

Assurance

We have formed the opinion that the Report is an accurate and exceptionally comprehensive account of Camelot's performance in the main areas of social and environmental impact, as defined by the needs of the business and the interests of key stakeholders.

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The Reassurance Network was commissioned by Camelot Group plc (Camelot) to provide external assurance of its 2005 web-based Social Report (the Report), and the hard copy summary report, covering the accuracy, completeness and relevance of content.

In addition to this, we have undertaken a much broader review of the culture, systems, processes and activities that lie behind the Report with a view to promoting improvement in the effectiveness and efficiency of Camelot's corporate responsibility (CR) management. This statement contains summary extracts from the full management report that has been presented to the Camelot Corporate Responsibility Board (CRB) and external Advisory Panel for Social Responsibility (APSR).

The Report has been prepared by, and is the responsibility of, Camelot. Our role, in terms of content, has been to recommend amendments where we felt information was insufficiently accurate, may have been misleading or was incomplete.

Under our agreement with Camelot, any subsequent changes to the web-based Report will be notified to The Reassurance Network and will be subject to verification and assurance before publication.

A separate summary statement has been prepared to accompany Camelot's 2005 Summary Social Report.

Scope and Methodology

The assurance assignment was carried out between November 2004 and July 2005 and consisted of a number of validation and review activities, including:

- Attendance at CRB, Staff Consultative Forum and other management meetings in order to observe and report on their effectiveness
- Attendance at APSR meetings as observers and participants
- Review of the design of dialogue sessions with external stakeholders and attendance at such meetings to provide feedback on areas for potential improvement, using a template agreed with Camelot
- Reviews of minutes and agendas of current and previous management meetings and dialogue sessions
- Interviews with managers, including the CEO and members of the executive team
- Review of policies
- Validation of data and information contained in the Report
- Review of previous assurance statements

The scope of assurance covered Camelot Group plc and was performed at the Watford and London offices. Camelot's contact centre in Liverpool or the four UK regional centres were not visited. Financial information was cross-referenced to the separately audited Annual Report and Accounts.

Camelot has reported for the first time against the guidelines of the Global Reporting Initiative (GRI). We have verified that the references contained in this section of the report are accurate and complete and that there is sufficient justification for indicators shown as "not applicable".

We used the principles of the Accountability AA1000 Assurance Standard (completeness, materiality and responsiveness) as a reference point for the verification of reported information. For the broader management review we used a framework of additional points, developed with Camelot to evaluate the contribution that CR is making to Camelot's business performance, including its stakeholder relationships. This included the following questions:

- Are the systems and frameworks used by Camelot to manage CR fit for purpose?
- Is Camelot engaging effectively and with the right stakeholders to anticipate risks and opportunities in order to maximise business performance?
- How well does Camelot understand and anticipate its various social and environmental impacts?
- To what extent is Camelot actively seeking opportunities for improvement in areas of CR?
- How well does Camelot consider social and environmental impacts and the feedback from stakeholders in its decision-making?
- How well are social, environmental and ethical risks integrated into the business? Is the level of integration appropriate?
- Is the content and application of Camelot's social, environmental and ethical policies appropriate?

Report Content

Evidence was supplied and reviewed to verify over 320 separate elements of the Report, covering the total content. We found only 13 inaccuracies, misrepresentations or omissions that were deemed significant and raised a further 18 minor points and recommendations. All points have been incorporated into the Report to our satisfaction.

On the basis of this work we are satisfied that the data and statements made in the Report are accurate, up-to-date and suitable for readers of the Report to form balanced opinions on Camelot's activities and performance in relation to corporate responsibility.

Camelot has reported its performance against 93 indicators, 73 of which are comparable with previous years. Of these comparable indicators, 31 showed positive movement, 17 were neutral and 25 showed a negative trend - 11 of these negative trends are in the area of environmental performance. Compared with 2004/05 figures, paper consumption and waste recycling are key areas for improvement.

The Report content has an overall alignment of 71% against the Economic, Environmental and Social indicators contained in the 2002 Global Reporting Initiative (GRI) guidelines. This is broken down as follows : Economic (100%) ; Environmental (62.5%) ; Social (63.6%). Indicators that are indicated in the Report as "not applicable" to Camelot's operations are excluded from these figures. We are satisfied that Camelot has reported on indicators that are material to its impacts although some refinements have been recommended. We would not expect to see any significant future increase in the number of indicators reported and would support a degree of rationalisation in order to provide a clearer focus for management.

Camelot invests significantly in active dialogue with a range of its key stakeholders and has, over time, developed a high level of awareness of their issues, opinions and expectations. These have been adequately reflected in the Report content which presents a complete and thorough account of Camelot's activities and the social and environmental impacts that are material to the business and its stakeholders. There is also a high level of responsiveness to stakeholders, both in the report and in ongoing day-to-day management considerations. In particular, it is very apparent that this focus is present within the strategic and operational decision-making of the executive team.

Summary of Management Review

The following is an excerpt of some of the points fed back to Camelot's Corporate Responsibility Board and the Advisory Panel for Social Responsibility. In the interests of ongoing improvement we did not feel it was appropriate to disclose feedback of a confidential, purely internal or commercially sensitive nature in this statement.

Opportunities for improvement

- There are certain areas of corporate responsibility that are key contributors to Camelot's business success e.g. those that support the responsible play strategy. We feel that Camelot would benefit from a more formal and comprehensive analysis of how CR links with business strategy and contributes to The National Lottery and Camelot brands. This work would help Camelot to develop a clear focus for the future direction of CR management. There are also opportunities for improvement in the communication of these links, in particular to employees.
- A major challenge for Camelot, as with many other companies, is to produce a report that is accessible to stakeholders and that addresses their specific ranges of interest. Camelot has presented its 2005 Report in a new web-based format with a view to increasing readership and making information more retrievable. Our review confirmed that, despite genuine attempts to communicate social performance, the internal awareness of the 2004 Report was surprisingly low. It is important for Camelot to closely monitor the success of the new format and to develop supporting communications to reach internal audiences more effectively.
- Environmental management was felt to be appropriate, given the relatively small scale of Camelot's environmental impacts. However, it is acknowledged as a field where improvements could be made, especially in the areas that Camelot has chosen to report as indicators. We welcome Camelot's decision to strengthen this area, not least because it has potential to

contribute to environment-related cost savings.

- Camelot has developed a number of indicators that are included in the Report. Although some rationalisation has taken place in 2004/05 we feel that further work is needed to explore the use of indicators in more detail, separating those that serve to measure and drive improvement, e.g. player satisfaction, from those which are purely to provide information, e.g. number of employees. We have recommended that the core set of “dashboard” indicators be further developed in line with business objectives.
- Although stakeholder dialogue is an area of strength, we felt that there is an opportunity to use it even more strategically as a means of engaging with stakeholders on issues where management is uncertain of the “right thing to do” or to explore areas of business risk. In effect this would mean a shift in emphasis away from a purely stakeholder-led agenda towards one that is more business-focused. It is important that Camelot wins the support of stakeholders if it chooses to follow this approach.

Commendations

We felt that there were several areas where Camelot should be commended for leading-edge practices:

- A sophisticated, integrated and effective strategy is in place to discourage excessive or irresponsible gaming. This has included a number of strategic, principles-based decisions to ensure that growth of National Lottery revenue is only generated in a responsible way e.g. by maintaining a low spend rate per capita. The responsible play strategy also includes a highly successful programme to prevent under age sales, developed through stakeholder dialogue, communications with retailers and an audit programme of test purchases.
- There are effective mechanisms in place to engage with key stakeholders on a regular basis. During the review it is apparent that Camelot see this as an integral and very positive element of the business decision-making process, seeking inputs from stakeholders to help develop strategy, solve problems, test decisions and to anticipate public opinion. Engagement with retailers through the retailer forum was found to be particularly beneficial to both parties.
- A programme is in place to provide a range of advice and independent financial support for winners of major prizes. This is not a requirement of the National Lottery licence and is a good example of Camelot’s values in practice. The programme recognises the special needs of this particular stakeholder group and, to the best of our knowledge, is unique.
- We would like to commend Camelot for its dedicated and professional approach to the report compilation and assurance processes, in particular the openness of management during interviews, their responsiveness to feedback and their commitment to ongoing improvement.


Independence

The assignment has been undertaken by Malcolm Guy and Paul Longshaw who are directors of The Reassurance Network Ltd. Further details of their skills and experience can be found at www.re-assurance.co.uk

The Reassurance Network can be contacted on information@re-assurance.co.uk

The assurance assignment for Camelot constitutes approximately 20% of The Reassurance Network's annual turnover. The Reassurance Network does not have any other commercial involvement in Camelot, or any affiliation with Camelot's stakeholders or their specific areas of interest.

This assurance statement contains our own unabridged opinion.

Handwritten signatures of Malcolm Guy and Paul Longshaw in black ink.

Malcolm Guy and Paul Longshaw
The Reassurance Network

July 2005

THE REASSURANCE NETWORK LTD