

Corporate responsibility at Ladbrokes

Acting responsibly has always been a priority for Ladbrokes. The continued public questioning of the role of business in society has confirmed our view that a successful business is a responsible business.

Fair Play is built into the way we do business at Ladbrokes. We uphold high social, ethical and environmental standards across the organisation and comply with all relevant Corporate Responsibility (CR) legislation in all countries of operation.

Our CR goal is to remain a leader in responsible business practice. In practical terms, this translates into protecting children and the vulnerable, tackling problem gambling and maintaining integrity at all levels.

Promoting responsible betting and gaming

For most people, gambling is an enjoyable and harmless leisure pursuit. However, for a small number of people gambling can become a behavioural problem. As a company, we have a responsibility to help tackle problem gambling, understand its causes and promote its treatment.

In 2012, we remained compliant with all regulatory requirements in our countries of operation. These include the regulatory frameworks set out by the Gambling Commission of Great Britain, the governments of Gibraltar, the Republic of Ireland and Northern Ireland, South Africa and Denmark, the Belgian Gaming Commission and the regional governments in Spain. Furthermore, we continue to support The Gambling Commission of Great Britain's three key licensing objectives to:

- prevent gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime;
- ensure that gambling is conducted in a fair and open way;

- protect children and other vulnerable persons from being harmed or exploited by gambling.

All relevant personnel are trained to meet our high standards and our performance is monitored on a continual basis by our Compliance Director and the supporting Compliance Committee.

We work in partnership with our peers, national governments and other organisations to promote responsible gambling behaviour across the industry. We continue to support the Association of British Bookmakers (ABB) and the Remote Gambling Association (RGA).

We ensure that our customers are well informed about our products, about problem gambling issues and, for our online customers, about their own gambling history.

We provide inherent protection to try to limit the possible financial impacts on our customers from excessive gambling, e.g. daily and weekly deposit limits and appropriate customer due diligence.

We protect the young and the vulnerable through clear marketing standards, strict age limits, online age verification checks and self-exclusion arrangements.

Ladbrokes was a founding contributor to the Responsible Gambling Trust (RGT), the result of a merger between the GREaT Foundation and the Responsible Gambling Fund. RGT exists to minimise problem gambling through research, education and treatment activities. Richard Glynn is a Trustee of the organisation which supports a number of charitable organisations including the Gordon Moody Association, the Central and North West London National Problem Gambling Clinic and the GamCare Treatment Network.

2012 saw further public concern about the alleged link between electronic gaming machines (EGMs) and problem gambling. We are fully supportive of research into the issue and welcome an evidence-based debate. To this effect, we are supporting RGT's commissioning of a comprehensive research programme into EGMs and gambling behaviour. In the meantime, we continue to develop our approach through new staff training programmes and the increased presence of staff on the shop floor. Additionally we are trialling new software that allows all players to set time and spend limits on EGMs.

Exceeding customer needs

As a global player in a competitive market, we focus relentlessly on delivering the best customer experience. We provide our customers with an enjoyable, efficient, secure, fair and socially responsible service.

Over the past couple of years, Ladbrokes has invested significantly in building the brand, culminating in the launch of a refreshed brand identity in 2012.

We have developed more sophisticated techniques for checking our customer performance and for encouraging feedback on our employees and services. Our aim is to measure the customer experience predominantly through the eyes of real customers rather than relying on mystery shoppers. This, in turn, will help us tailor our services and products to deliver a state of the art multi-channel experience.

We use the Net Promoter Score (NPS), a widely used metric, to measure how likely our customers are to recommend us to others. Our NPS score decreased between 2011 and 2012; from 53.8% to 50.1%. This is partly as a result of making it much more difficult to 'spot' the Mystery Shopper and also because we deliberately targeted our poorer performing shops. Hence, although

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our overall NPS has dropped, this score represents a truer reflection of our actual performance. We expect it to increase in 2013.

Our performance is also checked through third party audits and by systematically monitoring the level and nature of customer complaints.

Our customer loyalty card – Odds On – continues to grow with the total number of cards used in 2012 at 665,340, representing 39% of OTC amount staked. Through Odds On we have given back to our customers over 5.6 million free bets, with over a million of those in 2012.

Recruiting, retaining and developing the best people

Ladbrokes is a people-driven business and we aim to attract and retain the most talented, passionate people.

We have continued to invest in the systems, processes and interventions needed to make Ladbrokes a more attractive employer. Our regular employee surveys provide a clear steer on the areas we can improve in. The key areas are: direction and management; wellbeing; and performance management and evaluation. We have put in place a robust plan to improve our performance and defined clear KPIs to gauge whether we are on track.

2012 saw the implementation phase of our cultural change programme – Vision & Values – to create 'one Ladbrokes'. The programme provides employees with the information, tools and support to make small improvements in individual performance, which add up to a big improvement across the company. The programme started with 1,000 conversations with people across the business, most of them in our shops. Later, our Vision & Values were taken on the road and presented to 2,300 managers, including District Supervisors, Customer Service

Managers and Office Team Leaders, who then cascaded down information to their teams. As a result, 85% of our employees say they have a clearer understanding of where the company is heading. Having gained momentum, 2013 will be another year of embedding Vision & Values.

In 2012, we continued to offer learning and training opportunities through a variety of resources, including BS2000 (our integrated shop computer system), the intranet and free workshops and workbooks. The total number of Ladbrokes employees receiving training increased from 5,132 to 7,284.

We are improving our approach to recruitment. Ladbrokes recruits over 2,500 new colleagues every year and as a result we must be flexible enough to cater for both volume and specialist hires. Using a multitude of channels, we have no problem attracting applications at all levels. The key challenge to our business is the journey that we provide for all candidates. We are working to ensure that every candidate is treated with respect, receives regular updates in the recruitment process and we commit to providing feedback for every candidate invited in for an interview, whatever the level.

Providing a safe environment for our employees and customers

The wellbeing of our employees and visitors to our premises is business critical. We aim to ensure that we have best practice health, safety and security standards in place throughout all our operations. We support a proactive culture of risk management at all levels.

We seek to minimise the financial impacts of health and safety related claims from across our business and saw a reduction of claims relating to incident and accidents on our premises in 2012.

One of the important risks to the health of our employees and our customers comes from breaches of security on our premises, such as robbery and theft. CCTV is installed across all of our UK retail estate, both to help reduce the number of incidents and to help protect employees and customers. We also support anti-crime initiatives such as Crimestoppers to help tackle crime in communities.

Ladbrokes has continued to work with the Association of Business Crime Partnerships (ABCP) which has led to the development of over 100 Business Crime Reduction Partnerships (BCRPs) across the UK. We also developed our partnership with the Safe Bet Alliance. The Safe Bet Alliance is a collaborative initiative which includes ABB, Metropolitan Police, Local Authorities Coordinators of Regulatory Services (LACORS) and Community Union. Now in its second year, the Alliance has expanded its remit from preventing business robberies to also looking at violence in the workplace.

Ladbrokes was the first bookmaker to develop a Primary Authority relationship in the UK under the scheme for better regulation. Liverpool City Council acts as a single point of contact – a Primary Authority – for all health and safety issues affecting Ladbrokes shops all over the UK. We are also involved in a pilot scheme to include fire safety in the Primary Authority partnership.

Ladbrokes has a dedicated money laundering team, proactively investigating suspicious cases in retail and in our telephone and online businesses. Any suspicious activity is passed onto the Serious Organised Crime Agency (SOCA) or the Gibraltar Financial Intelligence Unit (GFIU). The number of chargebacks, i.e. where a customer reports card fraud, was down in 2012 thanks to improvements in the safety and security of Ladbrokes' systems.

Our health and safety record in 2012 was good. We had no reportable fatalities or major injuries across our business and, following 151 health, safety and environmental inspector visits in the UK alone, there were no enforcement notices or prosecutions for health, safety or environmental offences.

Reducing our environmental footprint

We seek to minimise the environmental impacts of our operations, in the design of our shops and offices as well as through the behaviour of our employees.

In 2012, we continued the rollout of energy efficiency initiatives and have reached our goal of reducing our UK absolute carbon emissions by 21% by the end of 2013, compared with 2008 usage. This is equivalent to an annual saving of more than 11,000 tonnes of CO₂. The majority of this saving has been made in the retail estate.

Our new shop-fitting specification incorporates many carbon reduction technologies. As a result, our new shops are 30% more efficient.

We have made steady progress in driving down the CO₂ emissions of our car fleet, resulting from drivers' training, more efficient vehicles and better processes. Based on our 200-strong fleet and with average business mileage across our grades of 14,500 km per annum, our employees have reduced our carbon emissions by 116 tonnes of CO₂ every year. This is broadly the equivalent of removing 29 vehicles a year from our roads.

Contributing to society

Ladbrokes contributes positively to the societies in which it operates. We provide benefits to society through direct and indirect employment, payment of taxes and levies, and by supporting our local communities.

We enable our employees to support charitable causes through the Ladbrokes Charitable Trust (LCT). LCT has raised over £6.5 million for good causes since it was established in 2003. Each year funds are raised by employees all around the UK and Ireland. During 2012, LCT donated over £335,000 to charitable and community

causes across the UK. In addition, Ladbrokes donated over £800,000 to community safety, citizenship and problem gambling charities including donations from the Ladbrokes Community Fund.

A leader in our sector

For the tenth year in succession we were pronounced one of the leaders in our sector in the Dow Jones Sustainability Indexes (DJSI). We achieved maximum, world-class scores of 100% in the areas of responsible gambling and anti-crime measures. Ladbrokes was also recognised as a sector leader in environmental performance.

We were also included in the FTSE4Good Indices, performing particularly well on governance and managing environmental issues.

Managing our issues

Richard Glynn, our Chief Executive, is ultimately responsible for CR matters and is supported by the CR Team who provides an overview and advisory function to the business.

Overall governance of CR is the responsibility of the Board. CR and corporate governance issues are given full consideration by the Board when defining Group strategy.

CR risks are regularly reviewed by the business and are considered by the Board, as appropriate, as a part of the corporate risk review process (see page 22). CR matters are reported to the Board on a regular basis (as a minimum quarterly) thus forming part of the Board calendar, along with tailored director briefings and, where appropriate, training.

The Board reviews the key CR issues and agrees the annual CR strategy. Board members are provided with adequate background information to support their decision making. The Remuneration Committee also takes account of CR issues when determining executive remuneration and benefits.

CR governance and management processes are subject to internal audit and the reporting process is externally reviewed by our CR advisors, Carnstone Partners LLP.

Our full CR report

For further details of our CR policies and performance, please refer to our 2012 CR Report which is available at www.ladbrokesplc.com

Further information on our approach to responsible business is included in the Directors' report.

Awards/Activities	Highlights of the year 2012
Promoting responsible gambling	Supported the newly founded Responsible Gambling Trust, the result of a merger between the GREaT Foundation and the Responsible Gambling Fund. Continued our long-standing commitment to promote responsible gambling with a donation of £650,000 for 2012/13.
Investor recognition	Included in the Dow Jones Sustainability Index (DJSI) for the 10th year in succession, achieving maximum, world-class scores of 100% in the areas of responsible gambling and anti-crime measures. Also included in FTSE4Good, receiving particularly high scores for our approaches to corporate governance and managing environmental issues.
Brand recognition	Maintained our position as the leading betting brand in the UK with 28% of adults spontaneously citing Ladbrokes before any other brand. The nearest competitor was at 21%.
Customer insight	Refined our approach to understanding how we can deliver the best, multi-channel customer experience. For our Over the Counter interactions, we achieved a Net Promoter Score (NPS) of 50.1%, which is recognised as excellent.
Vision & Values	Started the implementation phase of a cultural change programme to create a high performance culture at Ladbrokes. As a result, 85% of employees have a clearer understanding of where the company is heading. The Vision & Values programmes will continue in 2013.
Training	A total of 7,284 Ladbrokes employees received training, increasing from 5,132 in 2011.
Environmental responsibility	Continued our energy reduction initiative, aiming to reduce our UK absolute carbon emissions by 21% by the end of 2013 compared with 2008. We have now met this objective.
Taxes and levies	Paid more than £213 million in levies, corporation, employment and other taxes to the UK treasury, local councils and the horseracing industry.
Safety partnerships	Continued partnership with the Association of Business Crime Partnerships (ABCP), leading to the development of over 100 Business Crime Reduction Partnerships (BCRPs) across the UK.
Primary Authority for Better Health & Safety Regulation	The first bookmaker to develop a Primary Authority relationship in the UK. Now involved in a pilot scheme to expand the partnership to include fire safety.
British Safety Council Awards 2012	Received a Merit Award for demonstrating a strong commitment to good health & safety practices.
Supply chain	Adopted new approach to supplier relationship management, aiming to develop shared strategic aims, mutually beneficial ways of working and consistency in supplier payment terms.