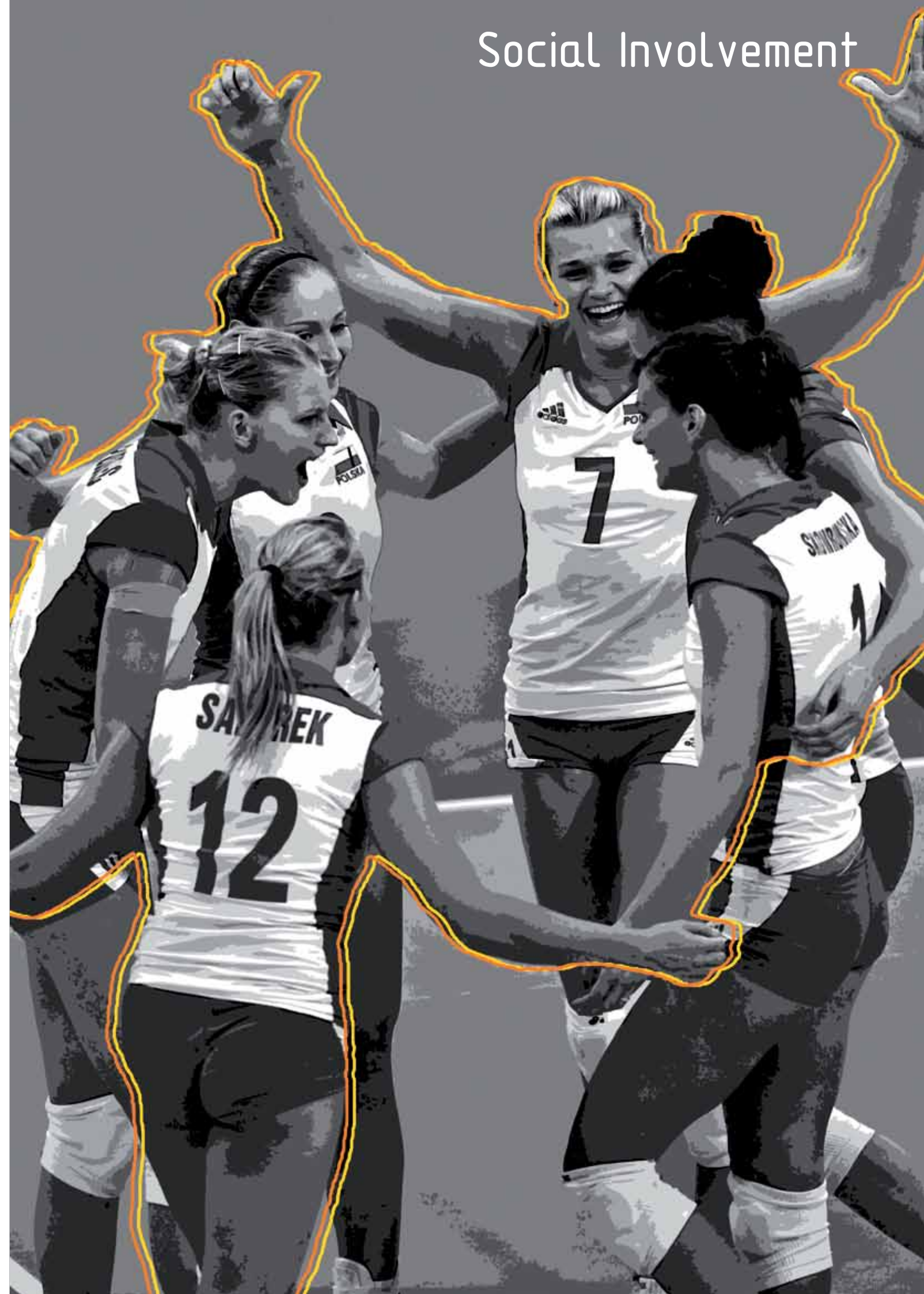
Through all these years I've grown attached to the company. I value the people whom I've met. I work at a storehouse and help account for lotteries. I've worked with five managers and four directors and I recall all of the with liking. Do I recommend a job at this company to young people? Yes, I do, I've always encouraged them to apply and then to demonstrate their work because recognition comes with time and one must work for it.

Alicja Wegiera, Financial Coordinator, Lublin, she has worked with us for 29 years

I am undoubtedly very satisfied with the fact that my company donates large sums of money to the construction of sports facilities, children orphanages and hospitals. To see how our money that we have yielded are well used is a reason to be proud. The happiness of people who benefited from our help is of special value.

Irena Żurawska, retailer, she has worked with us for 27 years

I've always been proud to work at Totalizator Sportowy. I've felt that I work in a special company committed to social activities. We've held regular working sessions with employees from the whole province. We've always been informed in detail what the money we have yielded would be allocated to.





Piotr Gawron
PR and Communications Team
Manager, Totalizator Sportowy

Totalizator Sportowy pays the state budge a 25% surcharge on the price of draw-based game tickets and a 10% surcharge on lottery prices. It follows from legal obligations and distinguishes us in a positive way against other operators active in Poland's gambling market. Neither casinos nor gaming saloons have this obligation. The surcharge system is a unique solution in that it cannot be found anywhere else in the world.

Funding Sports Facilities

Totalizator Sportowy's social involvement tradition dates back to the very formation of the company. Our activities have always been connected with initiatives which strengthen relations with local communities. We were established to popularize sports among children and youth and to invest in sports and leisure infrastructure development in Poland. For several dozen years, we have supported the construction of several thousand stadiums, pitches, fields, swimming pools, indoor skating rinks, gyms, sports halls, kayak courses, tennis courts, ski jumps and trails. We have contributed to the construction of modern professional sports facilities, including the Central Sports Center and the Academy of Physical Education. Many people still tend to associate us with the phrase: Totalizator Sportowy builds sports facilities. Following 55 years from the company's formation, our mission is still up to date and continued. Each year, we donate significant amounts of money to the Fund for Physical Development (FRKF). In the last three and a half years, we have donated more than PLN 2 billion, and in 2010 only

– more than PLN 480 million. With these funding we have contributed to the modernization of existing and construction of new sports facilities. This way, we have improved the opportunity for city dwellers in all provinces to live healthy and active life styles.

Supporting Culture

We have also contributed to the promotion and popularization of culture in Poland. The financing which we have allocated every year to the Fund for Promotion of Culture (FPK) constitutes a significant part of the Ministry of Culture and National Heritage budget. In 2010, the Fund allotted more than PLN 202 million of surcharges that we had allocated to it. Aid was granted to young artists and numerous cultural projects. Funding was also allocated to activities in support of literary work, readership and facilitating access to cultural heritage to disabled persons.

Co-financing the Gambling Fund

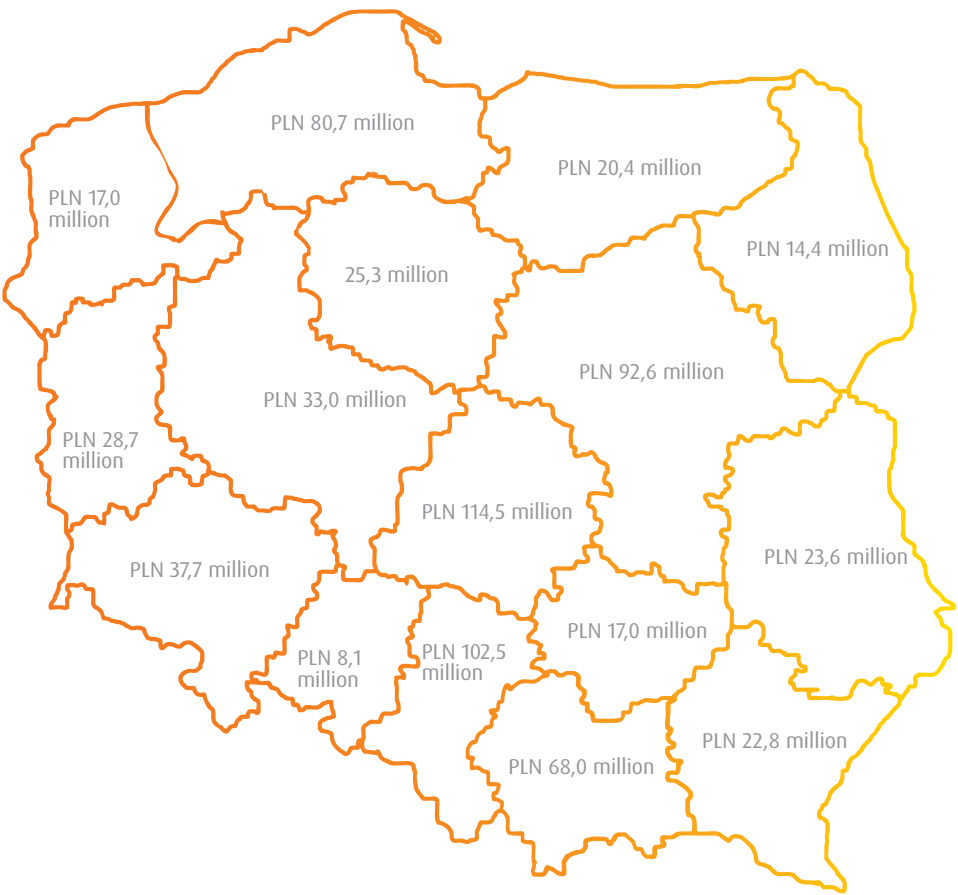
The money we pay from surcharges are also allocated to the Fund for Solving Gambling Problems (FRPH).



social involvement

Totalizator Sportowy's Local Involvement in 2010

Financial contribution to local sports infrastructure development, organization of local cultural events, support for cultural events and charity aid.



Sources: Totalizator Sportowy's own material; Ministry of Sports and Tourism – Quarterly report on investment projects completed and accounted for in the 1st, 2nd, 3rd and 4th Q of 2010; Ministry of Culture and National Heritage – Financing from the Fund for Promotion of Culture for tasks performed as part of programs held by the Ministry of Culture and National Heritage, broken down into provinces

Beneficiaries' Comments

Łukasz Horbatowski, Head of Kotla commune, Dolnośląskie Province

Typically agricultural communes, such as ours, are only able to make any investments with participation of external funds. Co-financing from the Fund for Physical Development allowed Kotla commune to build a multifunctional field near the school.



Jadwiga Oleradzka, Director of Kontakt International Theatre Festival, Kujawsko-Pomorskie Province

The support from the Fund allowed us to invite four international theaters. The grant was very considerable to us. It amounted to almost one third of the budget for theaters. It helped improve the quality of the festival and we were able to invite renowned international theaters cooperating with outstanding actors and directors.

Czesław Jurga, Head of Czarnia commune, Mazowieckie Province

Without the funding, we would have never started the construction of the pitch. Today, it is the only facility of this kind in the commune. It is located near the school but all inhabitants use it, both young and old persons.

Eugeniusz Stróż, Mayor of Tarnogród town and municipality, Lubelskie Province

We have benefited from funding for sports infrastructure development for a second consecutive year. Earlier, we built an Orlik pitch in Różaniec, now we have commissioned a pitch in Tarnogród.

Beata Amrogowicz, Secretary of Szczaniec commune, Lubuskie Province

In our commune, Rural Community and Social Integration Centers were established. The financing received from the Ministry of Culture and National Heritage amounted to 95% of funding that we had to allocate to that end. The project included a major renovation of three rural after-school care facilities. In this way centers in Smardzewo, Opalewo and Koźminek were established.



Tomasz Woźniak, Złota Tarka Old Jazz Meeting International Festival, Warmińsko-Mazurskie Province

We have benefited from funding from the Ministry of Culture and National Heritage for many years. This funding allowed us to hold a really special event. The program was extended by numerous accompanying events: exhibitions, club concerts, multimedia

previews of art exhibitions in town and jazz cruises.

Andrzej Wendland, Alexander Tansman Association for the Promotion of Culture, Łódzkie Province

Our festival is a huge international undertaking. In 2010, we hosted almost 600 artists from 40 countries, and 300 composers from 51 countries entered the competition. Such undertaking would not be possible in practice without co-financing from the Ministry of Culture and National Heritage.



Jarosław Tochowicz, International Theatre Festival Divine Comedy, Małopolskie Province

The amounts of co-financing allow us to be a serious promoter, which means the one that has a solid financial base and is therefore able to offer wide programming horizons. Quality arts are costly and the amount of grants is directly translated into improved quality of a festival and invited guests.

Tadeusz Soboń, Head of Oksa commune, Świętokrzyskie Province

Co-financing from the Fund for Physical Development was the only opportunity for our Educational Center Complex to have new sports facilities built. We had

managed to obtain funding for a gymnasium which has already been used by our youth since 2002. Now students can use a new pitch.

Katarzyna Branicka, Polish Classics Opole Theatre Confrontations, Opolskie Province

Any aid that we receive from external donors is crucial to us. It is both a financial support and a signal that our activities are important not only to us. It is a well-known fact that cultural institutions find it hard now to manage on their own as large-scale undertakings are very expensive.



Krzysztof Lis, Head of Szczepanów powiat (starost), Zachodniopomorskie Province

Today, local governments invest a lot in sports infrastructure. For example, Orliki pitches can be built because of the considerable co-financing from provincial authorities and the central budget. We could therefore afford to commence a parallel construction of a new pitch which has also been indirectly co-financed by Totalizator Sportowy.



Stanisław Roch Wyszyński, Mayor of Szepietowo municipality, Podlaskie Province

By benefiting from the support, ten years ago we constructed a sports hall. During the day the facility is used by students and in the afternoon by youth and adults. In 2010, we commissioned a multifunctional field which was also built with financing from the Fund. Now, we have two such fields in the municipality.

Małgorzata Gołaszewska, Spokesperson of the Polish Baltic F. Chopin Philharmonic, Pomorskie Province

We carried out the International Chopin Year project with co-financing from the Ministry of Culture and National Heritage. The funding acquired allowed us to present a highly attractive artistic program and invite outstanding artists. In addition, we were able to promote our project in a better way. The concerts were accompanied with an exhibition by Jerzy Duda-Gracz and we also published a catalogue. Culture really needs such support.

Józef Fedan, Head of Trzebownisko commune, Podkarpackie Province

I am very satisfied with the multifunctional field commissioned in 2010. As are the children and youth who use it every day. With co-financing from the Fund, we

would be able to build a multifunctional field in every bigger location. And we need to do that is we really want to promote sports and develop physical fitness in the youngest children.

Jacek Ślęczka, Mayor of Koziegłowy town and municipality, Śląskie Province

In our municipality, we have investment projects co-financed by Totalizator Sportowy. Recently, we have managed to build three facilities this way – a multifunctional field with social amenities in Lgota Górna, a grass pitch as part of the Blisko Boisko (Close to Pitch) program in Szymków and a multifunctional field with a running track and a playground near a school complex in Pińczycze in 2010.



Anna Hryniewiecka, Deputy Director of Zamek Culture Centre in Poznań, Wielkopolskie Province

The amount of co-financing from the Fund for Promotion of Culture was very significant to the whole budget for our project. Such financial support is a great opportunity for us to carry out undertakings on a scale that would not be possible without external co-financing. This funding is therefore crucial to promoters of both large and small projects.



Funds from Totalizator Sportowy's games and lotteries support social purposes and contribute to the state budget. Thanks to our players, we allocated almost PLN 1.4 billion for these purposes in 2010.

PLN 1,370.2 million was allotted to the state budget, of which PLN 585.4 million went to the Ministry of Finance, PLN 150 million went to the Ministry of Treasury and PLN 634.8 million contributed to three Funds for: Physical Development, Promotion of Culture, and Solving of Gambling Problems. In addition, in 2010 we allocated PLN 7.2 million to sponsorship, donations, support for sports and local initiatives in all provinces.



488,8 million **127 million** **19 million**

SPORTS
(Fund for Physical Development)
77% from grants

CULTURE
(Fund for Promotion of Culture) 20% from grants

HEALTH
(Fund for Solving Gambling Problems) 3% from grants



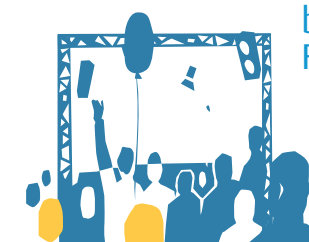
585,4 million
Ministry of Finance

150 million
Ministry of Treasury

1,5 million
LOCAL SUPPORT
Over 250 local events

2 million
DONATIONS
Including support for flood victims by Million Dreams Foundation

3,7 million
SPONSORSHIP
of Polish Olympic Team



Accompanying Champions and Supporting Clubs

By our social involvement we mean not only assistance in expanding sports infrastructure. We also see our role in supporting careers of young talents, clubs and champions. We wish to be with them in good and bad times, to share the joy of winning. We are proud of the successes of the oarsmen representing the RTW Lotto Bydgosia – WSG Bank Pocztowy club. We have accompanied them in great victories for 19 years. We have accompanied numerous oarsmen from the beginning of their careers. Over that time, sportsmen and sportswomen representing the club have won 1,044 medals at Poland's championships and 94 medals in the international sports arena. We partnered Adam Małysz when he triumphed as a ski jumper. Now that he has started his career in a new discipline – rallies – we are also with him.

Cooperation with Polish Olympic Committee

By 1990s, for more than 30 years funding from Totalizator Sportowy had been the principal source of income for the Polish Olympic Committee. At that time, the Committee was granted funding from surcharges on our games and special Olympic Lottery Draws, etc. In 1984-1989 this amounted to PLN 1 billion. In 2001-2004, funding from Totalizator Sportowy represented from 18% to 23% of the Committee's and the Polish Olympic

Fund's budget, while in 1993-1996 it was 38%. In 1993, we expanded our cooperation and engaged in the Polish Olympic Committee's sponsorship. Over that time, we have accompanied Polish medal winners, sportsmen and sportswomen, at six Olympic Games. We were with them already in Lillehammer in 1994. In 2010 in Vancouver, for the first time we supported them as General Sponsor of the Polish Olympic Team.



Adam Leszkiewicz,
Under-Secretary of State at the
Ministry of Treasury

By exercising its statutory obligation to allocate financial means to the Fund for Physical Development as part of subsidies, Totalizator Sportowy is crucial to financing Polish sports. With Totalizator Sportowy's support, projects are carried out to allow children and youth to have access to sports infrastructure. The company has also supported national sports through its active sponsorship. I welcome the presence of the LOTTO brand at sports games and events of different kind. It is also important that Totalizator Sportowy has acted as General Sponsor of the Polish Olympic Committee.

Olympic Games	Totalizator Sportowy's involvement
Lillehammer 1994	Official Partner of Polish Olympic Team
Atlanta 1996	Official Partner of Polish Olympic Committee
Salt Lake City 2002	Sponsor
Athens 2004	Sponsor
Beijing 2008	Sponsor
Vancouver 2010	General Sponsor of Polish Olympic Team



Sponsor Generalny
Polskiej Reprezentacji Olimpijskiej



LOTTO is partnering with Adam Małysz

Million Dreams Foundation

In addition to our considerable financial support for sports and culture, we wished to become actively involved in social benefit activities to an even greater extent. To put our initiatives in order and at the same time to ensure their transparency, we have established our corporate Million Dreams Foundation. The Foundation focuses on the following objectives:

- Preventing gambling addiction
- Helping local communities
- Engaging the company's employees in social benefit activities

One of the Foundation's activities in 2010 consisted in inaugurating The Active program. The program is aimed to mitigate effects of existing social problems by engaging our employees, customers, business partners and other groups in social benefit activities. In June 2010, the Foundation donated more than 1 million PLN to 206 households affected by the flood. The aid was granted to Lubuskie, Małopolskie, Mazowieckie, Opolskie, Podkarpackie and Śląskie Provinces. Each household received PLN 4,900. Financial means from the donation were spent on furnishing houses, purchase of construction materials, cloths, food, medicines and other essential products.

Supporting research

We have continued to support and participate in independent projects to better understand personal and social susceptibility to problem gambling. We have cooperated with NGOs, which allows us to exchange experiences. We have disseminated the knowledge we gained through our corporate Million Dreams Foundation by holding conferences and meetings with experts. In 2010, for the first time in Poland we conducted national research entitled Gambling Addiction and its Prevalence in Poland (Uzależnienie od hazardu i skala

występowania tego problemu w Polsce). It covered 3,000 persons. Based on the results, we identified potential groups susceptible to the risk of becoming addicted to draw-based games. Research results were published at the Foundation's website. We also communicated them to the media and Polish therapist and psychologist world at a conference. We identified a model person most susceptible to gambling addiction. It is a man between the age of 55 and 64 or 18 and 24, city dweller, with primary education, low income, single (a widower or divorcee).

Source: Problem Gambling by Public Opinion Research Center for Million Dreams Foundation, 2011



Anna Zawadzka,
Chairman of the Million
Dreams Foundation

Owing to the Million Dreams Foundation, two hundred Polish therapists have been trained by international experts in gambling prevention and treatment. We have launched the Responsible Gaming program as part of which we hold workshops and scientific conferences. We want to create a portal addressed to persons suffering from problem gambling and to therapists professionally involved in that topic. We have also launched a corporate volunteering program.



The risk of becoming addicted to Totalizator Sportowy's gambling games is relatively low compared with other gambling products. The research conducted for the Million Dreams Foundation showed that it was only 2.5%.

Source: Gambling Addiction by Public Opinion Research Center for Million Dreams Foundation, 2011

Addiction prevention

We focus on preventing problem gambling. We have trained psychologists, psychotherapists and psychiatrists. We have actively cooperated with experts from Poland and abroad. In 2010, the Million Dreams Foundation held the national training conference entitled Diagnosis and Treatment of Pathological Gambling dedicated to analysing and limiting problem gambling. In the course of the meeting, participants had the opportunity to exchange their experiences with renowned international experts: Anita Pindiur and Luis Weigele from the US. Acting as speakers were also therapists from Poland: Bohdan Woronowicz, PhD MD, and Ryszard Romaniuk, PhD. In June 2011, we held two events: a conference entitled Gambling – Prevalence, Problems, Perspectives and a interdisciplinary conference entitled Gaming for Life prepared in cooperation with the Chair

of Psychoprophylaxis of Family, Department of Pedagogy of Family at The John Paul II Catholic University of Lublin. Both meetings presented the opportunity for the researchers and practitioners involved in gambling addiction to exchange their knowledge and raise awareness of other participants.

Million Dreams Foundation Collaborating Institutions

- The John Paul II Catholic University in Lublin
- Public Opinion Research Center
- PBS DGA, market research agency
- Zależni-Nie-Zależni Foundation

Million Dreams Foundation Collaborating Experts

- Ryszard Romaniuk, PhD, neurophysiologist, expert in addiction treatment, Brecksville VA Medical Center, Ohio, US
- Pieter Remmers, founder of Assissa Consultancy Europe, he has implemented responsible gaming programs in many countries
- Robert Murray, Manager of the Problem Gambling Project at the Centre for Addiction and Mental Health in Ontario, Canada, Certified Addictions Counselor and author of numerous publications on gambling
- Anita Pindiur, psychologist, expert in Gambling Treatment, Clinical Director of an addiction treatment center, The Way Back Inn in Chicago, US

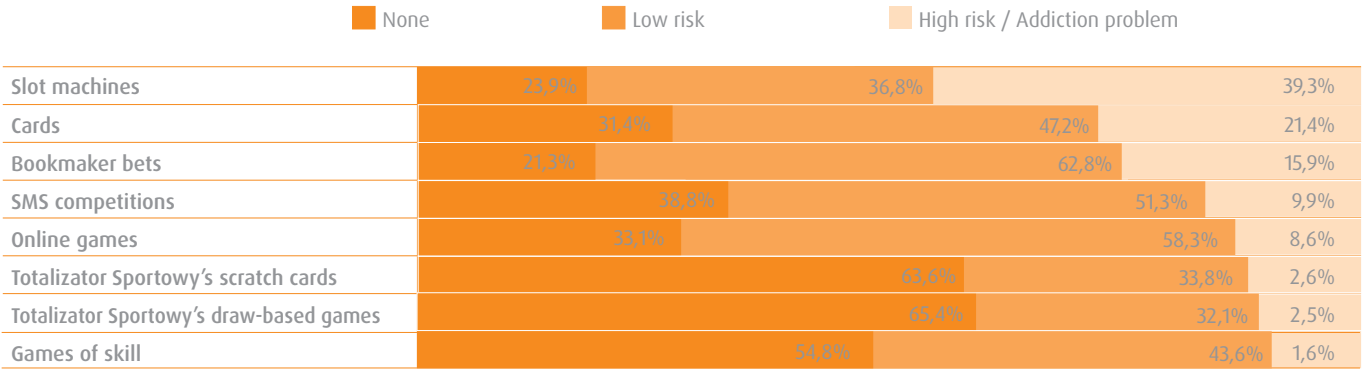
■ Luis Weigele, addictions therapist with a 30-year experience in treatment of persons addicted to gambling, lecturer at Cleveland University, US. Former President of the Ohio Council on Problem Gambling and Member of the Management Board of the National Council on Problem Gambling.

■ Jacek Santorski, social psychologist, psychotherapist, Director of Health Psychology Laboratory

Owing to the programs carried out through the Million Dreams Foundation we know what impact our games have on players and what problem gambling problem is like. In this way, we understand our responsibility towards the society for the products offered.

For more information, please visit: www.milionmarzen.org and www.facebook.com/MilionMarzen

Prevalence of gambling addiction by game type



Source: Gambling Addiction by Public Opinion Research Center for Million Dreams Foundation, 2011



Mark Griffiths, PhD, Expert in Gambling Addiction, Nottingham Trent University

It results from the survey conducted by the Public Opinion Research Center for the Million Dreams Foundation that the gambling addiction rate for Poland is higher than in other European countries, in particular as regards games on slot machines. That the company commissioned such a survey shows that now the problem is treated with seriousness in Poland.



Jacek Santorski, Director of Health Psychology Laboratory

Draw-based games and LOTTO scratch cards are relatively safe compared with other gambling games – only 2.5% of players are characterized by addiction risk factors. Research initiated by the Million Dreams Foundation confirm that low stake slot machines – so called one-armed bandits – pose the highest risk. Totalizator Sportowy's offer is safe compared with them but it is never too much to monitor risks and prevent addictions.

Comments of Poland's Sports People



Adam Giersz, Minister of Sports and Tourism

Totalizator Sportowy plays a key role in financing Poland's sports. Financing provided by the company is allotted to the Fund for Physical Development which is managed by the Minister of Sports and Tourism. With this money, we can develop and modernize the existing sports base and support the construction of new facilities. With financial means from the Fund for Physical Development, we will co-finance trainings for youth and disabled persons.



Andrzej Kraśnicki, Chairman of the Polish Olympic Committee

The Polish Olympic Committee is an organization that is not subsidized from the budget. Financial support from sponsors is of key importance to us. They allow us to ensure that the Polish Team can participate in the Olympic Games with dignity and to develop the passion for sports among children and youth. Totalizator Sportowy, the General Sponsor, is our most important partner. We wish to thank the company's bodies and employees for their support.



Adam Małysz, Sportsman

Today, with sports at such a level, with such advanced technologies and medicine, a sports person has no chances without support from a sponsor. Even if they were exceptional competitors. The three fundamental principles are: work, faith in what you do and perseverance, and in particular in critical moments. If one does not have it, there will always be something to prevent one from achieving the goal. Without support from institutions such as Totalizator Sportowy we would stand no chance. Regards to Totalizator Sportowy's players!



Robert Kubica, Sportsman

In Poland, the proverb says that a friend in need is a friend indeed. I am very glad that LOTTO is a loyal partner to support me in good times and in difficult moments. I want to return to the racetrack even stronger than before. I have work very hard to return behind the wheel. I believe that with LOTTO I will bring the fans the joy of winning.



Grzegorz Soltysiński, Member of the Management Board of Totalizator Sportowy

When we signed the Sponsorship Contract in 1993, the Polish Olympic Committee was in big financial trouble. Our considerable support allowed it to purchase the parcel where the Olympic Center is now located. This involvement translated into financial performance of Totalizator Sportowy, its turnover increased by several hundred per cent at that time.



Jolanta Tuchowska, Chairman of the Mokotowska Fundacja Warszawianka Foundation

Our Foundation allocated the funding from Totalizator Sportowy to co-financing the construction of the sports and leisure facility. The facility is visited by 1,500 persons per day, who take care of their health and benefit from many attractions at the Water Park.

Łukasz Szopa, Engineer, practices sports regularly

I tend to swim often at the Warszawianka swimming pool. The facility offers a large 50-metre swimming pool. I am glad that thanks to Totalizator Sportowy's funding acquired from games sports and leisure facilities are built.





Anna Pieślak,
Administrative Director,
Totalizator Sportowy

We have been carrying out several parallel projects in connection with environmental activities. We have striven to systematically limit our environmental impact. We have analyzed energy consumption at the company and the next step will be to optimize its supplies. We have audited building for their energy performance. We have drawn up energy performance certificates. Our objectives include the improvement of energy performance of the facilities we use and the reduction of natural resources' consumption in our buildings. With that knowledge, we will be able to optimize our solutions and reduce the consumption and costs of utilities such as central heating, water and gas. We have given much attention to the promotion of environmentally friendly culture and systematic improvement of environmental awareness among our employees.

Environmental Impact

We feel obliged to mitigate the environmental impact our activities have, even though it is not as significant as that of manufacturing companies. Our work at office buildings and points of sales involves daily water, energy and paper consumption on the premises we operate as well as transport use and fuel consumption. We are also aware of the participation in the process of natural resources' consumption by our suppliers. We recognize economic benefits of green solutions. By replacing equipment to that more energy-efficient and by consuming less water, we lower our expenses. We are also able to meet ever increasing expectations of our business partners, customers and employees. We therefore develop a responsible cooperation with them.

Environmental priorities

- To reasonably manage and reduce water, energy, material and resource consumption
- To replace equipment and develop environmentally friendly investments
- To promote environmental practices among employees

■ To sort and recycle waste Reducing material, energy and water consumption

By developing our environmental strategy, we strive to reduce the volume of materials and utilities we use. We have implemented a dedicated system to monitor their use and evaluate their potential reduction. In 2010, we replaced computer hardware, small appliances and bulbs to energy-efficient ones. With the new hardware and appliances, we managed to limit the annual energy consumption by 887.4MWh (456.8GJ of heat energy, 943 tonnes of CO₂), which translated into PLN 520,000 in savings.

We have also started to replace 12,500 sales terminals to more energy-efficient ones. The whole process is due to be completed by the end of 2011. Energy consumption will be reduced by 250kW per hour. In July 2011, we signed an agreement to conduct an audit and to draw up energy performance of buildings certificates. The audit will identify activities which may lead to reducing utilities' consumption. The company has not kept any centralized waste records but work is in progress to select a company to monitor such waste as of the next year.



environment

Our principles

In the reporting period, we paid a mandatory environmental fee of PLN 13,400 for emissions of pollutants into the air, pursuant to the Ordinance of the Minister of Transport. Totalizator Sportowy has a training leisure center in Rybienko Leśne that is located in the Natura 2000 environmental protection site. As

results from the company's documents, it is not required to monitor the environmental impact of the center's activities. The company does not apply any procurement policy which prefers local suppliers as the value for money ratio is the crucial factor to decide whether to purchase products or not.

Energy consumption*	2009	2010
Natural gas (GJ)	5,949	5,301
Natural gas (gross PLN)	301,007	271,566
Energy (MWh)	5,319	4,332
Energy (gross PLN)	2,901,695	2,304,136

* Estimated volumes based on data from individual company branches and the headquarters

Water and sewage consumption in m ³ *	2010
Water	128,171
Bottled water	315
Total water intake by source	127,856
From water supply system	32,611
From deep wells	95,244
Sewage discharged	127,856

* Estimated volumes based on data from individual company branches and the headquarters

Paper consumption in tonnes in 2010	27.6
White paper	23.6
Ecological paper (100% recycled paper)	4.0

Global Reporting Initiative Indicators

The Ten Principles of Global Compact

Selected financial data

Environmental Education

Our employees play a crucial role in achieving our objectives. Therefore, we encourage them to consume energy and other natural resources rationally and convince them to adopt environmental practices. In 2010, all users of company vehicles were guided on how to drive environmentally friendly. We also estimated greenhouse gas emissions during employee commutes. We calculated it at 405 tonnes of CO₂ per year. 20 April 2011 was a 'Car-Free Day' at our company. For the second consecutive year, April was a 'Green Month'. In all 18 branches, we held green educational campaigns. As part of the waste collection action entitled

"This electrical waste is rubbish" (Daj kosza elektrośmieciom) we collected in very Warsaw 10kg of used batteries, 111 used bulbs and fluorescent lamps and 600kg of other electrical waste. The event saw more than 300 employees each of whom was given a 'thank you' sapling for their involvement. In 2010 our employees planted 12,000 trees.

Disabled-Friendly Lottery Outlets

In 2010, we modernized or built 18 new points of sales adapted to the needs of disabled persons. By comparison, a year earlier we had opened three such lottery outlets. In the first half of 2011, in turn, we adapted 14 locations and other 7 are planned.



The 'Green Month' at our company.

Totalizator Sportowy – Selected financial data

Contributions to the state budget and special-purpose funds calculated in 2010	in PLN million
Grant to the Fund for Physical Development (FRKF)	488,8
Grant to the Fund for Promotion of Culture (FPK)	127,0
Grant to the Fund for Solving Gambling Problems (FRPH)	19,0
Tax on draw-based and instant games and pari-mutual sports betting	525,2
Income tax	36,9
Other mandatory reduction in profits	23,3
Dividends from distribution of net profits	150,0
Total contributions to the state budget	1 370,2

Structure of sales revenue from the company's core activities	for 2010 in PLN million
Lotto	1 393,7
Multi Multi with Plus	787,3
Mini Lotto	136,7
Keno	91,0
Joker / Twój Szczęśliwy Numerek	33,0
Draw-based games – Total	2 441,7
Instant games	236,4
Pari-mutual sports betting	13,6
Sales from core activities (draw-based and instant games and pari-mutual sports betting)	2 691,7

Operating costs	for 2010 in PLN million
Depreciation	31,9
Material and energy consumption	39,2
Outsourced services	142,4
Taxes and fees	541,1
Payroll	108,6
Social security and other benefits	23,6
Other costs by type	1 680,3
Operating costs	2 567,1

Abridged profit and loss account	for 2010 in PLN million
Net revenue on sales of products, goods and materials – Total	2 699,3
Costs of sales of products, goods and materials – Total	2 378,9
Profit on sales of products, goods and materials	320,3
Costs of sales	102,4
General and administrative costs	92,5
Profit on sales	125,4
Gross profit	196,1
Net profits	159,2

Abridged balance sheet	as of 31 December 2010 in PLN million
Assets	
Non-current assets	148,8
Current assets	586,4
Total assets	735,2
Liabilities	
Equity	484,5
Liabilities and provisions	250,7
Total liabilities	735,2

Full List of GRI Global Compact Indicators

Global Compact	GRI	Strategy and Analysis	Page or Reporting
	1.1	Statement from the most senior decision-maker of the organization	3
	1.2	Description of key impacts, risks, and opportunities	28
		Organizational Profile	
	2.1	Name of the organization	74
	2.2	Primary brands, products, and/or services	14-17
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	22-23, 42-43
	2.4	Location of organization's headquarters	74
	2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	22
	2.6	Nature of ownership and legal form	21-23
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	18-20
	2.8	Scale of the reporting organization	14-15, 64
	2.9	Significant changes during the reporting period regarding size, structure, or ownership	21
	2.10	Awards received in the reporting period	8
		Report Parameters	
	3.1	Reporting period (e.g., fiscal/calendar year) for information provided	75
	3.2	Date of most recent previous report (if any)	75
	3.3	Reporting cycle (annual, biennial, etc.)	75
	3.4	Contact point for questions regarding the report or its contents	74
		Report Scope and Boundary	
	3.5	Process for defining report content	32-35
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	75
	3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	75
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	22
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols	75
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	75
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	75

Global Compact	GRI	Strategy and Analysis	Page or Reporting
		GRI Content Index	
	3.12	Table identifying the location of the Standard Disclosures in the report	66-73
		Review	
	3.13	Policy and current practice with regard to seeking external assurance for the report	72-73
		Governance, Commitments and Engagement	
		Governance	
	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	21-25
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer	21
	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	22
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	22-23, 34-35
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	23
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	22
	4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	22
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	8, 30
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	23, 28, 30, 38, 60
	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	23
		Engagement in External Initiatives	
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	28, 32-35
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	32, 38
	4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic	32, 38
		Stakeholder Engagement	
	4.14	List of stakeholder groups engaged by the organization	33-35
	4.15	Basis for identification and selection of stakeholders with whom to engage	32-35
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	32-35
	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	34-35

Global Compact	GRI	Strategy and Analysis	Page or Reporting
Approach to Management, Performance Indicators			
Economic			
Economic performance			
	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	64
Principle 7	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	60
	EC3	Coverage of the organization's defined benefit plan obligations	42
	EC4	Significant financial assistance received from government	0 zł
Market presence			
Principle 1	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	42
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	60
Principle 6	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	43
Indirect economic impacts			
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	55-57
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	48-53
Environmental			
Materials			
Principle 8	EN1	Materials used by weight or volume	61
Principles 7, 8, 9	EN2	Percentage of materials used that are recycled input materials	61
Energy			
Principles 8, 9	EN3	Direct energy consumption by primary energy source	61
Principle 8	EN4	Indirect energy consumption by primary source	61
Principles 8, 9	EN5	Energy saved due to conservation and efficiency improvements	60
Principles 8, 9	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	60
Principles 7, 8, 9	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	60
Water			
Principle 8	EN8	Total water withdrawal by source	61
	EN9	Water sources significantly affected by withdrawal of water	Not applicable
Principle 9	EN10	Percentage and total volume of water recycled and reused	Not applicable
Biodiversity			
Principle 8	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	61
Principle 8	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	61

Global Compact	GRI	Strategy and Analysis	Page or Reporting
	EN13	Habitats protected or restored	Not applicable
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Not applicable
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Not applicable
Emissions, effluents and waste			
Principle 8	EN16	Total direct and indirect greenhouse gas emissions by weight	62
Principles 8, 9	EN17	Other relevant indirect greenhouse gas emissions by weight	62
Principles 7, 8, 9	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	60
	EN19	Emissions of ozone-depleting substances by weight	Not applicable
Principle 8	EN20	NOx, SOx, and other significant air emissions by type and weight	The company does not emit any chemical substances
Principle 8	EN21	Total water discharge by quality and destination	61
Principle 8	EN22	Total weight of waste by type and disposal method	60
Principle 8	EN23	Total number and volume of significant spills	No spills
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Not applicable
	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Not applicable
Products and services			
Principles 7, 8, 9	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	60
Principles 8, 9	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	As the use is insignificant and it is not cost efficient, the company does not monitor this aspect
Compliance			
Principle 8	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	0 zł
Transport			
Principles 8, 9	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	62
Overall			
Principles 7, 8, 9	EN30	Total environmental protection expenditures and investments by type	61
Social: Labor Practices and Decent Work			
Employment			
Principle 6	LA1	Total workforce by employment type, employment contract, and region	42-43
Principle 6	LA2	Total number and rate of employee turnover by age group, gender, and region	42-43
Labor/management relations			
Principle 3	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	41-43

Global Compact	GRI	Strategy and Analysis	Page or Reporting
Principles 1, 3	LA4	Percentage of employees covered by collective bargaining agreements	45
Principle 3	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	45
Occupational health and safety			
Principles 1, 3	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	45
Principle 1	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	45
Principle 1	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	44-45
	LA9	Health and safety topics covered in formal agreements with trade unions	45
Training and education			
Principle 6	LA10	Average hours of training per year per employee by employee category	44
Principle 6	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	42, 44
Principle 6	LA12	Percentage of employees receiving regular performance and career development reviews	44
Diversity and equal opportunity			
Principles 1, 6	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	42-43
Principles 1, 6	LA14	Ratio of basic salary of men to women by employee category	43
Social: Human Rights			
Investment and procurement practices			
Principles 1, 2, 3, 4, 5, 6	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	45
Principles 1, 2, 3, 4, 5, 6	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	In 99% of cases the company is provided services by Polish suppliers, no such screening was therefore undertaken
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Not applicable
Non-discrimination			
Principles 1, 2, 5, 6	HR4	Total number of incidents of discrimination and actions taken	42, 45
Freedom of association and collective bargaining			
Principles 1, 2, 3	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	45
Child labor			
Principles 1, 2, 5	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	45
Forced and compulsory labor			
Principles 1, 2, 4, 5	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	45
Security practices			
	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Not applicable

Global Compact	GRI	Strategy and Analysis	Page or Reporting
Indigenous rights			
	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Not applicable
Social: Society			
Community			
	S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	48-57
Corruption			
Principle 10	S02	Percentage and total number of business units analyzed for risks related to corruption	30
Principle 10	S03	Percentage of employees trained in organization's anti-corruption policies and procedures	100%
Principle 10	S04	Actions taken in response to incidents of corruption	30
Public policy			
Principles 1, 2, 3, 4, 5, 6, 7, 8, 9	S05	Public policy positions and participation in public policy development and lobbying	The company did not pursue any lobbying activities
Principle 10	S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	0 zł
Anti-competitive behavior			
Principle 10	S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	32
Compliance			
Principle 10	S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	32
Social: Product Responsibility			
Customer health and safety			
Principle 1	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	40
Principle 1	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	None found
Product and service labelling			
Principles 8, 10	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	39-40
Principles 8, 10	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	40
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	8-9, 12-15, 34
Marketing communications			
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	40
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	40
Customer privacy			
Principles 1, 10	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	30
Compliance			
	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	30

TRANSLATION ONLY

Independent assurance report on the 2010/2011 Responsible Business Report of Totalizator Sportowy Sp. z o.o.

To the Management of Totalizator Sportowy Sp. z o.o.
This report is produced in accordance with the terms of our Contract dated 6th September 2011 (the "Contract") for the purpose of providing limited assurance to the management of Totalizator Sportowy Sp. z o.o. ("the Company") in respect to 2010/2011 Responsible Business Report ("CSR Report 2010/2011").

Management's Responsibility
The Management of the Company is responsible for preparing the CSR Report 2010/2011 in accordance with the requirements of the "A" level application of Global Reporting Initiative vol. 3 Guidelines ("GRI G3").

Identification of the Criteria and Description of the Subject Matter

The Management of the Company prepared the CSR Report on the basis of GRI G3 (the reporting criteria).

The CSR Report 2010/2011 consists in reporting on sustainable development of the Company during the period 1 January 2010 to 31 December 2010 (quantitative data) and during the period 1 January 2010 to 30 June 2011 (qualitative data).

Our Responsibility

Our responsibility is to express a conclusion on CSR Report 2010/2011. The procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the selected data.

Summary of the work performed

We conducted our engagement in accordance with the International Standard on Assurance

Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Information" ("ISAE 3000"). Our procedures primarily comprised:

- Assessing the appropriateness and application of the reporting criteria, as far as necessary;
- Evaluating the design and effectiveness of relevant internal controls for collecting and processing data included in CSR Report 2010/2011;
- Verifying the information included in CSR Report 2010/2011 through enquiries to the relevant management of the Company, and through analytical procedures aimed at establishing the reliability of underlying documentation.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and that therefore less assurance is obtained than in a reasonable assurance engagement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

On the basis of our procedures nothing has come to our attention that causes us to believe that the CSR Report 2010/2011 does not comply in all material respects with the "A" level application of Global Reporting Initiative vol. 3.0 Guidelines.

Restriction of Use and Distribution

This report has been prepared by PricewaterhouseCoopers Sp. z o.o. ("PwC") for Totalizator Sportowy Sp. z o.o. under the terms of the Contract between the Company and PwC.

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Without qualifying our assurance report, we would like to draw your attention to the fact that the CSR Report 2010/2011 should be read in conjunction with the GRI G3

This independent assurance report is produced for the purposes of the Management of Totalizator Sportowy Sp. z o.o. exclusively and refers to the CSR Report 2010/2011 only. The Report should be used in no other purposes.

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Warsaw, 5 October 2011 r.

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Statement GRI Application Level Check

GRI hereby states that Totalizator Sportowy has presented its report "Social Responsibility report 2010/11" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

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Amsterdam, 7 October 2011


Nelmar Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Totalizator Sportowy has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

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In the report, we have presented projects which reflect our responsible approach to the business pursued. It contains extensive information on the company itself as well as selected financial results of the company for 2010. The quantitative data presented in the report concern the period from 1 January to 31 December 2010. The qualitative data have been extended to include data from 1 January 2010 to 30 June 2011. The information included concerns the company headquarters located at ul. Targowa 25 in Warsaw and the company's 18 branches. They comply with the Global Reporting Initiative's (GRI 3.0) corporate social responsibility reporting indicators. The report includes 121 indicators such as those relating to the company's presence in social life, employment conditions, human rights, environmental issues, economic data and corporate responsibility for products offered. By comparison with 2009, this year's report is the first to present the company's progress in implementing the UN Global Compact Initiative's Ten Principles for Corporate Responsibility. The indicators have been calculated in the same manner as in the report for 2009. The methodology applied ensures the company's transparency and allows information to be benchmarked against other companies. In the study, we publish translation of an independent assessor's report prepared by PwC. The assessment performed confirms that the corporate social responsibility report is free of substantial errors and complies with the requirements included in the GRI 3.0 criteria for reporting at Level A+. In the future, we are planning to publish Corporate Social Responsibility Reports on an annual basis.

Acknowledgement

The Corporate Social Responsibility Report 2010/2011 has been prepared by Totalizator Sportowy's CSR Team: Anna Zawadzka, Piotr Domański and Agnieszka Żukowska.

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I wish to express my sincere appreciation to all persons engaged in preparing this Report.

Sławomir Dudziński

Sławomir Dudziński

President of the Management Board, Totalizator Sportowy

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