



CORPORATE SOCIAL RESPONSIBILITY
REPORT **2011-2012**

**Totalizator
Sportowy**

Playing for the Future

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Ladies and Gentlemen,

We are living in a rapidly changing world. We cannot stand still and hold on to the previously charted paths in the dynamically changing environment. We are aware that in the world like this universal values, such as responsibility, honesty and trust, become even more important. It is true for almost all areas of life, from culture to economy. Keeping this in mind, Totalizator Sportowy, with its goal of providing entertainment and positive emotions to millions of Poles, is doing everything to fulfill this mission in a safe and responsible way. At the same time, we strive, to the best of our ability, to meet the needs and expectations of our customers, employees and business partners.

Totalizator Sportowy, the owner of the LOTTO brand is a unique company. Here, tradition and a wealth of experience meet with fresh and creative ideas of employees. Through the fusion of business activities and social goals, we achieve a synergy that brings tangible and positive effects felt by individuals and the whole society alike. Thanks to LOTTO customers, Polish sports and culture are developing dynamically. The system of surcharges existing in our country provides financing for many investments and events at the national and local levels. I have emphasised this many times before and I will repeat it on this occasion – it is our customers who are the biggest sponsors of Polish sports and culture. Therefore, in this Report, you will find examples of projects, which were implemented thanks to our customers.

The 2010-2012 Sustainable Development and Responsible Gaming Program allowed us to designate the most important areas, from both the Company's and our stakeholders' point of view. Without a doubt, the priority is our Responsible Gaming program. Therefore, in the Report, you will find a lot of information about the projects supporting this initiative, about its effects and future plans. It is important to note that while working on projects ensuring safety of our players, we always adhere to the international responsible gaming requirements for lottery providers and that Totalizator Sportowy, as a member of the European Lotteries (EL) and the World Lottery Association (WLA), is obligated to fulfill these requirements. In 2011, we were successful in completing the required steps, which resulted in receiving the WLA certificate on 3 of the 4 levels. The year 2013 brought us the highest recognition in the industry, the EL Responsible Gaming Certificate. It is a confirmation that we have chosen the right direction. Obviously, we would like to uphold these high standards.

We strive to create a development-friendly environment for our employees. Hence, a lot of information in the Report pertains to employment at Totalizator Sportowy. We also present projects undertaken for the benefit of the communities in which we are present. For the very first time, we also enclose the LOTTO Million Dreams Foundation Activity Report, to make the picture of Totalizator Sportowy's social responsibility activities complete. I hope you will find it interesting.

The recent years have been the time of perfecting our processes, introducing technologically advanced tools, and of continuing our commitment to sustainable development. We are aware of the challenges that Poland and other European countries are facing. The aging population, rapid development of innovative technologies, and the widening gap between social groups, all of these are real challenges that also affect our plans. It is our opinion that every economic entity impacts the future. Therefore, we support the Global Compact Principles initiative of the UN Secretary General, which touch on the matters close to everyone's heart.

The Report that we present to you is the summary of our employees' most important work. It is also the result of a dialogue with our stakeholders. As a state-owned company we are especially aware of the responsibility we carry. To better fulfill our obligations, we listen to feedback from our community. We believe that only fair play brings true and lasting success. In business, as in sport, the winning laurel is given to the best and the most determined; to those that follow the rules.

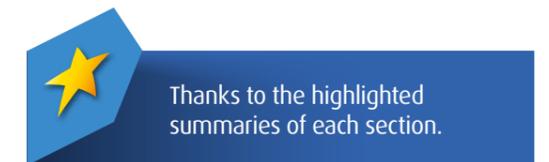
I hope you will find this report inspiring!



Wojciech Szpil
Chairman of the Management Board

For the first time...
...we report on the last
2 years

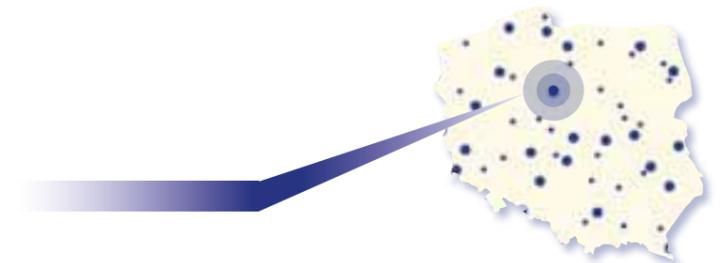
we clearly summarise
what information can be
found on each page

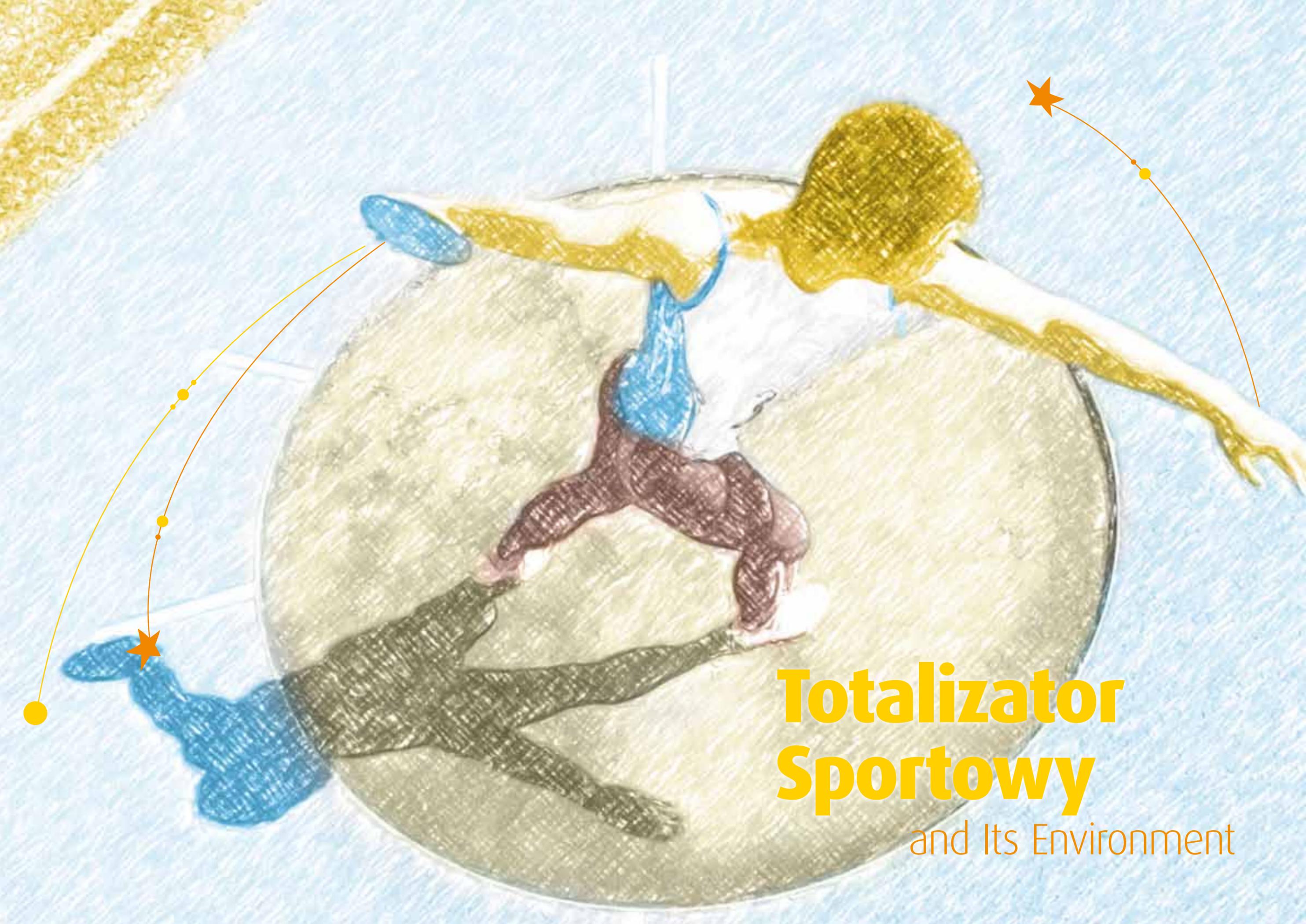


we invite you to review
the Report of the LOTTO
Million Dreams Foundation



we present examples
of initiatives supported
by the system
of surcharges





Totalizator Sportowy

and Its Environment

Lottery market in Europe and Poland



A bit of history

It may be hard to believe, but lotteries and draw-based games are not a modern invention. Their roots go back hundreds of years. The beginnings can be traced to ancient Rome and China.

In Poland, the history of lotteries began in the 18th century. Undoubtedly, the year 1768 was a crucial moment, when the Sejm approved number lotteries as a source of revenue for the Treasury. The following centuries were the time of great historical upheaval. In the 19th century, lotteries were mostly leased by private entrepreneurs. The situation changed in 1862, when games of chance came under the management of the Treasury. In the 1920s, the Polish National Class (or Dutch) Lottery, managed by the Treasury, was established. It was later replaced by the Polish Lottery Monopoly in 1936.

After World War II, Poland had to rise from the ashes. In the 1950s, the idea of sport betting emerged. The revenue was meant to finance the construction of new sport facilities. It was especially important taking into consideration that the national sport and recreation budget decreased after 1952. In 1955, the Totalizator Sportowy Resolution was passed¹.

Today, lotteries around the world function as specialized companies, in most cases state-owned. Their goal is to bring revenue while pursuing sustainable development, supporting social causes, and promoting responsible gaming.

Lottery business around the world is booming and lotteries compete for potential customers. National companies, which are members of professional associations, such as the World Lottery Association (WLA) or European Lotteries (EL), operating as national monopolies or private enterprises, have been offering modern and, at the same time, safer forms of entertainment, such as draw-based games, lotteries or betting for many years.

◆◆ *In the UK Camelot operates one of the world's most successful lotteries, and has done so in a recognized responsible way. For us, success and responsibility are one of the same and at a European level, it is clear that other lotteries agree with us. We are in a business of trust and integrity and we are here to deliver a positive impact to society. This means that issues such as problem gambling need to be addressed seriously. A way that lotteries can show that they are genuine about their corporate responsibilities is by obtaining the European Lotteries Responsible Gaming certification. We are pleased to see the number of lotteries joining forces on the issue is growing at pace. It is also a great sign to see that Totalizator Sportowy was eager to take the challenge - it is one clear step that marks its management and employees apart and shows that they are going for success in a responsible manner.*

Laura Da Silva
Corporate Responsibility Manager, Camelot (UK Lottery)

¹ Wójtowicz, G. *Grającym sprzyja szczęście (Players have all the luck)*. Warsaw: Twigger S.A., 2006.



European lotteries in numbers

In 2012, the total economic activity measured as gross gambling revenue of state licensed and controlled lotteries, members of the EL, was

€ **34.1** bn,
in 2011 it was
€ **34.6** bn.

In 2012, in the European Union, average annual spending per capita on lotteries was

€ **68**
In 2011, it was
€ **69**

Draw-based games are **the most popular products offered by the EU lotteries.**

Responsible gaming is crucial for European lotteries. **Between 2011-2012 national lotteries of the member states spent over €30 million on this cause.**

Thanks to advances in technology, more and more European lotteries make their products accessible on the internet. **In 2011, only 14 EU countries offered its games online. A year later, Internet gambling was available in 21 EU countries.**

In 2012, European lotteries paid

€ **20.9** bn
(61 per cent of the annual revenue), in the form of taxes and other payments, to the treasuries of their respective countries. In 2011, these payments amounted to €23.4bn (68 per cent of the annual revenue). These funds benefit social causes as well as sports and culture.



Polish lottery market

In Poland, the gambling market comprises of draw-based games, cash lotteries, betting, sweepstakes, electronic gaming machines and casinos. The main legal regulation pertaining to this industry is the Gambling Act of November 19, 2009 (List of Acts and Regulations Nr 201, item 1540 with subsequent amendments), which was ratified on January 1, 2010.

In the last two years, the whole market was showing a decline in comparison to the previous years. This trend was not true for draw-based games and cash lotteries. Totalizator Sportowy recorded an approximately 15 per cent increase of total

revenue from the sale of games and lotteries as compared to 2011.

In 2010, there was a big change on the Polish market – slot machines with small winnings were excluded from the catalogue of approved types of gambling. Currently, this type of gaming is ongoing only until the licences granted prior to the ban expire. However, it does not mean that the electronic gaming machines are disappearing from the Polish market. According to the data from the Ministry of Finance, the number of illegal machines or machines not fulfilling the requirements of the Regulations² is growing.

In Poland, online gambling is illegal. Poland is one of the very few European countries, where entities from the lottery industry are not permitted to offer its products on the Internet.

² Ministry of Finance, *Information about the implementation of the Gambling Law in 2011*, Warsaw 2012



We all win

Totalizator Sportowy holds the state monopoly in managing draw-based games and cash lotteries. The company is among the most rapidly growing lottery enterprises in Europe.

The company respects human rights and abides by the Polish employment law. It is a member of Polish and international initiatives for the advancement of social responsibility. LOTTO offers a wide range of products. Thanks

to the new sales system introduced at the end of 2011, Totalizator Sportowy provides the highest level of service. The newly implemented system is one of the most technologically advanced worldwide.

Totalizator Sportowy:

- ★ THE OWNER OF THE LOTTO BRAND
- ★ ALMOST 900 EMPLOYEES IN 18 BRANCHES AND THE HEAD OFFICE
- ★ OVER 13,000 POINTS OF SALE
- ★ NEARLY 60-YEAR PRESENCE ON THE POLISH MARKET
- ★ TRADITION AND INNOVATION
- ★ ACTIVE MEMBER OF INTERNATIONAL PROFESSIONAL ORGANISATIONS
- ★ SPONSOR OF SPORTS AND CULTURE
- ★ SAFE PRODUCTS
- ★ JOY OF WINNING

TOTALIZATOR SPORTOWY PROVIDED TO THE TREASURY:

2011

1.44 bn zł

2012

1.83 bn zł

Every zloty spent on LOTTO games means 19 gr for the Polish sports and culture!

Totalizator Sportowy plays an important role in the Polish economy. It is one of the nineteen key importance companies for the Treasury. Annually, Totalizator Sportowy brings significant revenue to the Treasury. The players, choosing LOTTO products, spend some of their money on Special Funds, which support the development of culture, sports and healthcare.

How Totalizator Sportowy works?

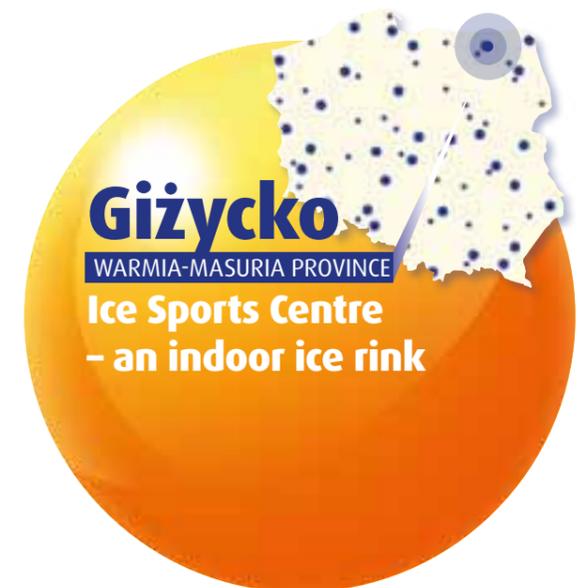
Totalizator Sportowy is a sole-shareholder joint-stock company of the State Treasury operating in Poland. The State Treasury, represented by the Minister, owns all shares of the company.

To find out more about the company and its operations, please visit Totalizator Sportowy's webpage at www.totalizator.pl

The governing bodies of the company comprise the General Meeting of Stakeholders, the Supervisory Board and the Management Board. The Management Board is elected by the Supervisory Board. It operates in accordance with the Management Board Regulations and the Articles of Incorporation. The Management Board manages the operations of the company. The Chairman of the Management Board also acts as the Chief Executive Officer and is responsible for sustainable development.

The Supervisory Board continually oversees operations of the company. It may comprise 3 to 12 members, including representatives of the State Treasury and employees. The Supervisory Board Chair does not hold any other positions in the governing bodies of the company. The General Meeting of Stakeholders, in the person of the Minister of Treasury acting on behalf of the owner, is the highest authority of the company.

The Articles of Incorporation, the guidelines of the State Treasury, and the Code of Commercial Companies regulate the requirements for the Management and Supervisory Board candidates, as well as control mechanisms and the relationship between the governing bodies.



Members of the Supervisory Board

as of December 31, 2012:

★ **Wojciech Bielecki**
(Supervisory Board Chair)

★ **Katarzyna Iskra**

★ **Justyna Banaczkowska**

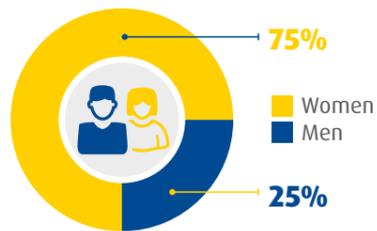
★ **Małgorzata Kotapka**
(employee representative)

★ in the reported period, the Board of Directors also included the following members:

Barbara Kołtun,
Monika Rolnik,
Paweł Łatacz,
Jarosław Sienkiewicz,
Grzegorz Chachaj

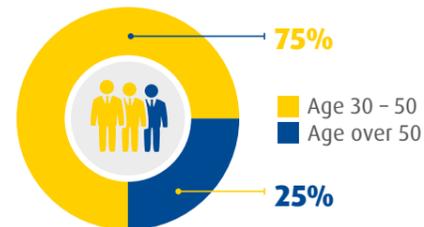
Membership of the Supervisory Board by gender,

as of December 31, 2012.



Membership of the Supervisory Board by age,

as of December 31, 2012.



Members of the Management Board

as of December 31, 2012:

★ **Wojciech Szpil**
(Chairman of the Board)

★ **Piotr Kamiński**
(Board Member)

★ **Grzegorz Sołtysiński**
(Board Member)

★ in the reported period, the Management Board also included **Sławomir Dudziński**

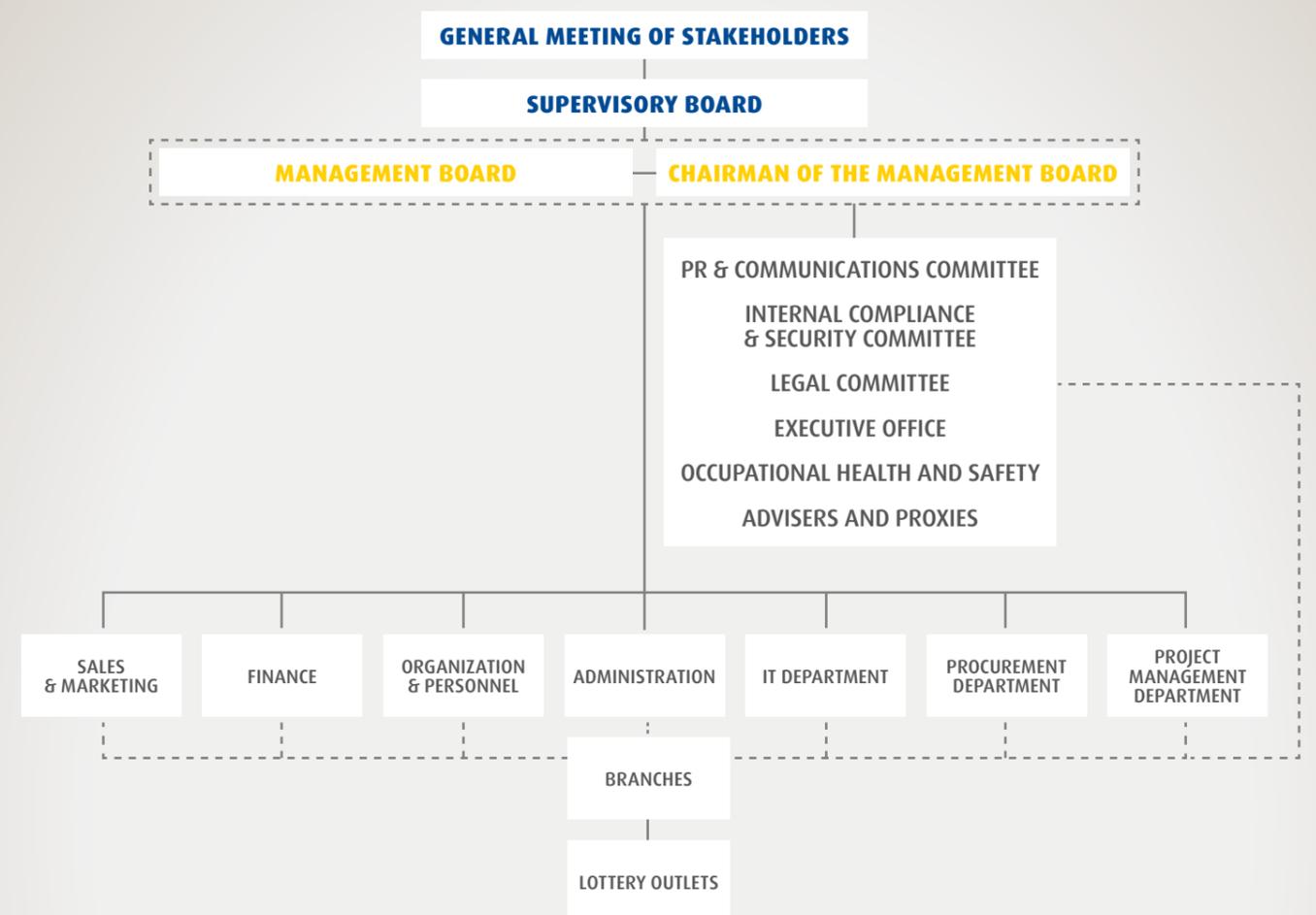
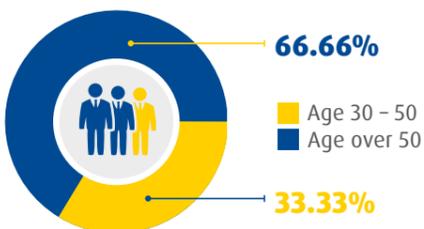
Membership of the Management Board by gender,

as of December 31, 2012.

100%
Men

Membership of the Management Board by age,

as of December 31, 2012.



Totalizator Sportowy Group of Companies

★ **LOTTOMERKURY Sp. z o.o.**

Totalizator Sportowy owns 100 per cent of shares.

★ **Traf - Zakłady Wzajemne Sp. z o.o.**

Totalizator Sportowy owns 33.33 per cent of shares.

★ **Merkury - Invest Sp. z o.o.**

Totalizator Sportowy owns 10 per cent of shares.

TOTALIZATOR SPORTOWY ALSO OWNS SHARES IN THE FOLLOWING COMPANIES: TOTOLOTEK S.A. (2.5 PER CENT OF SHARES) AND PTE POLSAT S.A. (1.99 PER CENT OF SHARES). ANOTHER ENTITY CLOSELY RELATED TO TOTALIZATOR SPORTOWY IS THE LOTTO MILLION DREAMS FOUNDATION FUNDED BY TOTALIZATOR SPORTOWY. THE FOUNDATION WAS ESTABLISHED IN 2010.

Events overview 2012

JANUARY The 55 th Anniversary of Lotto	JANUARY Introduction of the "Treasures of Poland" scratchcard to the market. Proceeds from this product support Historical Monuments	FEBRUARY The largest win in the history of the lottery – a player from Gdynia hit the jackpot and won nearly 34 m zloty	FEBRUARY Totalizator Sportowy signed the "Diversity Charter"
MARCH LOTTO awarded the Honorary DEMES for the ongoing support of the Polish sport	APRIL Totalizator Sportowy ranked 10 th on the List of Responsible Companies	APRIL Launch of the mobile webpage and m.LOTTO App for mobile phones, which enable mobile phone users to check lottery results, the jackpot amount, and the location of the nearest lottery outlet	MAY Totalizator Sportowy signed the "Declaration of Sustainable Development", a joint initiative of the Ministry of Economy, the Responsible Business Forum and PwC
JUNE Totalizator Sportowy joined Employers of Poland in the Coalition for Responsible Business	JUNE Refreshed Internet communications - www.lotto.pl addressed to players, www.totalizator.pl the corporate webpage providing information about Company operations	JULY LOTTO - the main sponsor of the Polish Olympic Team at the XXX Olympic Games in London	JULY-AUGUST Totalizator Sportowy announced its new business strategy for the years 2012-2016
NOVEMBER Totalizator Sportowy in the top ten of the "2012 Leaders of Philanthropy" contest: the 9 th place among the companies, which provided the largest donations for the public good; the 6 th place among the companies, which provided the largest percentage of their revenue before taxes for the public good	NOVEMBER LOTTO voted "Patron of Polish Sport" by The National Chamber of Sport	NOVEMBER LOTTO awarded the prestigious 2013 Superbrands title in the Entertainment and Leisure category	DECEMBER LOTTO ranked as the 16 th "Most Valuable Polish Brand" by Rzeczpospolita newspaper

Events overview 2011

FEBRUARY Totalizator Sportowy received Level 3 World Lottery Association (WLA) certificate	MARCH The Chief Labour Inspector recognized Totalizator Sportowy for its efforts in improving workplace health and safety and for creating friendly working environment	APRIL Totalizator Sportowy ranked 32 nd on the List of Responsible Companies	APRIL LOTTO Green Month (ecology month)
APRIL Introduction of a new brand, Galoppo, to the market. Galoppo provides horse racing betting services	MAY Introduction of the "Kaskada" lottery to the market	OCTOBER Totalizator Sportowy in the top ten of the "2011 Leaders of Philanthropy" contest: the 10 th place among the companies, which provided the largest donations for the public good; the 7 th place among the companies, which provided the largest percentage of their revenue before taxes for the public good	NOVEMBER Implementation of the new, online sales system
NOVEMBER Publication of the 2010/2011 Social Responsibility Report	NOVEMBER Launch of the toll-free help line for LOTTO players	DECEMBER New image of the LOTTO sales network	DECEMBER Totalizator Sportowy received the title of "Reliable Taxpayer" for timely tax payments and for delivering in its obligations towards the State Treasury

Ready for challenges

Totalizator Sportowy, aware of the dynamically changing environment, is undertaking innovative steps to meet the growing expectations of its players. The company tries to be one step ahead and be ready for future changes.



Innovative sales

In 2011, Totalizator Sportowy introduced new technological solutions. An innovative sales system, operated by GTECH and DataTrans, was implemented. The system offers multiple features significant for Totalizator Sportowy, its sales agents, and most importantly for the players. It brings

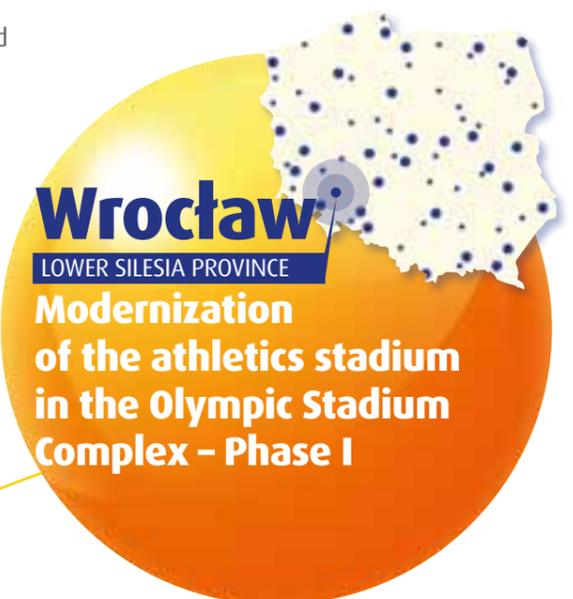
energy savings and ensures more secure transactions than in the past.

In the early 1990s, Totalizator Sportowy, as one of the first providers of national lotteries in Europe, introduced an online lottery playing capability. It means that bets are placed in real time. The system being used by the company is the first computer system implemented successfully on such a big scale.



New business strategy

In 2012, the company and the Totalizator Sportowy Group of Companies developed a new business strategy. Totalizator Sportowy is one of the largest state-owned companies in Poland. It wishes not only to increase the economic value, but also to be of value to society.



New mission

To further increase donations to the community and to make dreams of our customers come true by developing entertainment services, such as games, lotteries and betting, while maintaining the highest standards of social responsibility.

Totalizator Sportowy Group of Companies formulated its strategy for the years 2012-2016 after a thorough analysis of the European and Polish market trends. The Management Board and the managers involved in the development of the strategy identified the areas and priorities of further development for the company. The company is aware that long-term planning supports a stable and sustainable growth. Therefore, it takes into consideration potential risks

New vision

To be the leader on the Polish market in providing players with easy access to a broad range of innovative entertainment services while creating unique development opportunities for our employees and being a trustworthy business partner.

and opportunities present in the environment in which it operates. These risks and opportunities include legal requirements, technological solutions or the changing gaming landscape in Poland. The company reviews its strategy periodically; it ensures that project implementation is on track and it looks for potential threats. The milestones achieved in the strategy implementation are reported to the Management Board.

STRATEGIC GOALS

- ★ Actively create value
- ★ Look for innovative solutions
- ★ Modernize the sales network
- ★ Build new distribution channels
- ★ Introduce a new outlet format
- ★ Introduce new products meeting market requirements
- ★ Better understand stakeholders
- ★ Be a professional organization benefiting from the talents of our employees
- ★ Fulfill the highest standards of social responsibility



Value of the company is not built on the spur of the moment. Only strategic, planned and consistent activity may bring results in the future. To be present on the market as a profitable and strong brand, the company must carefully monitor changes in the environment and react accordingly, both on the micro and the macroeconomic scale. We cannot ignore the information that we receive and we do not disregard international trends. The current economic changes demand flexibility and innovative approaches. We cannot ignore our impact on the society, either. Therefore, for our company it is not just the revenue and profit that are important, but also the way, in which the profit is made and how it is being used. The year 2012 was important for Totalizator Sportowy for many reasons. The formulation of the new business strategy undoubtedly was one of them. We have ambitious goals, which when realised, will bring profit and will respect the society at the same time.

Konrad Komarczuk
Director, Project Management Department

The strategy also takes into consideration the development of the strategic entity Służewiec Horse Racetrack, and the achievement of its full potential. In 2008, Totalizator Sportowy signed a 30-year lease of this property. Since then, it has been working on bringing back the past glory and charm of this special place and on increasing the value of the property, which is state-owned. To realize this goal, Totalizator Sportowy announced a public tender for consulting services, which would assist the company in selecting investment and industry partners for the project implementation. A consulting company has been selected. The partners chosen to cooperate on the project include the Polish Horseracing Club, the Historic Preservation Office, and the authorities of Warsaw.





The Horse Racetrack 2011-2012:

2011

- ★ **67 race days with 528 races**
- ★ **special races and accompanying events:**
 - Derby, July 3rd
 - Arabian Day, August 21st
 - The Warsaw Cup (Wielka Warszawska), October 16th

2012

- ★ **57 race days with 481 races**
- ★ **special races and accompanying events:**
 - French Day, June 2nd
 - Lotto Gala, June 31st
 - Derby Gala, July 1st
 - Arabian Derby, July 22nd
 - Arabian Day, August 26th
 - The Warsaw Cup (Wielka Warszawska), September 30th
- ★ **90,630 people visited the Racetrack**
- ★ **purchase of new starting gates**

★ The Służewiec Horse Racetrack

The Horse Racetrack Warsaw-Służewiec Branch (later Służewiec Branch) focuses on the projects outlined in our "Development of Horseracing" program. The program includes goals such as management of races as well as the promotion of horseracing and of the Służewiec racetrack itself. Not everyone visiting the racetrack realizes that it is one of the historical places on the map of Warsaw. Renovation and restoration works are ongoing to bring the track to its former glory. All steps are consulted with the Historic Preservation Office, because the Racetrack is on the list of the historical monuments of Warsaw and is under the protection of this Office.



Social Responsibility at Totalizator Sportowy

In the years 2011-2012, Totalizator Sportowy continued working towards the goals defined in the Sustainable Development and Responsible Gaming Program, also known as the Corporate Social Responsibility Strategy (CSR). The continued projects belonged to four main areas: Responsible Gaming, The Workplace, Social Involvement, and The Environment. Many of these projects are ongoing, e.g. employee and sales agent training, research, and raising ecological awareness among the employees. Others were postponed. They will be evaluated in the upcoming years to better align them with the current environment. In 2013, the company began updating its CSR Strategy. During this year, the company will analyse

its activities to date, verify its goals and assumptions for the following years, and review its stakeholder groups.

During the process of strategy development, the company identified its key stakeholders. Groups crucial to the company's existence were identified based on the experience and expertise of employees. Additionally, groups impacted by the company and those that impact Totalizator Sportowy were identified. Often these influences are mutual. The company works on maintaining good communication between all entities. It chooses varied communication channels to ensure open and honest dialogue.

KEY STAKEHOLDERS

- ★ Customers
- ★ Employees
- ★ The Owner, i.e. The Ministry of the Treasury
- ★ Supervisory bodies
- ★ Suppliers and business partners
- ★ Local communities
- ★ Mass media
- ★ Partner organizations
- ★ Beneficiaries

Communication with these groups is very important for Totalizator Sportowy. Each group is different and represents different areas of interest. More information on this topic can be found in the chapter entitled "Dialogue with Stakeholders". In the reported period, the company used various forms of communication, which were supposed to ensure the optimal exchange of information and opinions. Thanks to this effort, the company knows what topics are most interesting to each of the groups. This information also influences the structure of this report. Depending on the needs of the group, communication is ongoing or is planned in cycles, for example in the case of research.

Key topics mentioned by stakeholders include:

- Product information
- Jackpot information
- Issues relating to the Responsible Gaming program
- System of subsidies
- Social projects
- Financial information
- Management matters

Totalizator Sportowy supports external initiatives aligned with the CSR. In 2010, the company joined the Global Compact initiative of the Secretary General of the UN. It means that Totalizator Sportowy supports the 10 principles of sustainable development and follows them in its day-to-day operations. The principles pertain to four main areas: human rights, labour, the environment and anti-corruption. Since 2010, Totalizator Sportowy has been a strategic partner of the Responsible Business Forum, the longest operating organization in Poland promoting the standards of social responsibility. The membership in the Forum enables employees of Totalizator Sportowy to participate in working groups, seminars and conferences. The Forum is also a place for learning and knowledge sharing between the members. LOTTO participates more and more actively in the professional industry associations, such as the European Lotteries and the World Lottery Association. More information on this topic can be found in the chapter entitled "Responsible Gaming".

Stakeholder Group	Form of Communication
Customers	<ul style="list-style-type: none"> • Market and social research (re: CSR and risk of addiction) • Webpages www.lotto.pl, www.totalizator.pl and www.fundacjalotto.pl • Helpline • Mobile App for smartphones • Mass media • LOTTO outlets • E-mail and paper based correspondence
Employees	<ul style="list-style-type: none"> • Project Team Meetings within the CSR Strategy framework • Other face to face meetings • Intranet communications • E-mail • Market and social research • Training
The Owner: the Ministry of the Treasury	<ul style="list-style-type: none"> • Meetings (including the General Meeting of Stakeholders) • E-mail correspondence • Reports and periodic statements
Supervisory bodies	<ul style="list-style-type: none"> • Meetings • Correspondence • Reports and periodic statements
Suppliers and business partners	<ul style="list-style-type: none"> • Meetings • Correspondence • Training • Professional examinations • Intranet for LOTTO sales agents • Online communications through online terminals • Market and social research, satisfaction surveys
Local communities	<ul style="list-style-type: none"> • Meetings • Support of cultural and sport events • Employee volunteer program
Mass media	<ul style="list-style-type: none"> • Press releases • Press conferences • Commentaries and interviews • Correspondence • Meetings
Partnering organizations (including professional industry organizations)	<ul style="list-style-type: none"> • Meetings • Conferences and seminars • Training sessions and workshops • Correspondence
Beneficiaries	<ul style="list-style-type: none"> • Meetings • Correspondence

Social reporting

This report is the third publication about Totalizator Sportowy's activities undertaken on the way to sustained development. It has been compiled according to the Global Reporting Initiative GRI 3.0, Level A+, guidelines. The report has been audited by an external and independent third party.

What appears in the report and why

The company intends to report comprehensively on its operations. The information presented here was selected based on its relevance for the company and its environment alike. Totalizator Sportowy takes into consideration the voices of both, the internal and the external stakeholders. What does it mean? The company would like to know what the opinions and expectations of all parties are. Therefore in 2011, Totalizator Sportowy conducted a survey on perceptions of its operations in the context of social responsibility. What is important for various stakeholders? What else would they like to know? The company also monitors the international situation. Due to the unique character of the industry, it is especially important to share experience and knowledge with other European lotteries that, usually, represent state monopolies or have been granted exclusive licences for gaming and lotteries. This type of exchange is possible thanks to active membership in the international lottery associations, such as European Lotteries and the World Lottery Association, which are excellent platforms for best practice sharing. Membership in these organizations helps the company to better prepare for future challenges. Totalizator Sportowy also takes

into account its main goal, i.e. increasing donations to society as well as market context. The scope of this report can be determined only through these perspectives. The information cannot be taken out of the business context. Therefore, the matter of responsibility for the product has been particularly stressed. The Responsible Gaming program, which was created as part of the CSR strategy, focuses on activities closely connected with the business. A lot of attention has been also devoted to the issue of the workplace. People are the main asset of the company. One cannot forget about the environment, in which the company operates. Hence, the report presents the local and national initiatives of Totalizator Sportowy.

In 2009, the company developed its Sustainable Development and Responsible Gaming Program 2010-2012. The Program is the result of combined expectations of the business, legal and social environment. Employees of the company, both the managers and the members of various teams, were engaged in the development of the strategy. They created the key stakeholders map and selected the most important challenges and goals for the coming years. A decision about social reporting was also made. Only long-term projects, implemented consistently can lead to a real change.

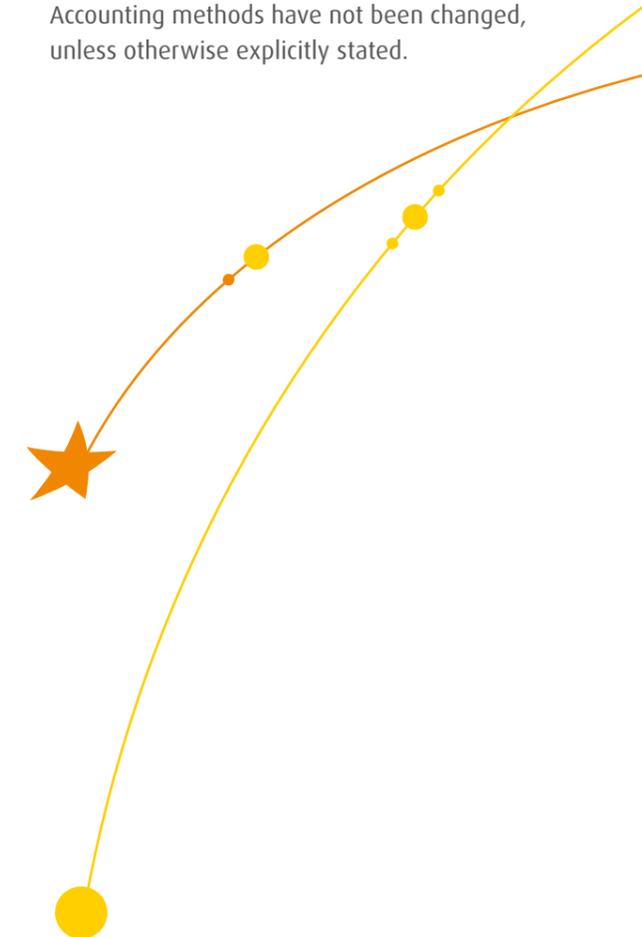
Changes in reporting

For the first time, this report presents data in a biennial cycle. Why this change? Many projects take a long time to implement. Thanks to the two-year reporting cycle, we can present the projects and their effects in a more comprehensive way. The company will also report some of the information more frequently on the corporate website.

This report contains information about the whole company, the Head Office and 18 branches, and its operations on the territory of Poland. There is also a separate section devoted to the Służewiec

Horse Racetrack. Totalizator Sportowy has leased the Racetrack and is planning future development of this property. One of the Totalizator Sportowy branches is located there. In this publication we are presenting the development plans and administration data for this property.

The report includes the quantitative and qualitative data from the years 2011-2012. It is a clearer and straightforward way of reporting. Therefore, with this report we have discontinued the previous reporting cycle, i.e. the quantitative data reported in a 12-month cycle and the qualitative data reported in an 18-month cycle. In this document, we also highlight some selected and the most important events of 2013. Accounting methods have not been changed, unless otherwise explicitly stated.





Responsible Gaming

What does LOTTO offer?

LOTTO is great fun and it provides positive emotions. Totalizator Sportowy strives to offer more and more interesting, but also safe, products. Our sales and marketing efforts focus on the needs of our customers. Customer care is the linchpin of our Responsible Gaming program, which is a part of our CSR Strategy.

Open, optimistic and dreamy, these are the adjectives that, according to our players, best characterize lotteries and draw games offered by LOTTO. For the past few years, Totalizator Sportowy has been actively improving its products. LOTTO is a mix of tradition and innovative approach. This combination provides players with positive entertainment while ensuring the highest standards of safe and responsible gaming.



Offered products

LOTTO offers draw games and lotteries. To win in a draw game, the player must correctly choose numbers or other symbols. Lotteries belong to another game category. Here, the player buys a lottery ticket with the pre-determined numbers or symbols

and does not have a say in choosing them. In the reported period, Totalizator Sportowy offered five draw games: Lotto, Mini Lotto, Multi Lotto, Keno and Joker. Moreover, Kaskada, a terminal-based lottery, enjoyed exceptional popularity. However, scratchcards indicated the most dynamic growth of all LOTTO products.

Each game and lottery has a separate set of rules and regulations approved by the Minister of Finance. The rules regulate the process of placing bets, making draws, and winnings. The rules and regulations are available in the LOTTO outlets and on the company's website at www.lotto.pl.

Chelmno

KUJAWY-POMERANIA PROVINCE

Protection of Chelmno's cultural heritage - Phase II

Draw games

Lotto



Lotto is the company's flagship product and, at the same time, the most popular draw game in Poland. It requires the player to choose 6 out of 49 numbers. A single ticket costs 3.00 zł (including surcharges). In September 2012, a new add-on, Lotto Plus, was introduced. With an additional payment of 1.00 zł, a player may purchase a chance to win up to a million zloty in a separate draw. Draws take place on Tuesdays, Thursdays and Saturdays.

Between 2010-2012, the percentage of adult Lotto players has increased from 39 to 53 per cent in Poland

Over 50 per cent of the total revenue of Totalizator Sportowy comes from Lotto games

On average, every other Lotto ticket was purchased with the Lotto Plus add-on

THE BIGGEST PRIZES IN THE REPORTED PERIOD:

Gdynia (February 9, 2012)

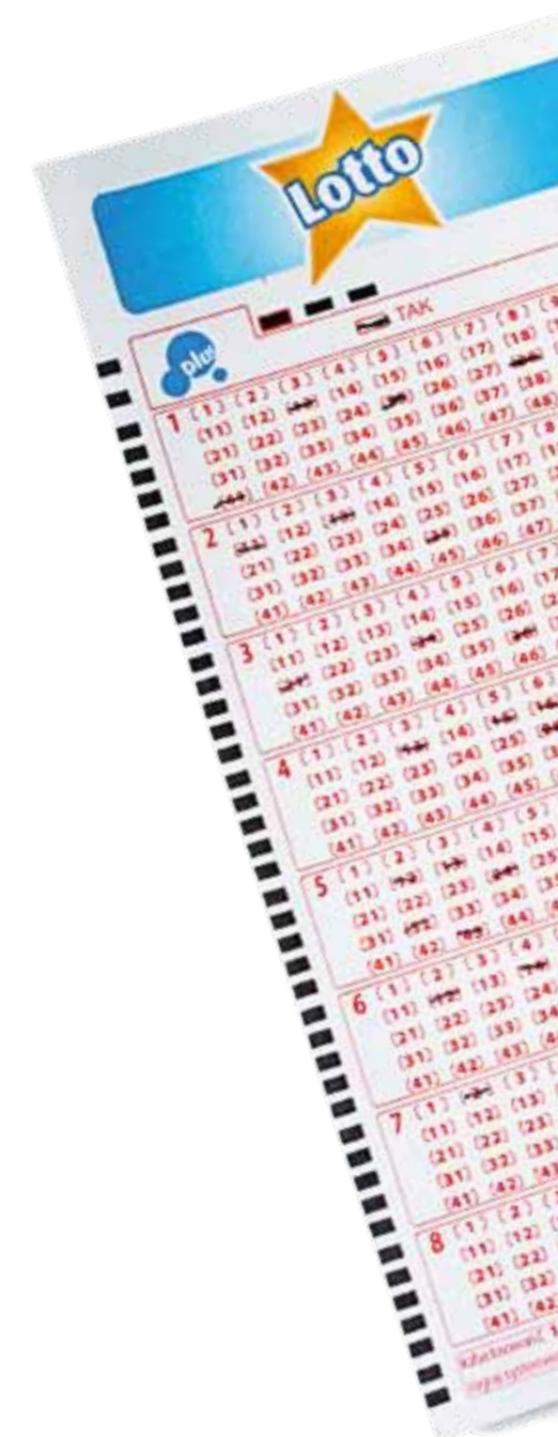
33,787,496.10 zł

Bolesławiec (September 1, 2012)

30,927,429.60 zł

Bolimów (September 22, 2012)

29,465,370.60 zł





Multi Multi



Multi Multi allows players to make a decision about the odds and the size of the jackpot. The player may cross from 1 to 10 numbers on the ticket, and there are 20 out of 80 numbers selected in the draw. A single ticket costs 2.50 zł. The player may purchase a multi-draw ticket and a Plus add-on that increases the amount of the potential jackpot. Multi Multi draws take place daily, at 14:00 and 21:40.

Multi Multi constitutes over 20 per cent of all Totalizator Sportowy sales.

THE BIGGEST PRIZES IN THE REPORTED PERIOD:

Kielce (August 7, 2011)
2,745,383.60 zł

Poznań (February 25, 2012)
2,021,173.50 zł

Warsaw (May 24, 2011)
1,362,591.10 zł

Mini Lotto



Mini Lotto requires the player to choose 5 out of 42 numbers. A single ticket costs 1.25 zł. The maximum jackpot may reach up to 350,000.00 zł. Mini Lotto draws take place on Tuesdays, Thursdays and Saturdays.

THE BIGGEST PRIZES IN THE REPORTED PERIOD:

Gdańsk (April 21, 2012)
307,846.30 zł

Trzcianka (December 24, 2011)
304,771.50 zł

Sierpc (February 18, 2012)
297,403.00 zł



Keno



Keno requires the player to choose from 1 to 10 numbers out of 70. There are 20 numbers selected in the draw and the player decides how much to spend on the ticket (2.00, 4.00, 6.00, 10.00 or 20.00 zł). The maximum jackpot may reach up to a million zloty. Draws take place every five minutes, between 6:45 and 21:30. Results are presented in the selected outlets and on the Lotto website, www.lotto.pl.

THE BIGGEST PRIZES IN THE REPORTED PERIOD:

Otwock (October 31, 2012)
400,000.00 zł

Nowa Dęba (October 25, 2012)
300,000.00 zł

Kalisz (January 5, 2012)
120,000.00 zł

Joker



Joker is a game where matching one number may be the start of winning a big jackpot. The player chooses 1 out of 36 numbers and the remaining 4 numbers are chosen at random. Matching one of the player's numbers brings a 10.00 zł win. Matching more than one number increases the winning sum. A single ticket costs 2.50 zł. Draws take place three times a week, on Mondays, Wednesdays and Fridays.

THE BIGGEST PRIZES IN THE REPORTED PERIOD:

Szczecin (June 20, 2011)
3,538,792.50 zł

Warsaw (January 9, 2012)
2,050,044.90 zł

Kraków (March 28, 2012)
683,001.00 zł



Cash Lotteries

Kaskada



Kaskada, introduced into the market in May 2011, is the newest product in the LOTTO portfolio. It is a terminal-based lottery where a player receives a set of 12 out of 24 numbers for the price of 2.00 zł. Matching all 12 numbers ensures a jackpot of a quarter million zloty. Kaskada lottery is available from Monday to Saturday in the LOTTO outlets and at the cash registers of the Real Supermarket chain as part of the "Lotto at the Cash Register" service.

Los Milionos



Los Milionos is an occasional, terminal-based lottery. A single ticket costs 10.00 zł. The jackpot equals 55 per cent of the total price of all tickets. In the reported period, there were two editions of the Los Milionos lottery. Almost 650 thousand tickets were sold in total.

Scratchcards

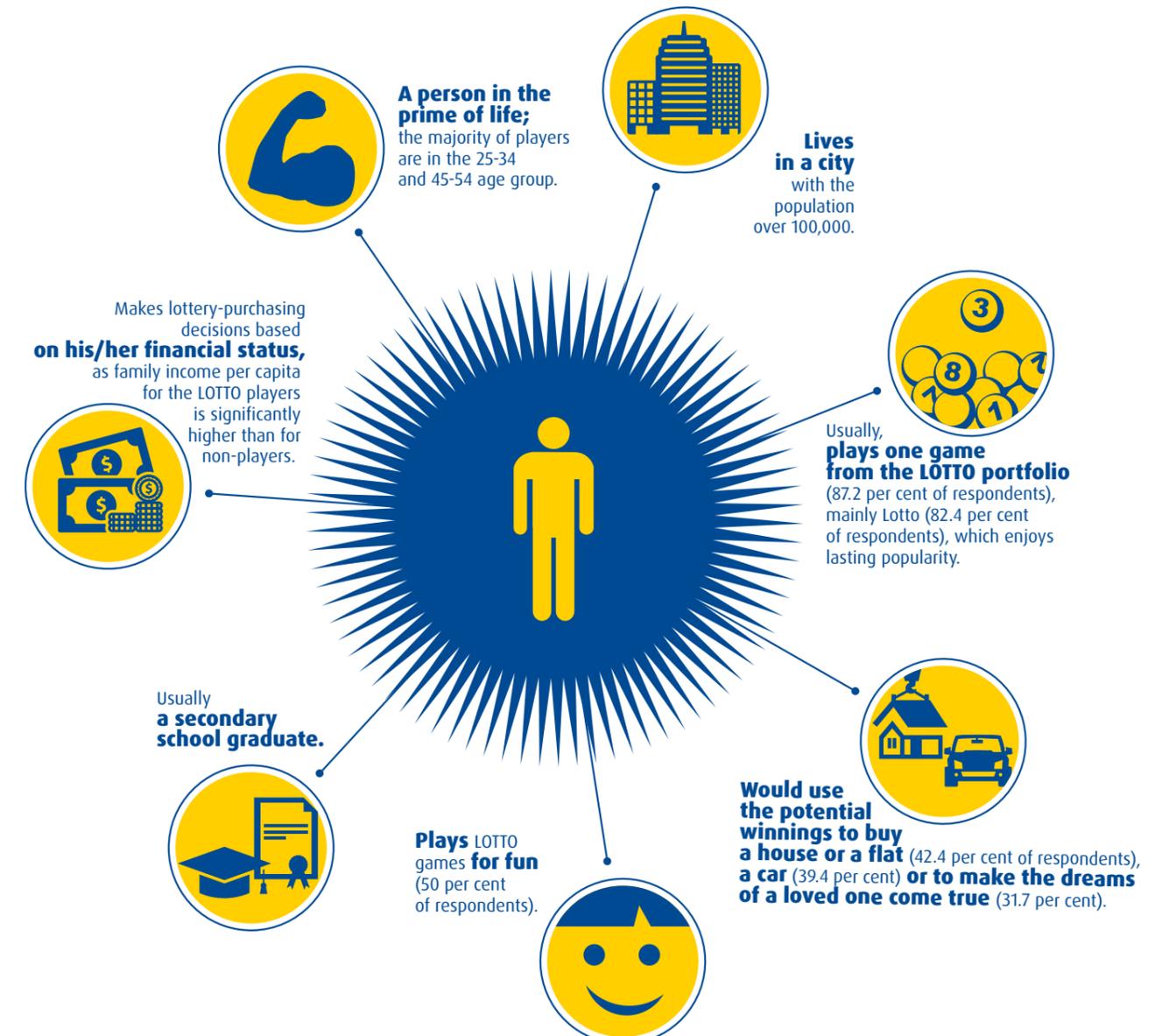


Scratchcards are the LOTTO's most dynamically growing product. Between 2011-2012, there were 60 new scratchcards introduced into the market, including many special occasion scratchcards, such as "Heart", a Valentine's Day card, or the "2012", the 2012 EURO football championships card.

The sales of scratchcards increased from 258.7 m zł in 2011 **to 338.1 m zł** in 2012.



Who is a typical LOTTO player? ¹



¹ "Polish draw games and lotteries market in 2012." IQS Group.

Responsible Gaming

Responsible Gaming was the leading program of the 2010 CSR Strategy. Totalizator Sportowy focused its sales, marketing, research and development, communications and employee training efforts in this area. The goal of all these activities was to provide the safest LOTTO products for the players. An open and honest communication was also crucial for opinion sharing. To achieve all of these goals, the company engaged its employees and sales agents, who have a direct contact with

customers. Moreover, the corporate LOTTO Million Dreams Foundation, which from the beginning was leading many projects devoted to reducing the risk of gambling addiction, played an important role in the implementation of this strategy.

The Responsible Gaming action plan was aligned with the international standards of the European Lotteries (EL) and the World Lottery Association (WLA).

EUROPEAN LOTTERIES SPENDING ON RESPONSIBLE GAMING:



International standards of Responsible Gaming

EL and WLA promote standards of Responsible Gaming among its members. The standards provide day-to-day operation guidelines for national lotteries. Additionally, the standards indicate important aspects, which should be incorporated into the Responsible Gaming programs. First of all, these programs are supposed to ensure safe entertainment for the players. Both organizations have introduced a system of certificates, which guarantee that lotteries follow the standards.

Aspects of Responsible Gaming Standards:

- Research
- Employee training
- Sales agents' programs
- Game design
- Remote gaming channels
- Advertising and marketing
- Treatment referral
- Player education
- Stakeholder engagement
- Reporting, measurement and certification
- Electronic Gaming Machines (EGMs)

In 2011, Totalizator Sportowy received Level 3 WLA Responsible Gaming Certificate (there are 4 levels of the Certificate). It means that the company's efforts in ensuring the safety of its products and players are well advanced. Additionally in 2013, Totalizator Sportowy joined the prestigious group of companies that had received the EL Responsible Gaming Certificate. This highest distinction in the industry clearly confirms that the company is implementing a comprehensive action plan. Moreover, since 2013, the Management Board Chair of Totalizator Sportowy is a member of the EL Executive Committee.



The European State Lotteries and Toto Association is an industry association bringing together lotteries of several dozen countries. The EL members contribute funds for the public benefit and undertake activities promoting responsible gaming. The organization promotes sustainable development and social responsibility of business. It provides a platform for knowledge and best practice sharing between its members. Additionally, it promotes communication between its members, the institutions of the European Union and the governments of the European countries.



World Lottery Association is a global professional association of state lottery and gaming organizations from more than 80 countries. Its members adhere to the standards of responsible gaming. The organization enables knowledge and information sharing between its members.

◆◆ The independent certification according to the EL Responsible Gaming Standards and a strong commitment to CSR are crucial elements for the long term success of Lotteries in Europe. It is not only a question of compliance but also a commitment to the opportunities it provides for the members of EL.

Responsible gaming is about addressing social issues such as addiction and criminality and should be incorporated as the core of CSR strategies in each of our lotteries. Responsible behaviour embedded at all levels of the organization guarantees that the Lottery's message and integrity is clearly understood by the general public.

Lotteries have always deeply cared about their players and therefore adapted strong policies to protect them; they contribute to communities by supporting good causes and raising tax revenues for the state which are often invested in educational and cultural projects.

From EL Lotteries' commitment to CSR benefits both the Lottery and society at large. Also, it is inspirational to work for an organisation that cares for its stakeholders. Trust and consumer loyalty is the most important outcome a Lottery as the one and only authorised and safe place to play can achieve by its strong commitment to CSR.

And, last but not least, regarding the current position of the EU Commission towards gambling, it is essential for EL Lotteries to point out and build on their long standing experience in this area. CSR and Responsible Gaming as it is understood by the member lotteries of EL is a sustainable, ethical and responsible gaming model which will create long term value for society at large, whether it is for players, state economies or the beneficiaries of lottery funding.

Friedrich Stickler
The European State Lotteries and Toto Association President

LOTTO Responsible Gaming



Research

Periodically conducted research informs the company about players' expectations. Research also brings a better understanding of the environment. The company pays attention to the changes in the environment where it operates and it carefully follows the dynamically shifting situation in the gaming industry in Poland and around the world. In the reported period, Totalizator Sportowy commissioned various research projects, for example on the image of individual games and their social impact. The research also helped to create a portrait of a typical player. The research projects focused on the image and product support of games and the lottery. They also explored the needs and behaviours

of consumers. Additionally, they provided the company with the information about the opinions of its customers and also of those who do not use LOTTO services. Players acknowledge Totalizator Sportowy's contribution to the Polish sport. The system of subsidies is well received. Respondents associate LOTTO with sports more often than with culture. Moreover, the LOTTO Million Dreams Foundation contributed significantly to Totalizator Sportowy's research projects. In the years 2011-2012, the Foundation commissioned research on the risk of addiction and the social impact of not only the LOTTO products, but of the games and lotteries market in Poland in general.

Game design

All LOTTO products undergo safety analysis during their design phase. In 2013, the company implemented formal game design regulations. Additionally in 2011, all products already on the market were examined with the use of an international program, GAM-GaRD, which helps to diagnose the potential risk of addiction and of undesirable impact of the game. The program was developed in the United Kingdom by Dr Richard Wood and Dr Mark Griffiths, experienced psychologists, specialists in addiction research.



GAM-GaRD identifies how risky a game is likely to be for a vulnerable player by examining its specific characteristics, such as frequency of draws, size of winnings, number of outlets, and methods of payment. GAM-GaRD displays the results in three bands: low risk (green), medium risk (yellow) and high risk (red). This system pinpoints exactly where the problematic elements of the game lie so that they can be amended at every design phase. Hence, the program helps to avoid unnecessary marketing costs, but most of all it prevents negative social and legal outcomes. All LOTTO products fall outside of the high-risk category. Periodic testing and image research are also helpful in the process of creating new products. They compare the plans of the company with customers' expectations.

In March 2012, the Ekstra Pensja (Bonus) scratchcard was introduced to the market. It belongs to the category of games called Win 4life, where the payout of winnings is staggered over time. This type of payment is warranted in the psychological-social context: a steady income helps the winners spend their money more rationally, preventing them from uncontrollable spending and helping them to avoid potential risks associated with such behaviour. Additionally, it is one of the ways of minimizing the risk of gambling addiction. The Ekstra Pensja win provides the player with a one-time cash payment of 100,000 zł and an additional 3,000 zł per month for the next 2.5 years. The introduction of this game was preceded by research into the needs of players with respect to the periodically paid winnings. The results allowed Totalizator Sportowy to define the format of the product, i.e. the jackpot amount and the number of payments.

Training

Totalizator Sportowy conducts Responsible Gaming training for hundreds of employees, individual sales agents and business partners. The training is also mandatory for sales agent candidates as well as for Regional

Sales Managers and Sales Representatives. "7 Responsible Gaming Principles" are a part of the LOTTO's Customer Service Standard. Since 2012, the LOTTO Foundation has also initiated a series of training sessions on responsible selling for the sales agents in their chain. During the first round of training, the Foundation trained 179 LOTTO sales agents from Warsaw, Poznań, Gdańsk and Lublin. Training will be continued in 2013.

Between 2011-2012, over 25 thousand sales agents and sales agent candidates completed the Responsible Gaming training

Player education

The goal of this initiative is to educate players about responsible gaming.

The LOTTO Million Dreams Foundation plays a huge role in this area. The Foundation has begun a close cooperation with distinguished Polish academics specializing in the field of addictions. Several scientific conferences and open lectures on addiction resulted from this cooperation. Additionally, the Foundation co-financed the publication of a book titled "Gambling: the History, Risk and the Way Out".

The Foundation's webpage is the source of useful information, such as:

- ★ PRESS ARTICLES AND OTHER INFORMATION ABOUT GAMES AND LOTTERIES
- ★ PREVENTION TIPS
- ★ CONFERENCE MATERIALS ON THE RISK OF ADDICTION
- ★ ADDRESSES OF SUPPORT GROUPS FOR PEOPLE WITH ADDICTIONS
- ★ RESPONSIBLE GAMING STANDARDS

In 2011, Totalizator Sportowy launched a toll-free helpline, 800 100 800, for people participating in lotteries and draw games. The helpline provides callers with the information about the nearest addiction support groups in their area.

Between 2011-2012, Totalizator Sportowy, donated over 40 million zloty, in the form of subsidies, to the Gambling Problem Solving Fund.

Promotion and marketing

Totalizator Sportowy pays a lot of attention to the implementation of its communication and marketing strategies. In the reporting period, the company prepared a document containing principles of responsible communication, to standardize its messages and to minimize the risk of negative influence on the players with respect to gambling addiction. The document was finally implemented in 2013.

Totalizator Sportowy does not address its advertising, promotions or marketing communications to people younger than 18 years of age. The "OK18+" sticker is displayed in all lottery outlets.

It is worth mentioning that in 2012, Totalizator Sportowy joined Employers of Poland in the Coalition for Responsible Business. Prior to this, the company underwent an external audit, which confirmed that it meets the high standards of the "Responsible Business Code" and that it is one of the leaders of social responsibility among Polish companies. The Code also includes responsible marketing communication. The company has not been audited for compliance with these rules and regulations since joining the Coalition.



Every piece of marketing communication and advertising of the LOTTO brand is addressed exclusively to adults, hence the 18+ signs in our outlets. We do not appeal to the people especially prone to gambling addiction and we do not suggest that LOTTO products are a remedy for all difficulties of life. Our message is clear: playing is fun, but it will not make you more attractive, self-confident or wiser. Choosing our marketing business partners, we also remember about our responsibility. Appreciating professionalism and creativity, we work with dynamic and ambitious firms. However, in our selection process we always pay attention not only to their business success, but also to the importance they place on high ethical standards. We teach our partners what responsible communication means and what issues are especially important to us.

Aleksandra Piszczorowicz
Director, Sales and Marketing Department



Responsible selling



Draws

In 2012, Totalizator Sportowy purchased new draw machines and ball sets to ensure high standard of draws and to maintain transparency. All draws may be viewed live on television, on the TVP Info channel, and on the LOTTO website at www.lotto.pl. A video of each draw is stored in the archives and is available for viewing for 7 days after the original date. The company also invites everyone who is interested in the “behind the scenes” look at the studio, to take a virtual tour of the place at

<http://www.lotto.pl/studio-lotto/wycieczka-po-studio>



Retail network

Totalizator Sportowy owns a well-developed retail network with over 13 thousand outlets all over Poland, including outlets leased by individuals and outlets operated by legal entities. Therefore, LOTTO products can be found in retail chain shops, gas stations and at newsagents.

SALES NETWORK	2012	2011	2010
Outlets leased by individuals	795	814	820
Non-chain outlets operated by legal entities	9,066	8,646	8,654
Retail chain outlets operated by legal entities	3,336	2,888	2,874
TOTAL	13,197	12,348	12,348

Regional Sales Managers (RSMs) and Regional Sales Representatives (RSRs) play an important role in the development of the company's sales network. Their work focuses on face-to-face meetings with the LOTTO outlet sales agents, ensuring adherence to the high standards of customer service and promoting



Retail chain partner satisfaction survey

LOTTO is keen on building good relations with its retail chain partners. According to its research, almost 63 per cent of customers play in this type of outlets. Every year, LOTTO conducts satisfaction surveys



responsible gaming. Additionally, they support sales agents and conduct training. Non-chain outlets operated by legal entities form the majority of the Totalizator Sportowy's sales network. The company has also signed contracts with retail chain partners that conduct business all over Poland, and they have been opening new LOTTO outlets. In 2012, Totalizator Sportowy signed contracts with 14 entities as part of its B2B-relations development initiative. All of these are indefinite term contracts.

among its business partners to gather their opinions and expectations. The results of the surveys are helpful in making improvements in mutual cooperation.

Availability of LOTTO products

Totalizator Sportowy is innovative in creating new points of sale. In March 2011, the company implemented a "Lotto at the Cash Register" service in the stores of Real supermarket chain. It allows customers to purchase Lotto, Mini Lotto and Kaskada tickets while paying for their groceries. One of the priorities of Totalizator Sportowy for the upcoming years is to increase the availability of its products with the use of innovative technologies as well as bringing

other than lottery services to its outlets. In 2011, the company piloted the use of scratchcards self-service terminals. Eventually, in the next few years, the terminals will be working in an online mode and offer other LOTTO products as well. Another interesting business development idea is providing bill payment and cell phone airtime refill services at the lottery outlets. In 2011, a pilot program was run at 100 selected LOTTO outlets. The idea of the extended service was well received by customers and sales agents. The sales agents were pleased with an opportunity to better realise the potential of their outlets and with a possibility of increased revenue.

Customer Service

In 2010, the company developed its Customer Service Standards, which were implemented in 2011. The Standards document is a collection of best practices for LOTTO sales agents. It provides clear

guidelines for their day-to-day operations. At the time of the Standards implementation, the company conducted multiple training sessions and prepared a sales agent handbook. "7 Responsible Gaming Principles" are an integral part of the Customer Service Standards. Additionally, in 2011, Totalizator Sportowy upgraded its selling system technology for LOTTO products. The new technology ensures better customer service and decreases the risk of system problems. It is also important that the new terminals create a better working environment for the agents. The interface design makes the operation of the machines easy, ergonomic, and largely intuitive. The terminals are energy efficient and they have the fastest printers in the industry; ticket printing takes up to 2 seconds.

Kielce
ŚWIĘTOKRZYSKIE PROVINCE

A purchase of Franciszek Kostrzewski's painting entitled "Hunting" to expand the collection of the National Museum in Kielce

Mystery Shopper testing

Totalizator Sportowy conducts periodic Mystery Shopper testing, to monitor the level of customer service, the outlet image, and the adherence to the responsible gaming principles. The goal of the project is to support the sales network by ongoing monitoring of the key elements. The Mystery Shopper testing helps to follow the progress and the implementation of the action plan. The company also conducts other types of testing to monitor customer satisfaction. In 2012, Totalizator Sportowy asked its

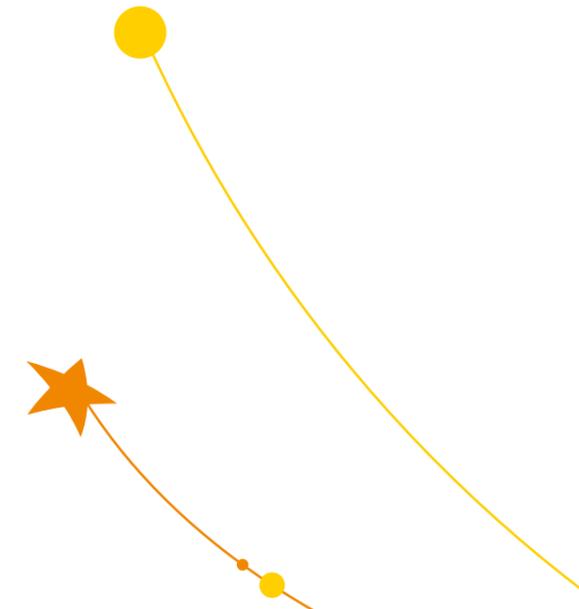
Frombork
WARMIA-MASURIA PROVINCE

Restoration of a 19th century astronomical telescope

Nowadays, constant improvement helps to build competitive advantage. In the past few years, we have been focusing not only on updating the image of LOTTO outlets, but also on shaping selling behaviours of our agents. Our goal is to ensure that our agents, who are in daily contact with customers, undergo professional customer service training. Therefore, we are broadening the scope of our training program to include the elements of product knowledge, selling techniques, and also the aspects of responsible gaming. Moreover, our agents participate in workshops that will prepare them for unexpected situations and help them in their daily work. Additionally, in 2012, we developed a sales agent grading system. Based on this system, a list of the best sales agents is currently being compiled. We would like to create a motivational system that meets the needs of our sales agents.

Tomasz Cekała
Deputy Director, Sales and Marketing Department

customers how they would rate the LOTTO outlets. 56 per cent of the respondents chose the "good/very good" rating. Additionally, over 60 per cent claimed that they were completely satisfied with their outlet.





Work

Environment ★

Employees of Totalizator Sportowy

Totalizator Sportowy is a company with a long tradition. Good employment conditions as well as stability and safety that the company guarantees are of key value to the employees. They also appreciate development

opportunities that the company offers. The company invests in human capital and relies on the potential of its employees. The company's approach to employment policies confirms that. The majority of employees work on a permanent full-time basis.

NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT CONTRACT

Type of contract	Number of employees	Percentage	Number of employees	Percentage	Number of employees	Percentage
	As of December 31, 2010		As of December 31, 2011		As of December 31, 2012	
Total number of employees, including:	890	100%	867	100%	897	100%
Permanent employees	799	89.8%	809	93.3%	826	92.08%
Term contract employees	70	7.8%	45	5.2%	52	5.80%
Contract employees filling in for people on leave	5	0.6%	6	0.7%	8	0.89%
Employed for a trial period	16	1.8%	7	0.8%	11	1.23%
Full time employees	881	98.99%	856	98.7%	890	99.2%
Part-time employees	9	1.01%	11	1.3%	7	0.8%
Sales Agents	1,460	-	1,434	-	1,477	-

People are the most important asset of Totalizator Sportowy. The company would like to ensure the optimal work and development environment for its employees, because the success of the company depends on them. "The Vision 2050: The New Agenda for Business in Poland" report emphasises that the key areas of development for the Polish economy are the social and human capital. Totalizator Sportowy also understands their importance.



◆◆ We know how important the feeling of stability and safety is for our employees. We also know that skills training and development opportunities are equally vital for them. Totalizator Sportowy supports its employees and agents in these areas. Every year, our employees and agents participate in various training sessions and seminars that help to develop their competencies. We strive to create the optimal environment for professional skill and knowledge development. Therefore, knowledge sharing on an international forum is also important.

It enables us to learn about best practice in various areas, such as sales, marketing, and responsible gaming. Our human resources activities are not limited exclusively to training. We are also focusing on promoting ecological and volunteer behaviours. We believe that through projects like these we inspire the people who are the core of Totalizator Sportowy. We invest in the talents of our employees, because we want to build a strong and professional organization.

Magdalena Wojciechowska

Deputy Director, Organization and Personnel Department

Totalizator Sportowy employs people all over Poland. The biggest number of employees (approximately 48 per cent) works in the Masovian Province. The company's Head Office and two of its branches, the Warsaw Branch and the Służewiec Branch are also located in the Masovian Province, in Warsaw. Totalizator Sportowy is regarded as a good employer, which is confirmed by the level of employee turnover. Employee turnover is unavoidable, however the number of employees who left the company in 2012 amounts to 44, i.e. 5 per cent of the total number of employees as of December 31,

2012; these numbers speak of stability in this area. In 2011, 81 employees left the company, i.e. 9 per cent of the total number of employees as of December 31, 2011.

In 2011, the Finance Department underwent reorganization. The company prepared Voluntary Redundancy and Relocation Programs for the affected employees. Moreover, the employees were offered an Outplacement Program with career guidance, training, and psychological counselling i.e. support in finding other employment. The program run until May 2012.

NUMBER OF EMPLOYEES BY LOCATION

Branch	Number of employees	Number of employees	Number of employees
	As of December 31, 2010	As of December 31, 2011	As of December 31, 2012
Białystok	21	18	20
Bydgoszcz	39	33	34
Gdańsk	31	29	28
Katowice	57	49	49
Kielce	25	20	20
Koszalin	20	16	17
Kraków	46	40	40
Lublin	31	27	26
Łódź	42	36	35
Olsztyn	21	18	19
Opole	22	18	17
Krynica Training & Leisure Centre	9	7	8
Poznań	47	40	40
Rzeszów	31	25	25
Szczecin	27	23	24
Warsaw	60	57	57
Warsaw Head Office	278	339	365
Wrocław	39	33	33
Służewiec	18	18	19
Zielona Góra	26	21	21
Total	890	867	897

NUMBER OF LAID OFF EMPLOYEES BY GENDER

Gender	As of December 31, 2011		As of December 31, 2012	
	Number of laid off employees	Percentage of laid off employees	Number of laid off employees	Percentage of laid off employees
Women	56	69%	18	41%
Men	25	31%	26	59%
Total	81	100%	44	100%

NUMBER OF LAID OFF EMPLOYEES BY AGE

Age	As of December 31, 2011		As of December 31, 2012	
	Number of laid off employees	Percentage of laid off employees	Number of laid off employees	Percentage of laid off employees
Up to 30	12	15%	4	9%
30 - 50	38	47%	26	59%
Over 50	31	38%	14	32%
Total	81	100%	44	100%



Diversity Charter



Totalizator Sportowy understands the importance of diversity in the workplace. In 2012, the company signed the Polish Diversity Charter, which is a clear declaration of company's values with respect to relations with its employees. The Diversity Charter is an international initiative promoted by the European Union. It obliges its signatories to actively support workplace diversity. The Responsible Business Forum coordinates this initiative in Poland.

EMPLOYMENT BY GENDER

Gender	2010		2011		2012	
	Number of employees	Percentage of employees	Number of employees	Percentage of employees	Number of employees	Percentage of employees
Women	392	44%	376	43%	400	45%
Men	498	56%	491	57%	497	55%
Total	890	100%	867	100%	897	100%

EMPLOYMENT BY AGE

Age	As of December 31, 2010		As of December 31, 2011		As of December 31, 2012	
	Number of employees	Percentage of employees	Number of employees	Percentage of employees	Number of employees	Percentage of employees
Up to 30	93	10.45%	88	10.15%	72	8.03%
30 - 50	509	57.19%	498	57.44%	528	58.86%
Over 50	288	32.36%	281	32.41%	297	33.11%
Total	890	100%	867	100%	897	100%

EMPLOYMENT BY POSITION AND GENDER

Position	As of December 31, 2011			As of December 31, 2012		
	Women	Men	Total	Women	Men	Total
Upper Management	7	28	35	9	26	35
Middle Management	27	55	82	46	55	101
Professionals & specialists	187	118	305	250	166	416
Administration	136	114	250	76	75	151
Regional Sales Representatives (RSR)	9	166	175	10	166	176
Blue-collar employees	10	10	20	9	9	18
Total	376	491	867	400	497	897

* The change in the number of men and women in various positions in the organization from 2011 to 2012 is the result of a structural reorganization that took place in 2012.

Responsible work environment

Totalizator Sportowy creates good environment for knowledge and competencies development. Employees take advantage of many additional benefits. The benefits are available for all employees regardless of their terms of employment.

Reliable Employer

Totalizator Sportowy offers good employment conditions for its employees. Employees receive competitive pay and other benefits, for example profit bonuses and leisure subsidies. All employees are paid above the minimal wage.

POSITION	THE RATIO OF AVERAGE PAY FOR WOMEN AND MEN BY POSITION		
	2010	2011	2012
Upper Management	97%	104%	102%
Middle Management	105%	106%	102%
Professionals & Specialists	90%	93%	92%
Administration	101%	100%	97%
Regional Sales Representatives	96%	95%	94%
Blue-collar Workers	67%	67%	66%

Totalizator Sportowy is open to feedback from its employees. The company believes that timely and effective employee consultations help to implement operational changes with minimal risk. The Code of Employment, the Employee Information and Consultation Act, and the Collective Employment Agreement

singed by Totalizator Sportowy dictate the length of operational change notice given to employees and their selected representatives. Provisions of the Collective Employment Agreement are more beneficial for employees than those of the Code of Employment.

Employee Pension Plan

In November 2012, the company launched an Employee Pension Plan (EPP). Participation in the Plan is voluntary. The program was established in consultation with employees as part of the pension system, which is supposed to ensure higher pension

payments in the future. The employer covers minimum payments. Towarzystwo Funduszy Inwestycyjnych PZU SA (Investment Company PZU SA) manages the EPP. The pension plan contribution is set in the employment agreement and equals 5 per cent of employee's salary, brutto. Apart from the minimum payment covered by the employer, employees may voluntarily contribute additional payments to the plan. In 2012, the company paid 671,219.84 zł to the EPP.

Employee development

Totalizator Sportowy offers its employees a wide range of tools for personal development. Internal product and policy training is ongoing. Additionally, the company pays for external courses, training and conferences.



ANNUAL AVERAGE NUMBER OF EMPLOYEE TRAINING HOURS BY POSITION

Position	2011			2012		
	Number of people	Number of training hours	Average number of hours per employee	Number of people	Number of training hours	Average number of hours per employee
Upper Management	35	3,481	99.46	35	2,923	83.51
Middle Management	82	9,066	110.56	101	6,969	69.00
Professionals & Specialists	305	7,971	26.13	416	10,764	25.88
Administration	250	5,490	21.96	151	4,464	29.56
Blue-collar Workers	20	153	7.65	18	128	7.11
Regional Sales Representatives	175	14,837	84.78	176	12,840	72.95
Total	867	40 998	58.42	897	38,088	48.00

* Estimated data

Recently, the company has introduced an e-learning training. In 2011, two e-learning modules, "Time Management" and "Strategies for Working Effectively", were made available to all employees, in total 905 people. 442 people completed the "Time Management" module and 390 people completed the "Strategies for Working Effectively" course. After training completion, the participants were asked to evaluate the e-learning modules. They appreciated the fact that they could complete the training at their convenience. They also thought that the learning materials were well balanced. To meet the challenges of the current social environment, Totalizator Sportowy has also developed a comprehensive program called "Academy of Learning", addressed to its

management and the sales force. The goal of the project is to develop employees' competencies. What sets the program apart is that it assumes participation of at least 20 per cent of people over 45 years of age. It indicates company's commitment to employment diversity. The "Academy of Learning" provides a wide range of training. It helps employees to develop skills in the areas of time management, negotiation techniques, and age management. Additionally, a special "Safe Driving" training is offered to the sales force employees. Regional Sales Managers and Regional Sales Representatives spend a lot of time on the road. They had an opportunity to participate in a safe driving behaviours training. In 2012, 192 employees completed in this training.

In 2012, the company continued the e-learning training. It offered an "Interpersonal Communication" module to complement the traditional training available through the program "Academy of Learning: training and coaching for the management and the sales force". This event inaugurated a new learning mode, i.e. blended leaning, which integrated traditional forms of learning with the remote, computer aided activities. The training was available on the Internet for over 800 employees. The "Academy of Learning" project ended in April 2013.

Another initiative of Totalizator Sportowy is the employee volunteer program, managed by the LOTTO Million Dreams

Foundation. Employees who wish to share their knowledge and skills and their positive energy with those in need, have an opportunity to do so. More information on these projects can be found in the Report of the LOTTO Foundation.

The company takes good care of its current employees and it also supports young people entering the work force. In 2012, for the first time, Totalizator Sportowy invited the winners of the "Playing for Internship" program to gain valuable experience for their future careers. Three interns developed their skills in various departments of the company. At the end of the internship, one person was offered a job with the company.

Safe work environment

Totalizator Sportowy strives to provide the best work environment. These efforts include the areas of health and safety, safety of information, and respect at the workplace. The company believes that this comprehensive approach helps to create the right environment for achieving its strategic goals.

HEALTH AND SAFETY

Thanks to the types of jobs at Totalizator Sportowy, the risk of occupational illnesses or injuries is very low. In the reporting period, there were no incidents of occupational illness or death.

INCIDENTS OF INJURY AT TOTALIZATOR SPORTOWY

Description	2010	2011	2012
Number of incidents	7	8	11
Number of days-away-from-work	334	459	146
Lost workday incident rate*	47.7	57.36	13.27

* The company uses the following calculation method: Lost workday incident rate = Number of days-away-from-work / number of incidents

Company's Health and Safety Committee analyses the causes and effects of all incidents. The Committee acts as an advisory organ and reports to the Chair of the Management Board. Both, the representatives of the company and of the employees sit on the Health and Safety Committee. The company promotes responsible behaviours. Health and Safety training is mandatory for new employees and refresher courses are conducted periodically for all employees. Additionally, the company organizes prevention and risk control programs. The Collective Employment Agreement includes Health and Safety provisions. They mostly pertain to the promotion of Health and Safety standards and provision of personal safety equipment afforded by the modern science and technology.

Green work environment

The operations of Totalizator Sportowy have much smaller impact on the environment than operations of other companies, for example

manufacturing plants. Therefore, the company focuses its environmental efforts on promoting responsible use of resources, such as paper, electricity and water. The company does not monitor emissions of greenhouse gas. There are no production processes at Totalizator Sportowy, which could emit this pollutant. The use of company cars by the employees is the only source of greenhouse gas. For now, the company monitors the consumption of petrol in company cars, but it does not calculate its CO2 equivalent. In 2011, Totalizator Sportowy managed to decrease its use of electricity. After an energy audit, the company introduced energy saving solutions, which helped to decrease its use of electricity by approximately 3000 GJ. However, due to the high cost of investment, not all auditors' recommendations could be implemented. It is worth mentioning, that during the past few years the company has replaced 12,500 terminals, which has brought savings of 250 kW / per hour.

ENERGY USE BY SOURCE

Source (Gj)*	2010	2011	2012
Natural gas	5,301	5,364	5,436
Electricity	15,595	12,542	12,963

* numbers estimated based on data from Branches and the Head Office

The company is determined to extend the range of monitored data. Therefore, we are including information on petrol consumption in the report. Some employees use company cars. Due to the size of the company's sales network, the Regional Sales Managers and Representatives spend a lot of time on the

road during the year. It has an impact on petrol consumption. The company strives to maintain petrol consumption on similar level each year.

PETROL CONSUMPTION

Petrol consumption (litre)	2011	2012
Diesel fuel	420,064.30	434,134.22
Petrol	292,435.60	305,333.60



Internal Security

WATER USE AND WASTEWATER**

Category [m³]	2010	2011	2012
Total water including:	127,855	59,552	56,127
Bottled water	315	296	635
Municipal water	32,611	31,010	31,951
Water from deep water wells**	95,244	46,246	23,542
Wastewater***	32,611	31,010	31,951

* Data is estimated and shown in the format required by the Central Statistical Office of Poland. Information pertains to the buildings owned by Totalizator Sportowy (TS), which is approximately one half of all buildings used by TS for its operations.

** Water from deep water wells is mainly used to wet the grounds of the Służewiec Horse Racetrack, therefore it is not recycled.

*** The company estimates that the volume of its wastewater equals the volume of water received from the municipal waterworks (2010 data was adjusted to reflect the actual situation).

PAPER USE

Type of paper [t]	2010	2011	2012
Office paper	27.6	27.5	29.6
Thermal paper rolls and forms	1,064.0	1,509.0	1,480.0
Total	1,091.6	1,534	1,509.6

Totalizator Sportowy works to align its ecological efforts with its operations. The company supports environment friendly initiatives of its employees; for example, it purchased bicycles for one of the branches for use instead of cars whenever possible. The company also supports hunting associations in their initiatives focused on the renewal of forest ecosystems. Additionally, Totalizator Sportowy participates in recycling. There are paper, glass and plastic recycling bins at the Head Office. In 2012, the company collected approximately 53 containers of recyclable materials. In 2012, Totalizator Sportowy launched an Eco-mission (Ekomisja) educational program addressed to all employees. The goal of the initiative was to show employees that environment friendly living pays off. The program consisted of training, quizzes and a contest for the best ecological project. The program was run from October to December. Additionally, the company launched a new ecology tab on its intranet. The new intranet section was

updated regularly with interesting materials on environment related topics such as sustainable transportation and responsible consumption. The site offered interesting facts and practical advice. The wide range of topics helped broaden the knowledge useful from the point of view of an employee and a responsible citizen alike. The project was evaluated after completion. Employees were surveyed on ecological awareness and engagement before and after the project. The survey results showed an increase in the number of people who began using eco-driving techniques or noticed environmental problems in their environment. An important part of the program was the contest for the best ecological initiative. Employees were asked to submit their proposals. The best ideas were financially supported by the company. Some of the implemented projects included the installation of forty bike racks in the city of Olsztyn and collection of used batteries at the Łódź Branch outlets.

New quality of security management

Totalizator Sportowy strives to provide the highest level of information safety and personal data protection.

In August 2012, the Management Board of Totalizator Sportowy decided to implement an Information Security Management System aligned with the ISO/IEC 27001:2005 international safety standard.

The goal of the new system implementation is to guarantee safety of information managed across the operations of the whole company. Prior to the implementation, the company defined its particular needs resulting from the analysis of risks and safety indicators of the safeguards currently in use.

The implementation of a unified security system, modelled on the best international practices, resulted in achieving synergy between the following system elements:

- the structure of security management,
- classification and standards of information protection,
- risk management,
- Information Security Management System documentation,
- security incident management,
- key business processes continuity management,

Moreover, Totalizator Sportowy is committed to prevention of corruption. The company conducts an annual risk analysis of all areas potentially vulnerable to this problem. All company entities must adhere to the formal anti-corruption procedure, which also regulates its Information and Communication Technology (ICT) and data security.

Personal data

Totalizator Sportowy understands the importance of protecting personal data of its customers, employees and business partners. Due to the high sensitivity and the value of this data, the company ensures the highest standards of safety in this area. The company appointed an Information Security Administrator who is responsible for liaising with the Inspector General for the Protection of Personal Data and for ensuring compliance with the current requirements of data and process

protection with respect to the personal data information management systems. The company trained all employees and agents on the applicable legal regulations and internal procedures. Thanks to the list of personal data files, the company effectively controls access to all personal data it manages. All customers have full access to their personal data and may change or amend them at any time or may refuse to receive any product or service marketing materials from Totalizator Sportowy.

Physical safety and technical security

Totalizator Sportowy ensures safety of its customers and employees by providing security systems, such as electronic anti-theft and anti-burglar alarms, information back-up systems, and information security systems preventing access by unauthorized parties. With the safety of the LOTTO sales agents in mind, the company prepared a "Sales Agent's Handbook", which describes what to do in case of theft or burglary. The ways of dealing with these safety threats are also a part of the sales agent training.





Social
involvement

Dialogue with stakeholders

The idea of CSR is closely connected with dialogue. While building a social responsibility strategy, it is crucial to align it with business goals, but also with the opinions of key stakeholders.

The first year of the Corporate Social Responsibility and the Responsible Gaming strategy resulted in a lot of changes within the company and in its relations with the external entities. Therefore, the logical next step was to verify how the new strategy is perceived by the key stakeholders.

Hence in 2011, the company organized focus groups with people closely connected with LOTTO, i.e. with employees, sales agents and beneficiaries. These sessions allowed the company to learn more about the opinions of its key stakeholders.

LOTTO's contribution to Polish sport is universally appreciated. Stakeholders value the support of sport teams, clubs or individual athletes as well as the financing of renovations and new sport facilities. LOTTO is an

acknowledged benefactor of Polish sport. It has been working for this title for many years.

Employees regard LOTTO as a reliable employer, supportive of personal development. They appreciate the opportunity to work on various projects and the possibility of proposing their own solutions. Employees are familiar with the CSR programs and company's reports pertaining to these initiatives. However, they would like the decision making process to be less formal. Stakeholders agree that the Responsible Gaming program needs more attention as it is closely related to the core business of the company. On the other hand, LOTTO games are associated with safe entertainment. LOTTO allows people "to dream for a small fee".

During their career, each manager discovers that an organization is not just a bunch of individuals completing their tasks, but that it is a group of people connected by various relationships. The key issue related to the success of an organization is fostering good relations in the company. Building open and honest relationships with the external community is equally important. Stakeholders expect that the organization will share with them the information about its successes and challenges.

A dialogue with stakeholders is an excellent opportunity to learn about their needs and expectations, therefore companies should not forget that it is an important aspect of trust building. Being open to the voices of the external community and employees, confirms company's mature attitude towards building a competitive advantage. In the turbulent environment, one never knows what will ensure a competitive advantage, will it be an innovative product, the quality of customer service, the reputation based on trust of stakeholders or the human resources policies attracting the best talent?

Social aspects of the organization are an important contribution to sustainable development.

Agata Rudnicka

President, CSR Impact Foundation

Community development

LOTTO players support community development. They enable Totalizator Sportowy to expand sport infrastructure and to support various interesting cultural initiatives. Every year, Totalizator Sportowy brings significant funds to the State Treasury

in the form of taxes and other obligations. Moreover, revenue from games and lotteries finances three special funds:

- Physical Fitness Development Fund (FRKF),
- Culture Promotion Fund (FPK),
- Gambling Problem Solving Fund (FRPH).

System of surcharges

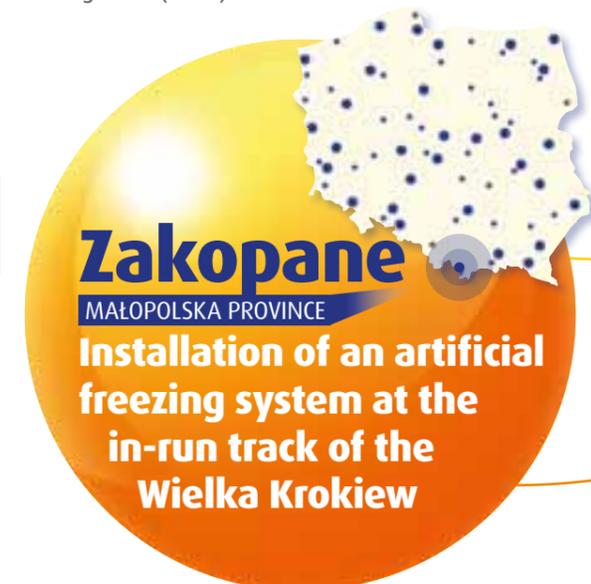
The system of surcharges was established almost 20 years ago. In 1994, after the amendment to the Gambling Act, Totalizator Sportowy was mandated to provide a payment equal to 20 per cent of its stakes in the games of chance to the Treasury. A decade later, due to an additional amendment to the regulations, the amount of the payment was increased to 25 per cent with an additional 10 per cent of the lottery stakes. These regulations are still in effect today. Funds gained from these payments are divided into three ministerial special funds. Totalizator Sportowy has no authority over these funds. Hence, every customer who buys tickets for LOTTO games and lotteries supports the development of sports and culture in Poland.

Surcharges are provided to the government as follows:

- Payments from draw games: ten days after the day of sale
- Payments from lotteries: monthly, on the 10th day of each month.

Division of surcharges:

Surcharges from the main product, i.e. Lotto: price for one draw is 3.00 zł, including 20 per cent of surcharge (i.e. 0.60 gr). 77 per cent of the 0.60 gr goes to sport, 20 per cent to culture, and 3 per cent to healthcare. LOTTO players help to finance the development of sports infrastructure in Poland. Every year, there are new gymnasiums, sport



arenas, multi-sport playing fields, indoor pools and hockey rinks being built. Thanks to the Physical Fitness Development Fund, two institutions where Polish athletes develop their talents, i.e. the Central Sports Centre and the University of Physical Education, have been renovated and modernized. Between 2011-2012, the Physical Fitness Education Fund provided over 650 million zloty for the development of sports infrastructure in Poland.

Funds from Totalizator Sportowy support the following programs:

- investments of crucial significance to the national sport (so called strategic investments),
- regional, multi-year sport infrastructure development programs (so called regional investments),
- public, multi-sport playing fields for children and youth building program,
- artificial turf, full size football field building program.



Sport Sponsoring

For many years, LOTTO has been associated with the Olympic Games. For decades, the company has been supporting the National Olympic Team in the biggest sport competition. The Olympics are a global celebration of sport where fair play is of paramount importance. In 1994, Totalizator Sportowy became a partner of the Polish Olympic Committee and subsequently, a sponsor of the Polish Olympic Team. LOTTO supported the Olympic Athletes during the Summer and Winter Olympics in Salt Lake City (2002), Athens (2004), and Beijing (2008). During the Winter Olympics in Vancouver (2010) and the most recent Summer Olympics in London (2012), Totalizator Sportowy was the main sponsor of the Polish Olympic Team. The company also remembers about local events and institutions. In the recent years, LOTTO helped to organize one of the oldest and most prestigious fencing tournaments, "O Szablę Wołodyjowskiego" ("Wołodyjowski's Sabre Tournament"). It co-sponsored the 5th and the 6th edition of the Zdzisław Ambroziak Memorial volleyball tournament and the

World Rowing Cup in Poznań. Local branches of Totalizator Sportowy are also keen on supporting local sporting events in their communities. For example, the Warsaw branch sponsored the "Lotto Cup" Sailing Regatta. Apart from supporting the development of sports infrastructure and providing the best training and competition environment for the Polish Olympic Athletes, Totalizator Sportowy has been working with the Bydgoszcz Regional Rowing Association from Bydgoszcz for the past 20 years. From the beginning of LOTTO sponsorship, Bydgoszcz rowing team have been repeatedly winning the National Championship and individual athletes on the team have won over 1,000 medals during National Championships and several dozen medals in various international rowing competitions. Since 2005, the company has been also supporting the AQUILA-LOTTO Małopolska bike trial club. Bike trials is a discipline of mountain biking in which the rider attempts to pass through an obstacle course without setting foot to the ground. The Aquila athletes belong to the best group of riders in the world. They won over 30 medals in the World and European Bike Trials Championships. The cooperation with two icons of Polish sport, Adam Małysz, a ski jumper, and Robert Kubica, the Formula One driver, was undoubtedly a very proud moment for Totalizator Sportowy. The two athletes were supported and cheered on by the whole nation.



Support of cultural and local initiatives

Apart from the investment in national sports, Totalizator Sportowy actively promotes and supports Polish culture. Since July 2003, 20 per cent of surcharges are transferred to the Culture Promotion Fund. The money spent by LOTTO players on games and lotteries supports local and national cultural initiatives in a significant way. It also helps to promote book readership, preserves national heritage, and finances improvements of cultural infrastructure. Apart from the surcharges allocated to the Culture Promotion Fund, Totalizator Sportowy often sponsors cultural and social events on its own initiative. One of the most interesting projects supported by LOTTO in recent years has been Muzeum Utracone (The Lost Museum Project). It is a joint initiative of the Ministry of Culture and National Heritage and of the

Association of the Marketing Communication Agencies SAR. The goal of this initiative is to educate the public about national heritage lost due to wars, upheavals and lootings, and to look for opportunities of recovering the lost artefacts. According to the founders, the Museum was created to mostly "mentally" recover and preserve from oblivion the memory of hundreds of valuable works of art. In 2012, LOTTO co-sponsored a cultural event, "Warsaw Gallery Weekend". During the event selected Polish and international galleries presented new trends in modern art. There were concerts, book promotions, discussion panels and meetings with artists. In addition, LOTTO offers a special product, i.e. "Skarby Polskie" ("Polish Treasures") scratchcard. The scratchcard was introduced to the market on December 31, 2011. All profits from the sale of this product support historical monuments and buildings as well as scientific and cultural artefacts of exceptional value. Each player who buys the "Skarby Polskie" scratchcard becomes the benefactor of Polish culture.



Once again, the topic of culture sponsoring has become very fashionable. We have seen the return of the patronage institution. It pays to support celebrated artists and prestigious projects to position oneself as a benefactor of high culture. We are very pleased with this trend. As a company, we understand the value of involvement in such projects. We are proud to say that together with our players we support the development of culture in Poland. Thanks to the system of surcharges, it was possible to support cultural events such as Ludwig van Beethoven Easter Festival or the 2012 MALTA Festival. We cannot forget about

local initiatives, which could not happen without the system of surcharges. Some of these local events include "Elbląska Jesień Literacka" ("Autumn Literary Festival in Elbląg") and the International Art Festival "Interakcje". Additionally, the Culture Promotion Fund supports restoration and renovation of historical monuments, buildings, museum collections, and archives. Thanks to our players, we can enable the development of current projects and we can also preserve our very valuable heritage. LOTTO players are the real benefactors of Polish culture.

Agnieszka Libor
Spokesperson, Head of PR and Communications Team





Appendices

Selected financial data

PAYMENTS TO THE STATE TREASURY AND FOR SPECIAL FUNDS IN THE YEAR

	2012	2011
Draw games, lotteries, and number games tax	660,271,435.00	577,646,682.00
Current income tax*	79,637,329.00	50,424,134.00
Net Cash dividends (paid)**	304,633,972.00	127,286,390.00
Subsidy for the Fitness Development Fund	604,233,074.80	531,316,186.20
Subsidy for the Culture Promotion Fund	156,943,655.80	138,004,204.20
Subsidy for the Gambling Problems Solving Fund	23,541,548.40	20,700,630.60
Total payments to the State Treasury	1,829,261,015.00	1,445,378,227.00

* Without deferred tax

** 2011 data includes profit sharing paid during the year and the 2010 dividend paid in 2011. 2012 data includes profit sharing paid during the year, the 2011 dividend paid in 2012, and the advance towards 2012 profit sharing.

INCOME STRUCTURE

	2012	2011
Net revenue from sales of products, services and materials	3,431,202,043.44	2,991,386,442.06
Net revenue from sales of products	3,421,777,451.47	2,982,743,530.06
Lotto	1,843,362,115.20	1,599,899,728.80
Lotto Plus*	78,406,728.00	0.00
Mini Lotto	166,468,539.00	149,967,136.00
Multi Multi	628,346,466.00	628,209,014.00
Multi Multi Plus	122,511,828.00	120,153,884.00
Joker	17,449,396.00	23,160,980.00
Keno	96,631,977.60	92,236,902.40
Lotteries	468,600,401.67	369,115,884.86
Horseshoe bookmaking fees	1,264,512.00	1,252,338.14
Net revenue from other services	8,156,866.79	7,346,678.11
Revenue from sales of goods and materials	3,213.18	43,895.75
Other operating revenue	68,038,786.28	44,575,999.89
Financial revenue	40,487,940.43	28,053,846.25
Total Revenue	3,539,728,770.15	3,064,016,288.20

* In 2012, an additional option, Lotto Plus, was introduced

EXPENSE STRUCTURE

	2012	2011
Core operating expenses	3,137,031,007.23	2,808,281,328.96
Cost of goods sold	2,924,684,752.83	2,615,538,256.98
Cost of sales	103,723,830.22	98,299,576.82
General and administrative expenses	108,622,424.18	94,443,495.16
Other operating expenses	19,610,727.69	10,822,276.84
Financial expenses	5,324,332.97	5,185,912.79
Total Expenses	3,161,966,067.89	2,824,289,518.59

OPERATING EXPENSES STRUCTURE

	2012	2011
Amortization and depreciation	15,141,324.22	31,185,354.14
Consumption of materials and energy	52,055,427.34	41,629,120.58
External services	147,892,200.33	139,586,204.39
Taxes and charges	673,055,464.96	593,110,278.45
Payroll	129,798,547.62	110,642,616.57
Social security and other benefits	31,306,650.79	25,397,377.40
Other costs by type	2,057,997,154.91	1,863,178,266.69
<i>Including lottery winnings</i>	1,799,661,237.37	1,551,344,397.65
Change in the balance of products	-29,781,023.88	3,508,214.99

SUMMARY PROFIT AND LOSS STATEMENT

	2012	2011
Net revenue from sales of products, services and materials	3,431,202,043.44	2,991,386,442.06
Net revenue from sales of products	3,421,777,451.47	2,982,743,530.06
Horseshoe bookmaking fees	1,264,512.00	1,252,338.14
Net revenues from sales of other services	8 156 866.79	7,346,678.11
Revenue from sales of goods and materials	3,213.18	43,895.75
Total cost of goods sold	2,924,684,752.83	2,615,538,256.98
Profit from sales of products, goods and materials	506,517,290.61	375,848,185.08
Cost of sales	103,723,830.22	98,299,576.82
General and administrative expenses	108,622,424.18	94,443,495.16
Profit on sales	294,171,036.21	183,105,113.10
Gross profit	377,762,702.26	239,726,769.61
Net profit	303,326,803.14	193,120,793.14

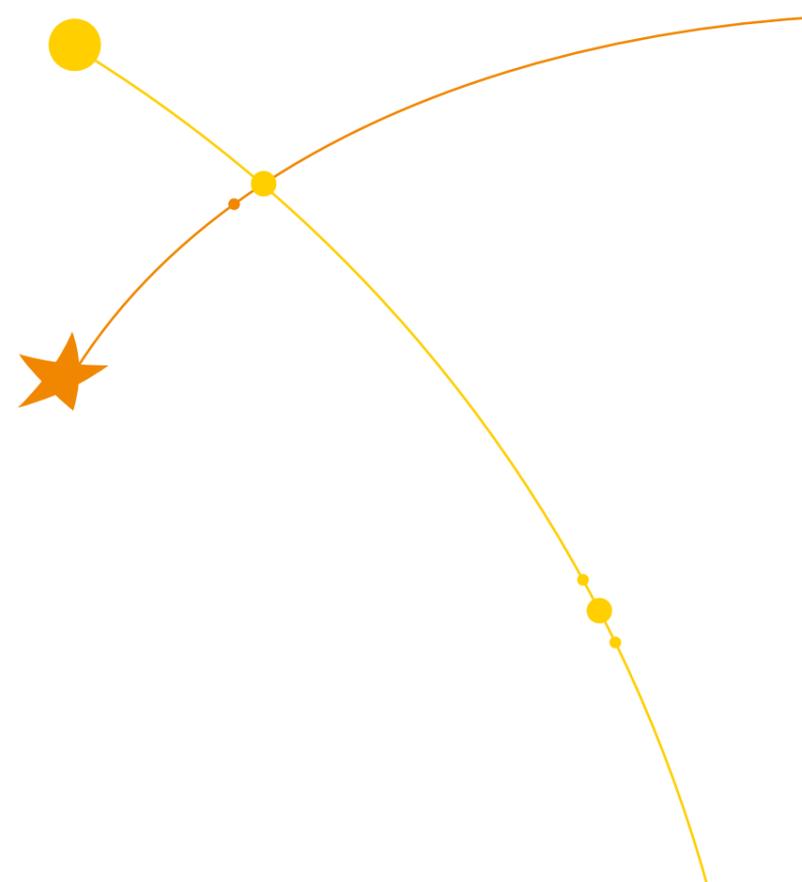
SUMMARY BALANCE SHEET

	2012	2011
Fixed assets	176,639,376.23	164,643,790.44
Current assets	689,290,245.73	624,393,874.26
Total assets	865,929,621.96	789,037,664.70
Equity	530,250,183.98	536,367,584.98
Liabilities and provisions	335,679,437.98	252,670,079.72
Total liabilities	865,929,621.96	789,037,664.70

ADDITIONAL INFORMATION

Donations [zł]	2012	2011
Cash donations	2,500,000.00*	2,510,000.00
In-kind donations	27,715.07	1,498.91

* In 2012, provision for donation to the LOTTO Million Dreams Foundation in the amount of 2,500,000 zł.



Index GRI and Global Compact Principles

GLOBAL COMPACT	GRI	GRI GUIDELINES	Reporting/ page number
Strategy and Analysis			
	1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy	5-6
	1.2	Description of key impacts, risks, and opportunities	10, 11, 19, 22, 34
Organizational Profile			
	2.1	Name of the organization	12
	2.2	Primary brands, products, and/or services	29-32
	2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	15
	2.4	Location of organization's headquarters	Warsaw
	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	13
	2.6	Nature of ownership and legal form	13
	2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	13, 33, 78-79
	2.8	Scale of the reporting organization: - Number of employees; - Net sales (for private sector organizations) or net revenues (for public sector organizations); - Total capitalization broken down in terms of debt and equity (for private sector organizations); and - Quantity of products or services provided.	28, 47, 65
	2.9	Significant changes during the reporting period regarding size, structure, or ownership including: - The location of, or changes in operations, including facility openings, closings, and expansions; and - Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	None
	2.10	Awards received in the reporting period.	16
Report parameters			
Profile report			
	3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	25
	3.2	Date of most recent previous report (if any).	October 2011
	3.3	Reporting cycle (annual, biennial, etc.).	Biennial
	3.4	Contact point for questions regarding the report or its contents.	78
Report scope and boundary			
	3.5	Process for defining report content, including: - Determining materiality; - Prioritizing topics within the report; and - Identifying stakeholders the organization expects to use the report. Include an explanation of how the organization has applied the 'Guidance on Defining Report Content', the associated Principles and the Technical Protocol: 'Applying the Report Content Principles'.	24 The company reviewed the report with respect to the Content Principles

GLOBAL COMPACT	GRI	GRI GUIDELINES	Reporting/ page number
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	25
	3.7	State any specific limitations on the scope or boundary of the report.	25
	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.	15, 19
	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.	24, 25
	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).	25
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	25 Categories of data in the chapter "Selected Financial Data" have been extended to provide more comprehensive information Changed reporting period – 2 years
GRI Content Index			
	3.12	Table identifying the location of the Standard Disclosures in the report.	67-77
Assurance			
	3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	24
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. <i>Describe the mandate and composition (including number of independent members and/or non executive members) of the highest governance body and its committees, and indicate each individual's position and any direct responsibility for economic, social, and environmental performance.</i>	13-14
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	13
	4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/ or non-executive members.	14
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	14, 23 Trade Union representatives may provide recommendations or direction suggested by employees

GLOBAL COMPACT	GRI	GRI GUIDELINES	Reporting/ page number
	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).	2010/2011 Report, pg. 23
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	2010/2011 Report, pg. 22 There is a conflict of interest prevention mechanism in the company's internal regulations. If a conflict of interest situation arises, the Member of the Management Board in question should abstain from voting on the issue and ask that the request be recorded in the protocol from the meeting.
	4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	2010/2011 Report, pg. 22 The recruitment process must follow the Regulation of the Council of Ministers on the Recruitment Process for the Position of Members of the Board for Some Commercial Companies, dated March 18, 2003 (List of Acts and Regulations Nr 55, item 476 with subsequent amendments)
	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.	2010/2011 Report, pg. 30, 18 in this report
	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.	2010/2011 Report, pg. 23 and 18 in this report
	4.10	Proces ewaluacji wyników działań najwyższego organu nadzorczego w odniesieniu do kwestii ekonomicznych, środowiskowych i społecznych	2010/2011 Raport, pg. 23
Commitments To External Initiatives			
	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	18
	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	16, 22, 48
	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.	22
Stakeholder engagement			
	4.14	List of stakeholder groups engaged by the organization.	22
	4.15	Basis for identification and selection of stakeholders with whom to engage.	21
	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	22-23

GLOBAL COMPACT	GRI	GRI GUIDELINES	Reporting/ page number
	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.	22, 58
Management Approach and Performance Indicators			
Economic Indicators			
Aspect: Economic			
	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.	64-66
Principle 7	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	53 The company has not conducted the climate impact analysis for the Służewiec Horse Racetrack for the purpose of this report. At this time, the impact has been deemed insignificant.
	EC3	Coverage of the organization's defined benefit plan obligations.	50
	EC4	Significant financial assistance received from government.	The company did not receive any financial assistance from the government. Between 2011-2012 the company received grants from the European Union in the amounts of: 2011 - 896,701.36 zł 2012 - 632,655.20 zł
Aspect: Market Presence			
Principle 1	EC5	Range of ratios of standard entry-level wage by gender compared to local minimum wage at significant locations of operation.	In 2011, at the Head Office, the wages of blue-collar employees, which is the lowest job level at the company, equalled 226 per cent of the minimal wage (1,386.00 zł). In 2012, the ratio was 231 per cent of the minimal wage (1,500.00 zł). We treat Warsaw as the main location of the company due to the largest number of employees working there. Therefore the data presented in the report pertains to Warsaw.
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	For the purposes of the Company's suppliers are local Polish suppliers. The company works in the vast majority of Polish companies.
Principle 6	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	100 per cent - all senior management employees come from the local community.

GLOBAL COMPACT	GRI	GRI GUIDELINES	Reporting/ page number
Aspect: Indirect Economic Impact			
	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	38
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	59
Environmental Indicators			
Aspect: Materials			
Principle 8	EN1	Materials used by weight or volume.	54
Principles 7,8,9	EN2	Percentage of materials used that are recycled input materials.	Not applicable The equipment used by the company requires the use of other than just recycled paper.
Aspect: Energy			
Principles 8,9	EN3	Direct energy consumption by primary energy source.	53
Principle 8	EN4	Indirect energy consumption by primary source.	53
Principles 8,9	EN5	Energy saved due to conservation and efficiency improvements	53
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.	53
Principles 7,8,9	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	54
Aspect: Water			
Principle 8	EN8	Total water withdrawal by source.	54
	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
Aspect: 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.	2010/2011 Report, pg. 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.	2010/2011 Report, pg. 61
	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
Aspect: Emissions, effluents, and waste			
Principle 8	EN16	Total direct and indirect greenhouse gas emissions by weight.	The greenhouse gas emissions from the operations of the company are insignificant; therefore the company does not calculate these values.

GLOBAL COMPACT	GRI	GRI GUIDELINES	Reporting/ page number
Principles 8,9	EN17	Other relevant indirect greenhouse gas emissions by weight.	The greenhouse gas emissions from the operations of the company are insignificant; therefore the company does not calculate these values.
Principles 7,8,9	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	54
	EN19	Emissions of ozone-depleting substances by weight.	Not applicable
Principle 8	EN20	NO, SO, and other significant air emissions by type and weight.	The significant air pollutant emissions from the operations of the company are inconsequential; therefore the company does not calculate these values.
Principle 8	EN21	Total water discharge by quality and destination.	54
Principle 8	EN22	Total weight of waste by type and disposal method.	The company does not calculate the total weight of waste by type due to the fact that its multiple branches have waste collection contracts with various service providers. In some locations, the contracts do not stipulate the division into various types of waste. The company does not generate any industrial waste.
	EN23	Total number and volume of significant spills.	Not applicable
Principle 8	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
Aspect: Products and services			
Principles 7,8,9	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	54
Principles 8,9	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Due to the minimal use of packaging the company does not monitor this aspect. The monitoring cost would be disproportional to the volume of packaging.
Aspect: Compliance			
Principles 8	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	0 zł
Aspect: 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.	53

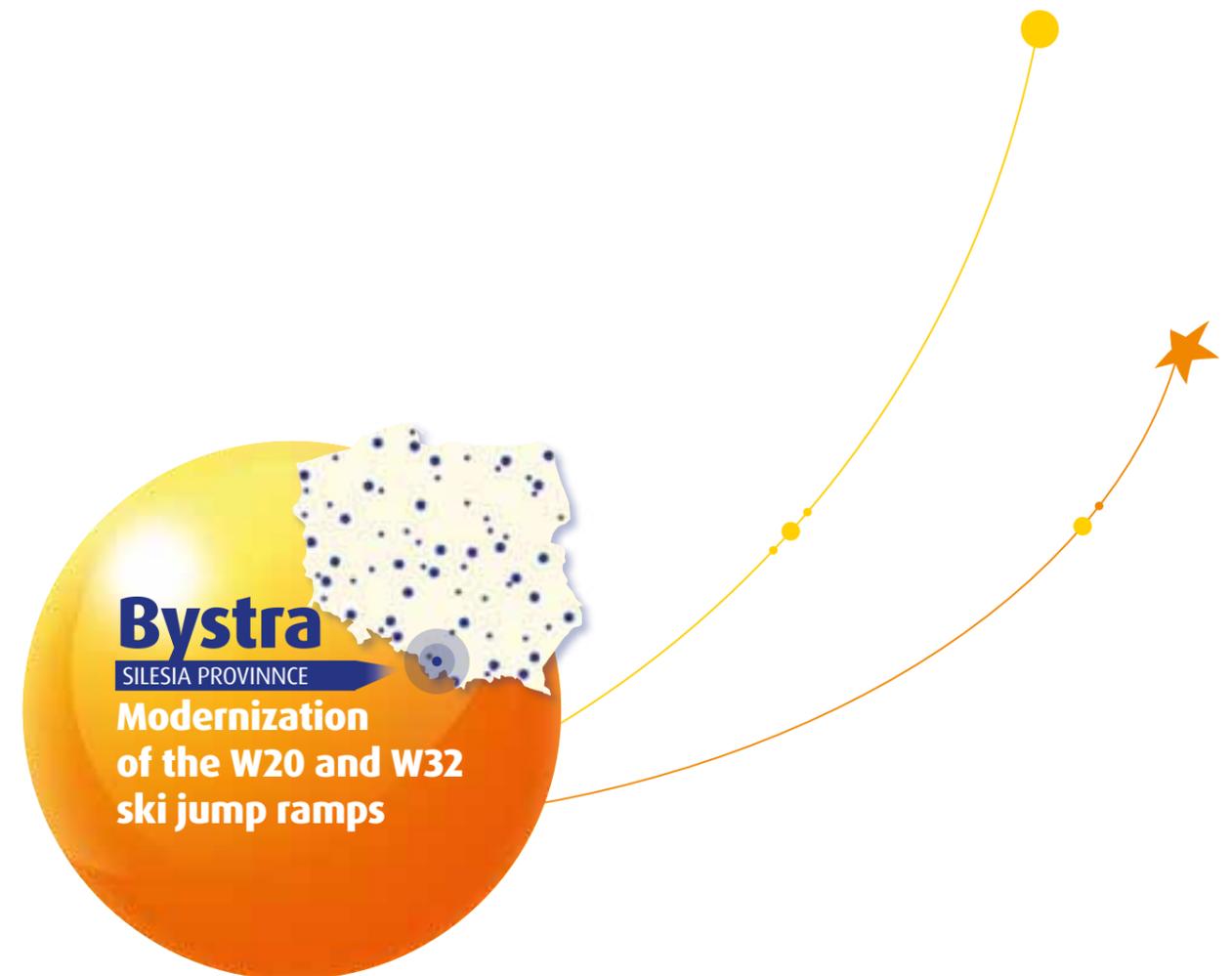
GLOBAL COMPACT	GRI	GRI GUIDELINES	Reporting/ page number
Aspect: Overall			
Principles 7,8,9	EN30	Total environmental protection expenditures and investments by type.	In 2011, the company spent 10,700.00 zł on ecological education and related events. The 2011, Ecological Fee was 17,552.39 zł*
			In 2012, the company spent 59,995.45 zł on ecological education and related events. The 2012, Ecological Fee was 28,153.49 zł* *The Ecological Fees pertain to the Masovian Region, which is the significant area for the company as the largest number of employees work there. The Head Office, 2 Branches, and the Rybienko Training & Leisure Centre are also located there.
Indicators of Labour Practices and Decent Work			
Aspect: Employment			
Principle 6	LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	46-47
Principle 6	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	48 In this case, the region is the territory of Poland.
Principle 6	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	2010/2011 Report, pgs. 42-43, 50
Aspect: Labour / Management Relations			
Principles 1,3	LA4	Percentage of employees covered by collective bargaining agreements.	99 per cent of employees In 2011, 860 out of 867 employees were covered by a collective bargaining agreement. In 2012, 889 out of 897 employees. The employees located at the Krynica Training & Leisure Centre are partially covered by the collective agreement.
			2010/2011 Report, pg. 45
Principle 3	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	2010/2011 Report, pg. 45
Aspect: 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.	2010/2011 Report, pg. 45 100 per cent - all members of the Health and Safety Committee are employees of the company.
Principle 1	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender.	52

GLOBAL COMPACT	GRI	GRI GUIDELINES	Reporting/ page number
Principle 1	LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	53
	LA9	Health and safety topics covered in formal agreements with trade unions.	53
Aspect: Training and Education			
Principle 6	LA10	Average hours of training per year per employee by gender, and by employee category.	51
Principle 6	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	2010/2011 Report, pgs. 42, 51, 52
Principle 6	LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Performance and career development reviews were not conducted.
Aspect: Diversity and Equal Opportunity			
Principles 1,6	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	14, 49
Principles 1,6	LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	50 Additional information on this topic is confidential and will not be disclosed as per the company's decision.
Human Rights Indicators			
Aspect: Investment and Procurement Practices			
Principles 1,2,3,4,5,6	HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	The company mostly uses services of Polish suppliers; therefore it does not monitor this type of data.
Principles 1,2,3,4,5,6	HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	The company mostly uses services of Polish suppliers; therefore it does not conduct this type of screening.
	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.	The company does not keep this type of records.
Aspect: Non-discrimination			
Principles 1,2,5,6	HR4	Total number of incidents of discrimination and corrective actions taken.	0
Aspect: Freedom of Association and Collective Bargaining			
Principles 1,2,3	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	No incidents

GLOBAL COMPACT	GRI	GRI GUIDELINES	Reporting/ page number
Aspect: Child labour			
Principles 1,2,5	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	No incidents
Aspect: Forced and compulsory labour			
Principles 1,2,4,5	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	No incidents
Aspect: 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.	Groups of employees are periodically trained on Operational Health & Safety (OHS), ergonomics, first aid, fire safety and evacuation procedures. Some employees, i.e. the members of the OHS Service, have special responsibilities in this area and hold additional certifications. They undergo a periodic special training.
Aspect: Indigenous Rights			
	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not applicable
Society			
Aspect: Local Community			
	S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	59 100 per cent of the company's operations involve community engagement. Buying LOTTO tickets, customers provide funds to three Special Funds.
Aspect: Corruption			
Principle 10	S02	Percentage and total number of business units analyzed for risks related to corruption.	2010/2011 Report, pg. 30 55
Principle 10	S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	The company does not offer periodic training devoted solely to anti-corruption issues. All new employees are trained on security of information. This training includes anti-corruption module. Moreover, the Procurement Department conducts anti-corruption training from time to time.

GLOBAL COMPACT	GRI	GRI GUIDELINES	Reporting/ page number
Principle 10	S04	Actions taken in response to incidents of corruption.	55 No incidents
Aspect: Public Policy			
Principles 1, 2, 3, 4, 5, 6, 7, 8, 9	S05	Public policy positions and participation in public policy development and lobbying.	Totalizator Sportowy is a State-Owned company and is not involved in lobbying.
Principle 10	S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	0 zł
Aspect: Anti-competitive Behaviour			
Principle 10	S07	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes.	0
Aspect: Compliance			
Principle 10	S08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	0 zł
Product Responsibility Indicators			
Aspect: 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.	36, 37 In the reported period, game development was the stage in which impact of products was assessed.
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.	0
Aspect: Product and Service Labeling			
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.	28
Principles 8,10	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	0
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	16, 36, 43
Aspect: Marketing Communications			
	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	39
	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.	0

GLOBAL COMPACT	GRI	GRI GUIDELINES	Reporting/ page number
Aspect: Customer Privacy			
Principles 1,10	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	0
Aspect: Compliance			
	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	0 zł



Company **Contact Information**

www.totalizator.pl Corporation
www.lotto.pl Players
www.torsluzewiec.pl Służewiec Horse Racetrack
www.fundacjalotto.pl LOTTO Million Dreams Foundation

Totalizator Sportowy Sp. z o.o.

ul. Targowa 25
03-728 Warsaw
tel. 22 518 22 00
fax 22 619 72 14
centrala@totalizator.pl

Spokesperson

Agnieszka Libor
biuroprasowe@totalizator.pl

CSR

Questions and feedback about the report

Martyna Strupczewska, Joanna Strzelczyk
csr@totalizator.pl

LOTTO Million Dreams Foundation

Bartosz Mielecki, President of the Foundation
ul. Targowa 25, 03-728 Warsaw
fundacja@fundacjalotto.pl

Warszawa-Służewiec Horse Racetrack Branch

ul. Puławska 266
02-684 Warsaw
tel. 22 543 95 00, fax 22 847 50 26
sluzewiec@totalizator.pl

Białystok Branch

ul. Modlińska 1
15-066 Białystok
tel. 85 665 51 00, fax 85 665 51 22
bialystok@totalizator.pl

Bydgoszcz Branch

ul. Poznańska 20
85-129 Bydgoszcz
tel. 52 363 45 00, fax 52 363 45 01
bydgoszcz@totalizator.pl

Gdańsk Branch

ul. Straganiarska 31/33
80-837 Gdańsk
tel. 58 692 15 61, fax 58 692 15 62
gdansk@totalizator.pl

Katowice Branch

ul. Ligocka 103
40-568 Katowice
tel. 32 208 79 00, fax 32 208 79 02
katowice@totalizator.pl

Koszalin Branch

ul. Piłsudskiego 56
75-525 Koszalin
tel. 94 314 68 23, fax 94 314 68 25
koszalin@totalizator.pl

Kielce Branch

ul. Targowa 18
25-520 Kielce
tel. 41 343 78 01, fax 41 343 78 04
kielce@totalizator.pl

Kraków Branch

ul. Olszańska 5a
31-513 Kraków,
tel. 12 627 97 01, fax 12 627 97 25
krakow@totalizator.pl

Lublin Branch

ul. Wolińskiego 20
20-491 Lublin
tel. 81 759 33 00, fax 81 759 33 02
lublin@totalizator.pl

Łódź Branch

ul. Wodna 43/45
90-046 Łódź
tel. 42 677 59 00, fax 42 677 59 02
lodz@totalizator.pl

Olsztyn Branch

ul. B. Linki 1
10-534 Olsztyn
tel. 89 521 71 40, fax 89 521 71 49
olsztyn@totalizator.pl

Opole Branch

ul. Kośnego 22
45-056 Opole
tel. 77 406 61 01, fax 77 406 61 02
opole@totalizator.pl

Poznań Branch

ul. Palacza 81
60-273 Poznań
tel. 61 864 60 00, fax 61 864 60 30
poznan@totalizator.pl

Rzeszów Branch

ul. Geodetów 1
35-959 Rzeszów
tel. 17 860 96 10, fax 17 860 96 30
rzeszow@totalizator.pl

Szczecin Branch

ul. Celna 1
70-644 Szczecin
tel. 91 480 85 46, fax 91 480 85 48
szczecin@totalizator.pl

Warsaw Branch

ul. Targowa 25
03-728 Warsaw
tel. 22 518 22 09, fax 22 619 72 14
warszawa@totalizator.pl

Wrocław Branch

ul. Joannitów 16
50-525 Wrocław
tel. 71 333 19 38, fax 71 333 19 66
wroclaw@totalizator.pl

Zielona Góra Branch

ul. Kręta 5
65-770 Zielona Góra
tel. 68 322 17 60, fax 68 322 17 62
zielonagora@totalizator.pl



Limited assurance report

To the Management Board of Totalizator Sportowy sp. z o.o.

Subject matter and Criteria

As per terms of our Agreement dated 9 September 2013 (the "Agreement") we have been engaged to perform a limited assurance engagement over the sustainability information named in the GRI Content Index table ("GRI Content Index") presented on pages 67-77 in the "Corporate Social Responsibility Report 2011-2012. Totalizator Sportowy. Playing for the Future" (the "CSR Report") and reported in accordance with Global Reporting Initiative version 3.0 (the "GRI G3.0 criteria").

Totalizator Sportowy sp. z o.o. (the "Company") management prepared the CSR Report ensuring its adherence to the GRI G3.0 criteria. The CSR Report presents quantitative and qualitative information on the Company's corporate responsibility practices in the period of 1 January 2011 to 31 December 2012.

Management's Responsibility

The Company's management is responsible for the preparation of the CSR Report in accordance with the GRI G3.0 criteria.

This responsibility includes the selection and application of appropriate methods to prepare the non-financial data and the design, implementation and maintenance of systems and processes which ensure the adherence to the GRI G3.0 criteria relevant for the preparation of the sustainability information using assumptions and estimates which are reasonable in the circumstances.

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion as to whether the sustainability information named in GRI Content Index and presented in the CSR Report has been prepared in accordance with the GRI G3.0 criteria. Performed procedures were chosen based on our judgment and take under consideration our judgment of the risk of material misstatement for the CSR Report (definitions of the indicators and respective reference to the page of their reporting are presented in the CSR Report in the GRI Content Index).

We conducted our work in accordance with International Standard on Assurance Engagements 3000 "Assurance engagements other than audits or reviews of historical financial information" ("ISAE 3000").

Summary of the work performed

Our procedures included:

- Analysis of the sustainable development strategy of the Company as presented in the CSR Report and examination of the supporting management documentation,
- Interviews with persons responsible for CSR management and CSR reporting in the Company in respect of the processes established for preparation of the CSR Report,

PricewaterhouseCoopers Sp. z o.o.,
Al. Armii Ludowej 14, 00-638 Warszawa, Polska
T: +48 (22) 523 4000, F: +48 (22) 523 4040, www.pwc.com



- Comparison of the CSR Report as presented by the Company against the GRI Application Level Checklist based on which we provided the Company with respective auditor's comments,
- Examination of the relevant documentation regarding relevant systems and processes for gathering and analyzing the data for the sustainability information named in GRI Content Index,
- Inquiries of the appropriate management members as well as personnel responsible for the reporting of the CSR information and performing of analytical procedures on the sustainability information named in GRI Content Index,
- Comparison of the values of indicators in the aspect: Economic, against the 2012 Financial Statements of Totalizator Sportowy Sp. z o.o. audited by BDO Sp. z o.o. and
- Obtaining sample evidence for the sustainability information named in GRI Content Index. Sample analyzed documents included invoices/reports from external service providers and internal reports including data generated as reports from the Company's IT-systems.

In a limited assurance engagement the evidence-gathering procedures are more limited than in a reasonable assurance engagement, and 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 limited assurance conclusion.

Limited assurance conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the sustainability information as presented in the CSR Report have not been prepared, in all material respects, in accordance with the GRI G3.0 criteria.

Limitation of use and distribution

Our limited assurance report prepared by PricewaterhouseCoopers sp. z o.o. ("PwC") for Totalizator Sportowy sp. z o.o. in respect of the Agreement is directed to sole use of the Company's Management Board. It should not be used for other purposes.

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The CSR Report should be read together with the Sustainability Reporting Guidelines of the GRI G3.0.

TRANSLATION ONLY

PricewaterhouseCoopers Sp. z o.o.

Warsaw 25 October 2013

