



S U S T A I N A B I L I T Y

R E P O R T

2017



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2017

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LETTER TO STAKEHOLDERS



Emilio Petrone

Sisal Group CEO

[GRI 102-14]

In pursuit of the mission that has guided our company from the very outset, we continue to work with our sights set firmly on the future, building value for the community, for Sisal's People and for everyone we do business with on a daily basis, to ensure the right balance between business development and corporate social responsibility.

Now more than ever, in this period of radical social and technological change, the bond of trust with our stakeholders is underpinned by synergy between our management skills and our culture of sustainability, by the transparency of our actions and our governance, and by the ability to create shared value, representing a vital competitive lever and a strategic factor for lasting growth.

In the 2017 Sustainability Report, we tell the story of what makes Sisal a dynamic organisation, aware of its responsibilities and of the need for both sustainable development and an ongoing conversation with stakeholders. That is why each section includes contributions from leading experts on important business issues, including the challenge of sustainable development, the central importance of reputation, and the role of innovation and digital transformation.

We are an evolving business that revolves around its stakeholders

Sisal's **People** are the company's most precious resource. Our "People Strategy" commits us to promoting the wellbeing, merit and employability of all our collaborators. We have also implemented innovative projects that aim to grow our internal skills, like the "Digital Transformation" programme, which aims to promote not only the use of innovative technology, but also a new digital mindset. We also carefully monitor new trends in the employment market: today about 40% of our employees are involved in smart working initiatives that improve the work-life balance, while the "Co-Generation" project puts us at the forefront of the process of promoting generational diversity in Italy.

Our commitment to social issues, rooted in the spirit shown by the three journalist founders of Sisal, is reflected in our way of doing business: we work side-by-side with our community on numerous initiatives in the areas of Sport, Culture, Talent and Scientific Research. One particularly innovative project was launched in 2018 to promote Italian contemporary art, a point of Italian excellence that we continue to undervalue. Although we have a limited impact on the environment, we are convinced everyone must be committed to ensuring the world we leave for future generations is fit to live in. That is why we work to reduce energy consumption and emissions and to use resources sustainably.

In recent years, we have become an increasingly important partner for the Italian State and Public Administration. In our capacity as Payment Institute and with our offering of SisalPay payment solutions, we are actively contributing to Italy's digital evolution. Our network represents a preferred point of contact with the public, offering people a safe and simple way to pay taxes, traffic fines, healthcare charges, road tax and similar using the PagoPA platform.

We promote gaming that is responsible, safe and secure, with a special focus on player protection

We are a leading player in the gaming sector, where we operate under the terms of a Government licence, and maintain an ongoing conversation with the Institutions. Our absolute priorities have always been the promotion of responsible gaming, consumer protection, and the fight against illegal gaming. Our Responsible Gaming Programme, which once again received certification in 2017 according to the highest international standards, is addressed to ensuring that gaming remains a fun activity. We put a lot of time and effort into initiatives to protect underage children, to ensure the security of remote gaming operations, to raise the awareness of players about critical aspects of gaming, to train our people, and to support assistance programmes for problem players. The gaming sector is going through a period of constant transformation, driven in part by the introduction of new digital technologies. That is why we are investing in advanced tools that contribute to "Responsible Gaming" and support balanced gaming behaviour both off and online.

We have seized the challenge of change through business diversification and a focus on Italy's digital evolution.

A carefully thought out diversification strategy has brought us success in the payment and cash services market, where our SisalPay brand is now the leading player, with over 500 services and more than 13 million consumers served. Since we entered this sector, we have never stopped working to offer new services and advanced new technology, investing €20 million for this purpose in 2017. We have been able to seize this opportunity by leveraging our network, which has a broad-based local presence across Italy and over 40,000 points of sale, representing a technologically advanced infrastructure, plus a world of online services that we put at the country's service. Because digitalisation represents a value not only for our company, but for the community as a whole: simplifying the life of the public, facilitating contact with the Public Administration, and creating the need for new professional skills.

In this framework of fervent development and evolution, I'm pleased and proud to be able to say that Sisal Group continues to confirm and consolidate its ability to achieve ever more challenging milestones, building on the strong foundations of a business culture born at the meeting point between innovation and tradition: innovation as a fundamental lever for development and diversification, and respect for our traditional values of responsibility and dialogue, to be able to share the value we generate and guarantee sustainable and durable growth.

OUR VALUES

OUR VISION

To make people's lives easier and more enjoyable.

OUR MISSION

To provide the best offering of entertainment and services products, responsibly and sustainably over time.

[GRI 102-16]

CHARTER OF VALUES

We play as a team

Each one of us gives his or her best, so that we all win together.

We respect and care for our customers

Our customers' satisfaction and trust are our best reward.

We believe in people and their diversity

The value of our people and their rich diversity are a winning combination.

We are responsible and excellent

Sustainability and respect for the rules define the framework in which we aim to achieve excellence.

We innovate to grow

Our focus is on innovation and growth. A Group that truly believes in research invests in its future.

HIGHLIGHT

OVER 13 MILLION CUSTOMERS
IN GAMES AND SERVICES



17,9 BILLION TURNOVER
(+7,8% VS 2016)

[GRI 102-7]
OVER 48,400 POINTS OF SALE



**+500
ONLINE GAMES**

500.000 PLAYERS
ON SISAL.IT ONLINE PLATFORM



**500 SISALPAY
SERVICES**

200 MILLION TRANSACTIONS
A YEAR

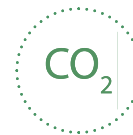


100 PRIVATE PARTNERS
IN BANKING AND PAYMENT CIRCUITS



[GRI 102-7]
1.872 EMPLOYEES
42% WOMEN

**8.481 TONNES OF
CO2 AVOIDED**



**1.250.000
FACEBOOK FAN**

**OVER 29.000
FOLLOWER ON LINKEDIN**



**OVER 40.000
FOLLOWER ON TWITTER**

THE CONVERSATION WITH STAKEHOLDERS

We have always regarded the conversation with stakeholders as a key factor for sustainable business development and the implementation of a CSR policy that embraces the expectations and interests of all our corporate counterparts.

Stakeholder mapping makes it possible to identify all the parties that in various capacities influence and are at the same time influenced by the company's choices. This activity, based on a census of corporate counterparts, has led to the identification of nine relevant stakeholder categories for Sisal. Over the years and with an increasingly structured approach, we have developed multiple initiatives with these counterparts to listen to their views and enter into a conversation with them, in such a way as to identify the key areas to work on and the initiatives to invest in, to ensure that the conversation with stakeholders is an effective and lasting one.

Our focus on maintaining relationships of trust with stakeholders resulted in the 2018 launch of a Stakeholder Engagement Plan, which regulates how stakeholders are identified and classified, how their involvement is managed, and how the results of their activities are promoted.

STAKEHOLDER MAP

[GRI 102-40]



[GRI 102-42, 102-43]

STAKEHOLDER INITIATIVES

The frequency of stakeholder engagement and the choice of approach are defining factors in the Stakeholder Engagement Plan and vary according to the different categories. Our intention is to manage these factors with a long term systematic approach that can guide our choices, focus on critical issues and plan the initiatives needed to take these issues into account in corporate processes.

CUSTOMERS

GAMING AREA

OUR COMMITMENTS	INITIATIVES
<ul style="list-style-type: none"> • Work in synergy with the Regulatory Authorities to ensure security and transparency • Promote and enforce secure and balanced gaming, the prohibition of underage gaming and the use of monitoring tools • Ensure compliance with the highest international standards by maintaining Responsible Gaming Programme certifications 	<ul style="list-style-type: none"> • Studies and research on problem gaming • Development of tools to assess and monitor the risk level of games • Training about the Responsible Gaming Programme for human resources • Development of responsible commercial communication, with guarantees provided by internal and external review procedures • Web projects to raise players' awareness about Responsible Gaming • Assistance and support for problem players through the Giocaresponsabile service (Play Responsibly)

SERVICES AREA

OUR COMMITMENTS	INITIATIVES
<ul style="list-style-type: none"> • Simplify payment management for the public • Guarantee maximum service delivery transparency • Innovate technology infrastructure for the benefit of customers • Encourage discussion about new development opportunities for businesses and the Institutions 	<ul style="list-style-type: none"> • Development of the Cashless Project for payments using e-money • Development of the Stand Alone Project to develop the network dedicated exclusively to payment services • Development of technology infrastructure and an omnichannel approach (point of sale network, Sisalplay.it web portal, SisalPay Mobile app) • Activation of electronic payments to the NodoPA (public administration payment hub), contributing to the development of the national project to digitalise the Public Administration (Crescita Digitale - Digital Growth) managed by the AgID, the Italian Agency for Digital Italy • Organisation of opportunities for discussion and collaboration between businesses and the public administration

BUSINESS PARTNER

OUR COMMITMENTS	INITIATIVES
<ul style="list-style-type: none"> • Establish relationships inspired by the principles of integrity, trust and respect • Enter into partnerships addressed to innovation and value creation • Monitor and constantly assess the quality of supplies, services and performance 	<ul style="list-style-type: none"> • Development of supplier analysis tools • Service Level Agreement (SLA) monitoring activities • Sharing the principles of the Sisal Code of Ethics

EMPLOYEES

OUR COMMITMENTS	INITIATIVES
<ul style="list-style-type: none"> • Spread a collaborative corporate culture based on Sisal's Values • Promote the contributions of women in the company and encourage equal opportunities for all employees and collaborators • Provide incentives for a good work-life balance • Promote training courses at all levels • Promote talent and career growth 	<ul style="list-style-type: none"> • Promotion of flexible working arrangements and a good work-life balance; Volta - Smart Working in Sisal; Easylife • Support for diversity management: • WiSe (Women in Sisal Experience), WoW team, WeSisal, Great Place to Work • Development of training courses: Opencafé, gamification • Promotion of a talent management culture: performance management and career management, Skill Lab, Job Posting

COMMUNITY AND NON-PROFITS

OUR COMMITMENTS	INITIATIVES
<ul style="list-style-type: none"> • Create training, socialisation and integration opportunities, with a special focus on: Sport, Culture and the Arts, Innovation, Talent, Scientific Research and Social Solidarity • Partnerships with qualified scientific research associations, also through involvement in the point of sale network • Support for initiatives addressed to employees 	<ul style="list-style-type: none"> • Culture and Art Area: projects and events regarded as opportunities for relational growth and positive socialisation: partnership with the Piccolo Teatro in Milan (A Teatro con Sisal) • Sport Area: activities that promote the positive values of sport (Liberi Nantes, Women's Football and Rebibbia) • Innovation, Talent and Scientific Research Area: projects to support education, talent and research, including Fondazione Italia Camp AIRC, Telethon, Umberto Veronesi Foundation • Social Solidarity Area: support for non-profits and local area projects with FIABA and L'Arte nel Cuore ONLUS

RETAIL NETWORK

OUR COMMITMENTS	INITIATIVES
<ul style="list-style-type: none"> • Update and train the Sisal Network on an ongoing basis • Innovate the technology infrastructure of points of sale • Promote the Responsible Gaming Programme at points of sale • Provide retailers with support and assistance for effective point of sale management • Establish partnerships based on excellence and integrity • Monitor the sales force on an ongoing basis 	<ul style="list-style-type: none"> • A Contact Center with controlled access dedicated to Retailer Services • Development of the Retail Web Portal for sisal retailers (www.rivenditorisisal.it) to provide information about the network and qualified training courses • Constant updating of points of sale, using terminal and pop-up messages for immediate communications • Training via the e-learning platform and the training catalogue

REGULATORY AUTHORITY AND INSTITUTIONS

OUR COMMITMENTS	INITIATIVES
<ul style="list-style-type: none"> Ongoing collaboration with the Italian Ministry of the Economy and Finance, the Customs and Monopolies Agency, and the other institutions to guarantee security, lawfulness and transparency in the gaming sector The fight against illegal gaming Promote player protection initiatives jointly with the institutions, local authorities, and Italian and international trade associations Build partnerships with the public administration and the Bank of Italy to develop payment services 	<ul style="list-style-type: none"> Contribute, with institutional players, to the fight against match-fixing Projects to fight illegal gaming on a joint basis with Italian and international trade associations Projects to fight problem gaming on a joint basis with State and Local Authorities, in such a way as to protect potentially vulnerable segments of the population and to promote research into the industry's social and healthcare impacts Partnerships with the Public Administration to develop the payment infrastructure (Nodo dei Pagamenti - Payments Hub) and the implementation of the Italian Digital Agenda

SHAREHOLDERS

OUR COMMITMENTS	INITIATIVES
<ul style="list-style-type: none"> Comprehensive, transparent and timely reporting Annual Sustainability Report Equal information treatment for all categories of shareholder and investor Guarantees that Corporate Governance is underpinned by the values of integrity, transparency and responsibility 	<ul style="list-style-type: none"> Annual publication of the calendar of corporate events Publication on the Group website of communications about the approval and publication of financial statements and quarterly reports Publication of the Sustainability Report

TRADE ASSOCIATIONS

OUR COMMITMENTS	INITIATIVES
<ul style="list-style-type: none"> Promote the values of lawfulness, security and professional ethics at national and international level Consolidate and share an approach based on the principles of sustainability, control, transparency and responsibility Annually renew international Responsible Gaming certifications Contribute to improving the operating conditions of companies working in the industry 	<ul style="list-style-type: none"> Active participation in the drafting of shared proposals and strategies (against match-fixing and illegal gaming in particular) Analysis and in-depth studies to support the Regulatory Authority (ADM), on a joint basis with other industry players Invention of tools and mechanisms to guarantee secure and responsible gaming Raising awareness about the Italian public gaming industry

BANKS AND THE FINANCIAL COMMUNITY

OUR COMMITMENTS	INITIATIVES
<ul style="list-style-type: none"> Guarantee ongoing engagement with banks and the financial community Maintain long term financial strength Total transparency with the market and all stakeholders 	<ul style="list-style-type: none"> Quarterly reporting on Group performance Quarterly conference call to comment on results with the CEO and CFO, open to the community of investors Ongoing communication with investors and the financial community (email, on-demand conference calls, etc.) Publication of all Group financial data in the Investor Relations section of the corporate website

[GRI 102-44]

MATERIALITY ANALYSIS

Our Sustainability Report confirms the approach set out in previous years, providing a more detailed presentation and description of the social, environmental and economic aspects of our business and our ability to generate and share sustainable value.

[GRI 102-46] The “materiality analysis” process complies with the provisions of the GRI Standards, for which the principle of “materiality” represents an essential and qualifying aspect of reporting. The process is monitored by the Sustainability Committee, which supervises the preparation of the Sustainability Report each year.

The materiality analysis process began in 2015, based on the identification of topics of interest, i.e. those with the potential to influence business objectives, stakeholder vision and challenges for the future. This activity was performed after analysing various sources of information, both inside and outside the Company. The sources analysed are periodically monitored to keep the map of issues of interest up-to-date.

After this stage, the topics identified were further analysed by the Sustainability Committee and the management representatives responsible for each of them, leading to the selection of the potentially important ones, which were then grouped into macro areas around which the report was developed.

Finally, a qualitative assessment was given for each macro area, on a scale of three values (“high”, “medium”, “low”), resulting in the identification of the seven “material” areas for Sisal, followed by the identification of the set of indicators to include in the report.

The material areas and indicators are subject to periodic monitoring by the Sustainability Committee, to ensure they remain up-to-date and that the Sustainability Report provides a true picture of them.

[GRI 102-47] The seven material areas for Sisal are:

- Responsible gaming
- People
- Supply chain
- Environment
- Innovation, research and development
- Stakeholder engagement
- Governance and regulatory compliance

The topic areas identified have different repercussions inside and outside the company, based on where the effects of the business are greatest and the stakeholders involved.

[G4 103-1] These areas have the biggest repercussions inside the organisation:

- People
- Innovation, Research and Development
- Governance and regulatory compliance

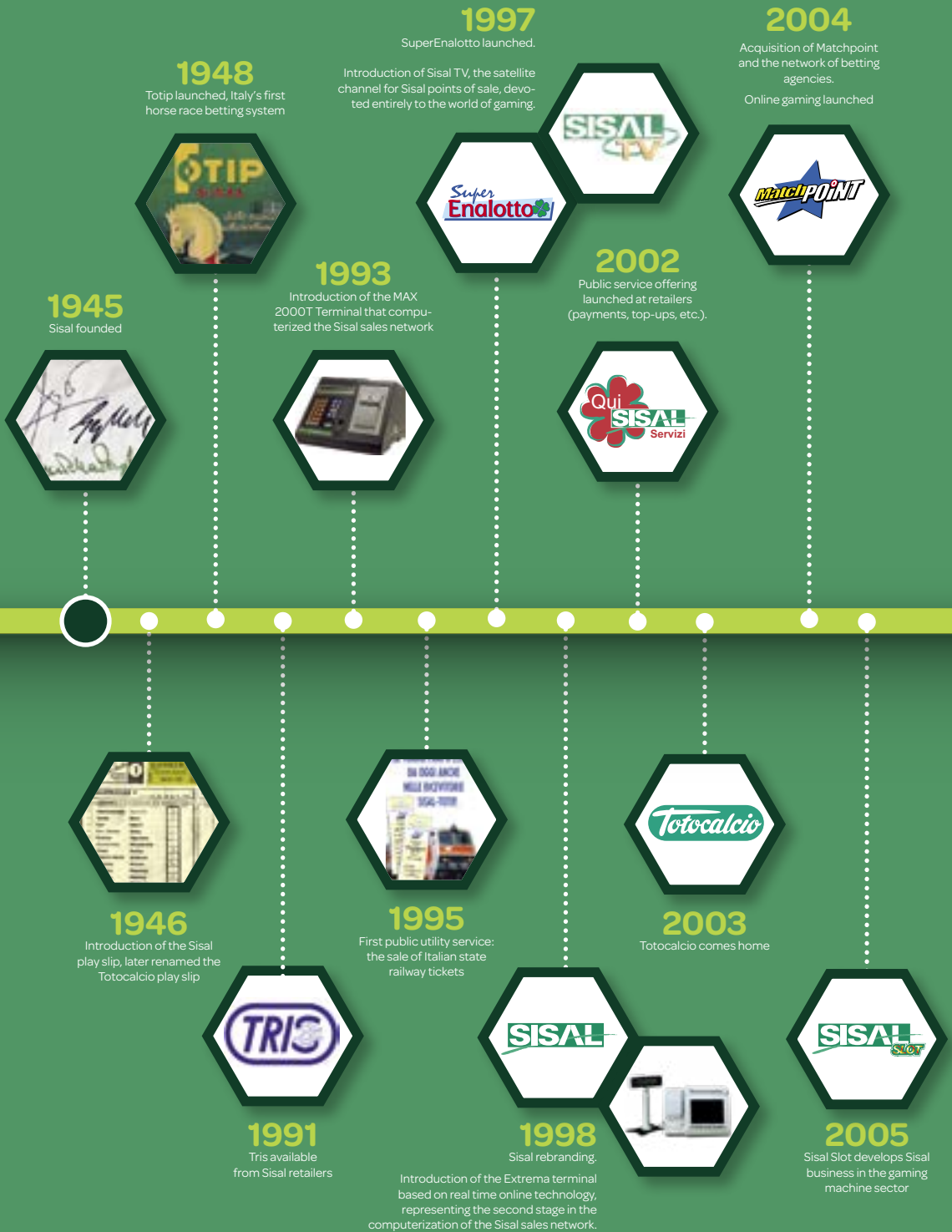
[G4 103-1] Whereas these areas have the biggest repercussions outside the organisation:

- Responsible gaming
- Supply chain
- Stakeholder engagement

The Sustainability Committee confirmed the “material” areas identified for 2017 on the basis of the aforementioned study.

[GRI 102-4]

OUR STORY



2008

Sisal rebranding

Introduction of the Leonardo Terminal, featuring cutting edge gaming terminal technology.



2010

Sisal Wincity established
Introduction of the Microlot Terminal



2012

World Lottery Association Responsible Gaming Certification
Eurojackpot launched
Sisal Holding Istituto di Pagamento established.



2014

VinciCasa created, the first game in the world that rewards you with a home.
Sisal Smartpoint created, a new point of sale concept.
Sisal Live Channel introduced, the first TV channel in Italy dedicated to live betting



2017

New VinciCasa launched
EL and WLA certifications renewed



2009

WinForLife launched, the first game in Italy to reward you with a monthly income
Responsible gaming campaign launched.
Online poker launched.



2013

Sisal launches its new vision, new values and renewed visual identity
SisalPay created, the services network for quick, convenient payments and top-ups



2011

European Lotteries Responsible Gaming certification
SiVinceTutto and Casinó launched.



2016

New SuperEnalotto launched
New SiVinceTutto launched

1 AN EVOLVING COMPANY

THE CHALLENGE OF SUSTAINABLE DEVELOPMENT



Valerio De Molli

Managing Partner & CEO
The European House - Ambrosetti

In recent years, the issue of sustainable development has been the focus of growing attention, and the idea that sustainability is an exclusively environmental question has been superseded by an integrated vision of the various components involved.

The United Nations have clearly stated that today's development model is unsustainable, not only in terms of the environment, but at social and economic level too. With this in mind, in September 2015, the United Nations (UN) launched its Sustainable Development Goals (SDGs), 17 global goals contained in an action plan agreed by the Governments of the 193 member States, plus an Agenda for achieving them by 2030 (the "2030 Agenda"). I like to recall the recent speech given by former UN General Secretary Ban Ki-moon: "We are at a historic crossroads, and the directions we take will determine whether we will succeed or fail on our promises. With our globalized economy and sophisticated technology, we can decide to end the age-old ills of extreme poverty and hunger. Or we can continue to degrade our planet and allow intolerable inequalities to sow bitterness and despair. Our ambition is to achieve sustainable development for all."

More and more organisations are marketing products and services that not only offer the best possible quality, but also strive to have a responsible attitude towards the environment and society.

This represents a new frontier for business, with companies voluntarily accepting a threefold responsibility towards the market and society: economic, environmental and social.

The economic, social and environmental responsibility of a company, not only in terms of its direct actions, but also of its contribution to the economic system as a whole, is seen by stakeholders as an increasingly important parameter when making investment decisions.

In 2017, The European House - Ambrosetti, the first private think tank in Italy and one of the top ten in Europe, conducted a survey with leading institutional

investors to understand the factors driving their investment decisions. The respondents to the survey manage funds worth €4,436bn, an amount equivalent to the combined GDP of Italy, France and Spain, and believe that the level of social and environmental responsibility is one of the top five parameters to monitor when choosing which companies to invest in.

In light of these considerations, The European House - Ambrosetti has developed a qualitative and quantitative model to measure the value of an economic system for local areas and the country as a whole: "Four Capitals". The contribution made by a company, an entity or an industry to creating value and to the sustainable development of local capital markets can be categorised in one of four key areas ("Capitals"): financial capital, social capital, cognitive capital and environmental capital.

In a competitive and dynamic scenario, it is essential for companies and institutions to introduce a sustainability monitoring process that highlights the valuable aspects and positive repercussions of its activities, as well as providing suggestions on how to improve them still further.

Being seen as a company that is committed to sustainable development is a key asset for relations with all stakeholders at every level. As entrepreneurs and managers, we have to be enthusiastic in our pursuit of sustainable development, which represents the greatest challenge we face this century. A company that doesn't have this kind of vision risks being "left out of the fun"!

GOVERNANCE

Good business management needs an effective corporate governance system. Transparency, fairplay and collaboration, the clear definition of roles and responsibilities, and an effective internal control system underpin the objectives of value creation for shareholders and the transformation of dialogue with stakeholders into real-world initiatives, ensuring the long term future of our group.



[GRI 102-1]

SISAL GROUP

[GRI 102-10]

Sisal Group, as of 2016 year end, is wholly owned by CVC Capital Partners through investment vehicle Schumann S.A. CVC Capital Partners is one of the world's leading private equity and investment consulting firms, with consolidated experience in the gaming industry and considerable funds and resources for further development of Sisal Group.

[GRI 102-6]

Sisal Group S.p.A. and its subsidiaries are active mainly in:

- The gaming sector, primarily on the basis of state concessions granted by the Italian Customs and Monopolies Agency.
- The payment services sector, on the basis of a special license from the Bank of Italy.

Specific responsibilities are as follows:

SISAL GROUP S.P.A.

- Direction and coordination of subsidiary companies
- Subject to management and coordination by Schumann S.A.
- Management of Internal Audit, Management Planning & Control, Strategy & Security, and Anti-money Laundering Activities

SISAL S.P.A.

- Management of games
- Marketing of goods and services through the retail network

SISAL POINT S.P.A.

- Sales network support services

SISAL ENTERTAINMENT S.P.A.

- Revenue from public gaming machines
- Implementation and management of the ICT network concession by means of legally authorised gaming machines (Italian Customs and Monopolies Agency)
- Leasing of gaming machines

FRIULGAMES S.R.L.

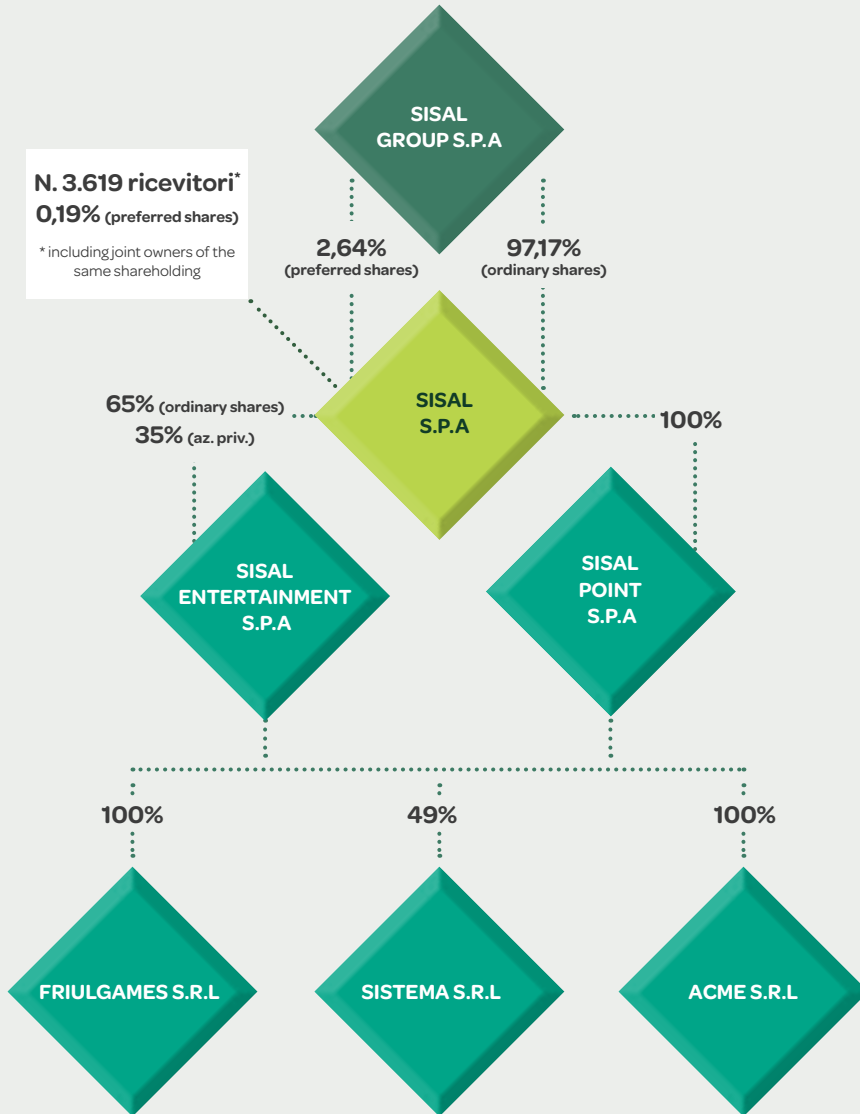
- Leasing and maintenance of electronic gaming machines

ACME S.R.L.

- Manufacture of electronic gaming machines

[GRI 102-5, 102-7]

GROUP ORGANISATION CHART AS OF DECEMBER 31, 2017



[GRI 102-18]

THE BOARD OF DIRECTORS

The company is managed by a Board of Directors made up of 10 members appointed by the Shareholders' Meeting:

- **Aurelio Regina**, *Chairman*
- **Emilio Petrone**, *CEO and General Manager*
- **Giampiero Mazza**, *Managing Director*
- **Paola Bonomo**, *Director*
- **Matteo Caroli**, *Director*
- **Umberto Delzanno**, *Director*
- **Giorgio De Palma**, *Director*
- **Andrea Ferrante**, *Director*
- **Lucia Morselli**, *Director*
- **Alessandro Baccarin**, *Director*

APPOINTMENTS AND REMUNERATION COMMITTEE

Members: **Paola Bonomo**, *President*, **Lucia Morselli** and **Giampiero Mazza**.

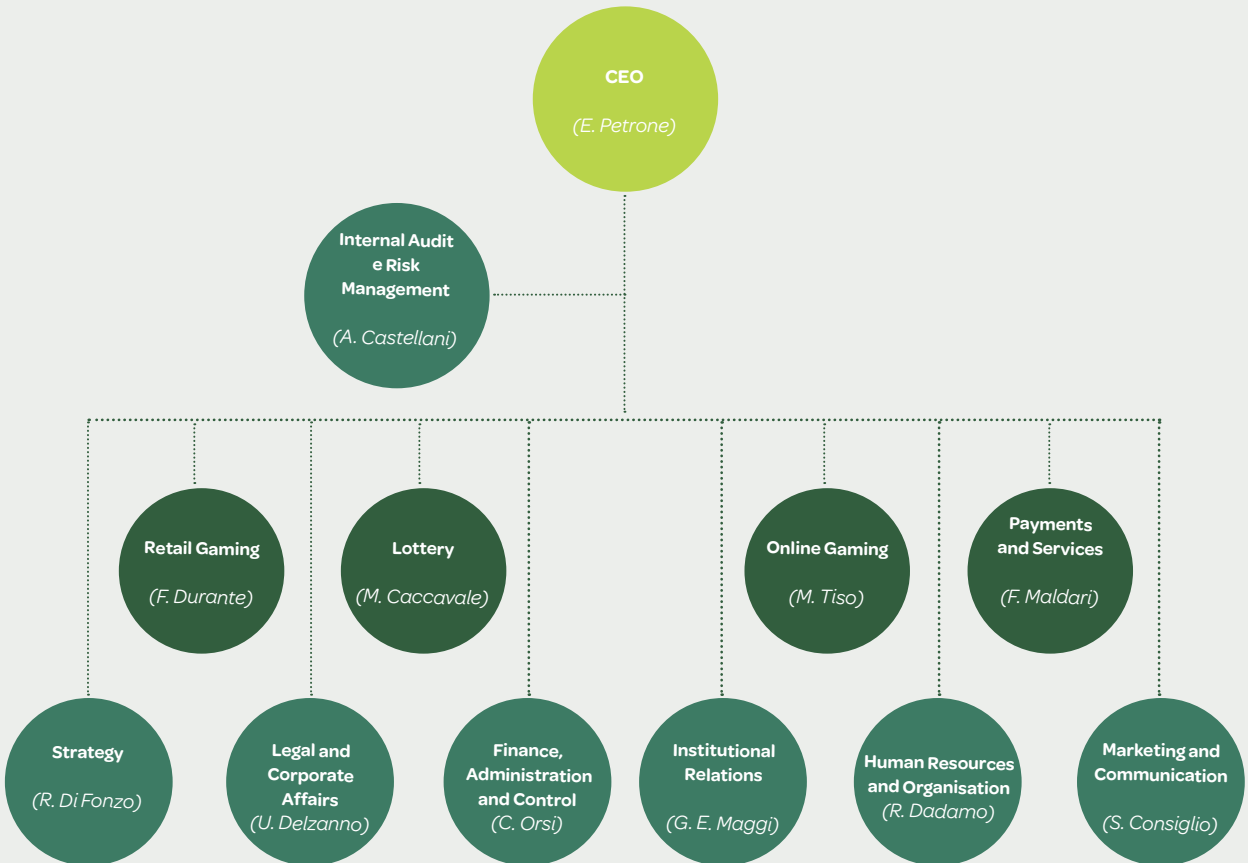
CONTROL COMMITTEE

Members: **Matteo Caroli**, *President*, and **Paola Bonomo**

[GRI 102-18]

OUR INTERNAL STRUCTURE

ORGANISATION CHART AS OF DECEMBER 31, 2017



Our internal organisation revolves around central functions to ensure operating consistency and effectiveness, and four Business Units, each with a focus on particular Sisal products.

Retail Gaming Business Unit

Manages gaming machines, fixed-odds betting, traditional horse racing and sports prediction competitions, and Bingo. The Retail Gaming Business Unit also manages the branded channel and some points of sale in the Affiliated Channel.

Lottery Business Unit

Manages the Italian national lottery concessions through Branded and Affiliated Channel Points of Sale, as well as through the Group's online web portals and through web portals operated by third parties that are connected to the Group's lottery platform.

Online Gaming Business Unit

Manages activities connected to the online gaming and betting segment through the Sisal.it portal and the mobile channel.

Payments & Services Business Unit

Manages all activities relating to payment services.

[GRI 102-11]

THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

An effective internal control and risk management system is an integral part of our concept of sustainable enterprise. The good operation of internal management processes encourages aware decision-making and allows medium and long-term Group strategy to be defined consistently with its mission and vision.

Specifically, the internal control system we have introduced makes it possible for the Group to identify, analyse, monitor and assess the risks associated with corporate activities and objectives, and to take any countermeasures needed to ensure that corporate processes are efficient and effective and that business is conducted correctly and fairly.

[GRI 102-11]

RISK MANAGEMENT

The Enterprise Risk Management (ERM) system was introduced in 2008. The process, inspired by the risk management model defined by the Committee of Sponsoring Organizations of the Treadway Commission (C.O.S.O.), plays a strategic role in the Group, because it was designed to engage with and establish collaboration between various corporate levels and areas, delivering an integrated and comprehensive response to the risks identified.

The risk management process is managed by a Risks Committee, on which the CEO, Business Unit directors and other Sisal function managers sit, which periodically presents the BoD with a summary of the risk management activities performed. In 2016, the Committee met once.

RISKS COMMITTEE

Emilio Petrone
Ruggero Dadamo
Corrado Orsi
Giovanni Emilio Maggi
Roberto Di Fonzo
Umberto Delzanno

Francesco Durante
Francesco Maldari
Marco Tiso
Marco Caccavale
Andrea Castellani

ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/01

We have introduced an Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, which makes provision for the administrative responsibilities of the entities in question. The Model defines the set of organisational rules and procedures introduced to prevent the crimes set out in the Decree from being committed. Distributed to all employees and other interested parties, it consists of:

- a Code of Ethics
- a set of internal protocols, procedures and countermeasures to prevent the risk of crime
- a Supervisory Board
- the map of powers conferred
- a penalty system.

The Supervisory Board is responsible for monitoring the suitability and effective implementation of the Organisational Model, and reports directly to the Board of Directors, ensuring that the company's business is conducted in compliance with the provisions of the law.

The various tasks assigned to the Supervisory Board include keeping up an ongoing conversation with all employees, who are required to report promptly all irregularities, information or news relating to the suspicion of crimes. To this end, the Supervisory Board advertises the principles and content of the control system, and of the Organisational Model in particular, using the corporate intranet, training activities and special channels, based on the parties involved and the level of risk of the area in which they work.

The areas of application of Legislative Decree 231 are constantly being reviewed and new types of cri-

me

[GRI 102-16]

CODE OF ETHICS AND CONDUCT

The Code of Ethics is a document defining the rules of conduct that must be observed by employees, directors, statutory auditors, collaborators and commercial partners in the course of their work.

Compliance with the Code plays a key role in ensuring the Group's good operation and trustworthiness, as well as in protecting its image and know-how. Indeed, the document deals with topics relating to employee relationships, accounting transparency, health, safety, security and the environment, all factors which represent key assets for Sisal's success.

FINANCIAL RESPONSIBILITY

[GRI 103-1, 103-2, 103-3]

Sisal is a storied Italian company that from the very outset has combined tradition and innovation, in part through a well thought out growth and diversification strategy.

In our two main markets (the traditional gaming business, joined in recent years by payment services), the development of new technologies is changing not only the dynamics of the sector, but also customers' needs and demands.

With the help of a major investment plan, we are ready to seize the new challenges raised by digitalisation to improve still further our gaming offering and contribute to Italy's digital evolution through our Payments & Services Division.

This strategy is bearing fruit. In 2017, our economic results grew in terms of both turnover and profitability.



[GRI 102-6]

MARKETS

The Group operates in two markets, games with cash prizes and the “assailable” segment of payment services, which taken together reported a value of over €224 million in 2017.

[GRI 102-6]

GAMING

In 2017, the gaming market grew 6.1% on 2016, with an average increase of 6.4% (CAGR) in the period 2014-2017. This growth is due primarily to three factors:

- The positive trend reported by sport betting and virtual races (+28.1% CAGR), with more unregulated operators signing up for the offer of official recognition extended by the Italian Customs and Monopolies Agency.
- The popularity of online gaming, which represented 26.3% of the market in 2017, up from 3.1% in 2008.
- The highly successful relaunch of lottery games, SuperEnalotto and VinciCasa, amongst others, with new formulas and the introduction of new game variants that were very well-received by consumers.

The payout, or the amount returned to players in the form of winnings, totalled €83bn in 2017, a rise of 7.9% on 2016. The amount returned to players in the form of winnings has therefore risen to 82% in 2017 from 80.3% in 2014.

The real level of spending by the public, defined as the difference between total revenue and payout, reported a CAGR of 4% in the period 2014-2017. This indicator is significant because it demonstrates that revenue growth in 2017 is the result of higher winnings and not to more spending by the Italian public.

GAMING REVENUE (€m)	2014	2015	2016	2017****	CAGR* 2014/2017
Lotteries	17.258	17.195	18.654	18.100	1,6%
Betting and SPC**	6.285	7.836	10.063	13.200	28,1%
Gaming machines***	46.744	48.161	49.440	49.000	1,6%
Bingo	1.624	1.598	1.602	1.600	-0,5%
Skill, card and casino games	12.318	13.229	15.986	19.700	16,9%
Total gaming market	84.229	88.019	95.744	101.600	6,4%

*CAGR: Compounded Average Growth Rate

**SPC: Sports Prediction Contests

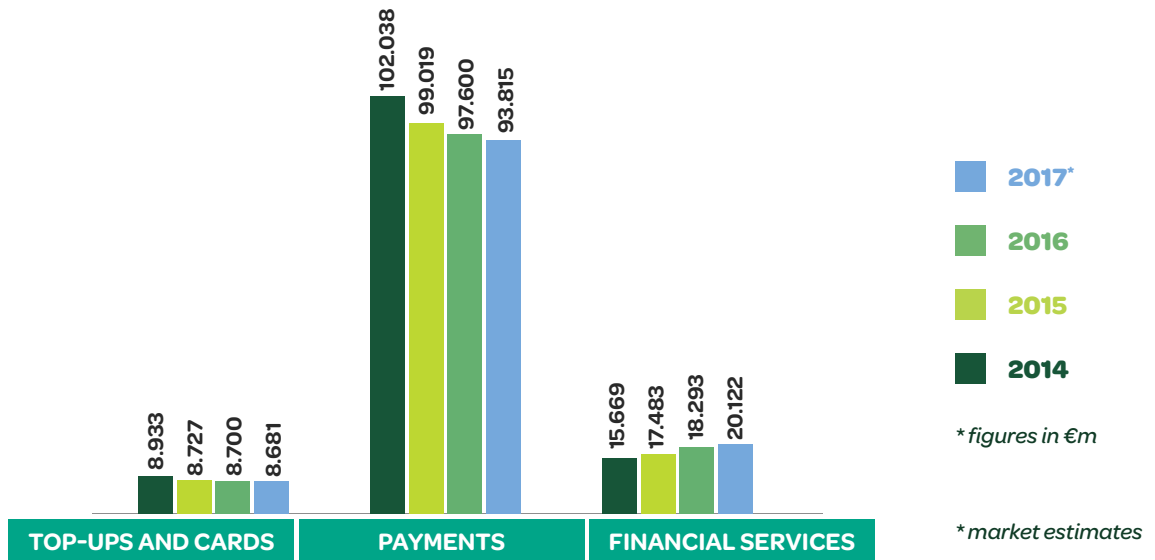
***Internal market estimates

[GRI 102-6]

PAYMENT SERVICES

The payment services market comprises three distinct segments: top-ups and cards, payments, and financial services.

Financial services was the only segment to report positive performance in recent years, confirming its growing importance and reporting over €20bn revenue in 2017, with a CAGR of 8.7% in the period 2014-2017.



MAIN FINANCIAL RESULTS

In 2017, Sisal group reported total turnover of €17.9bn (+7.8%), with growth in both services (about €9.5bn, +9.1%) and gaming (about €8.4bn, +6.3%).

[GRI 102-7] Consolidated revenue in 2017 stands at about €832m, an increase of 6.5% on 2016, driven by the positive trend in the gaming segment (and gaming machines, online games and fixed odds sports betting in particular) and the basically stable situation in services. The group also continued to implement its cost control and optimisation policies in 2017.

The virtuous combined effect of turnover growth on one hand and efficiency improvement initiatives on the other, has driven an improvement in gross and operating profitability levels of 14.8% and 19.8% respectively against 2016 (excluding non-recurring charges). These results were delivered in parallel with a significant campaign of investments in systemic and technology infrastructure, amounting to about €60m (+33% on 2016).

[GRI 102-10] As reported above, in December 2016, Schumann S.A. acquired 100% of the share capital of Sisal Group S.p.A. The 2016 consolidated financial statements of Schumann S.A., merged during 2017 into Sisal Group S.p.A., therefore includes the results reported by Sisal only from December 2016. For this reason, we have analysed the 2017 consolidated results against the proforma results of the previous year to cover the full year in 2016, calculated as the algebraic sum of the income statement of the group acquired from January 1, 2016 and of the acquiring holding company from the date of incorporation (March 2016).

SISAL GROUP HIGHLIGHTS (€K)				
	2017	2016*	CHANGE	% CHANGE
Total Revenues and Income	831.983	780.844	51.139	6,5%
EBITDA Adjusted	215.126	187.327	27.799	14,8%
Adjusted Operating Profit	102.278	85.403	16.875	19,8%
Adjusted Operating Profit	27.325	(38.369)	65.694	171,2%

NB: EBITDA and operating income figures do not include certain non-recurring net charges.

For further financial information, see the Sisal Group S.p.A. Consolidated Financial Statements at December 31, 2017.

* Proforma data due to the CVC acquisition in late 2016.

ISSUANCE AND RATING

To repay existing debt and finance long term growth plans, the new shareholders have recapitalised Sisal group with a capital injection of about €300 million. The new holding company Schumann S.A., subsequently merged by incorporation into subsidiary Sisal Group S.p.A., issued two bonds worth a total €725m on the market reserved for institutional and professional investors (ExtraMot), as well as obtaining a revolving financing contract with a pool of Italian and foreign banks for a total amount of €125m, used to manage working capital.

The new listed bonds mean that the Group is subject to solvency analysis based on the assessment of leading ratings agencies. The most recent was B+ from Standard & Poor's, with a negative outlook in view of future challenges relating to the renewal of concession agreements.

RELATIONS WITH THE BANKS

All revenue managed by our group is channelled through the banking system and we maintain consolidated, transparent relations with the main Italian and international banks.

Lines of credit and the relative financial activities are distributed uniformly among various banks, in such a way as to diversify risk and distribute operations based on loans granted.

CONTRIBUTION TO ITALIAN TAX REVENUE

The gaming market in Italy makes a substantial contribution to the country's public finances through taxation, even though in recent years, as a result of macroeconomic and sector trends, tax revenue has tended to stabilise.

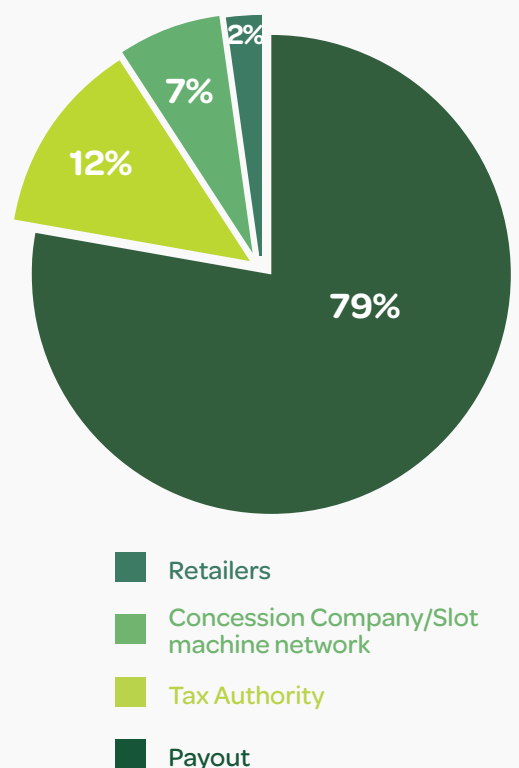
In 2017, total tax revenue deriving from gaming stood at about €9.8 billion, a fall of 4.3% on 2016, but with an average growth rate over the last four years of about 6.9%.

Of this €9.8 billion, about €1 billion comes from our group. In more detail, €400m relate to lottery games SuperEnalotto, Vinci per la vita – Win for Life, SiVinceTutto, Eurojackpot and VinciCasa, which are some of the best-loved, best-know and most remunerative in terms of tax revenue.

In 2017, cash flows deriving from gaming break down as follows:

- Revenues: about €8.3bn
- Total winnings paid out: about €6.6bn (79% of revenues against 78% in 2016)
- Fees paid to retail networks: about €0.1bn
Fees paid to Group concession companies: about €0.6bn (revenues from electronic gaming machines include remuneration remitted to the relative supply chain)
- Taxes: about €1bn (about 12% of turnover, compared to around 10% for the market as a whole).

Breakdown of 2017 gaming turnover



VALUE CREATION AND DISTRIBUTION

[GRI 201-1]

Total Gross Value Added, or in other words the wealth generated by the Group during the year and then distributed to stakeholders, amounted to about €197 million in 2017.

VALUE ADDED (€K)	
A. Value of production	831.983
Revenue from sales and services	831.983
B. Intermediate costs of production	522.202
Materials, auxiliaries and consumables	14.418
Service costs	454.032
Leases and rentals	22.273
Provision for risks	1.963
Other operating expenses	29.516
GROSS SPECIFIC VALUE ADDED	309.781
Financial income	198
TOTAL GROSS VALUE ADDED	309.979
Depreciation/amortisation, impairment and revaluations	112.899
TOTAL NET VALUE ADDED	197.080

[GRI 201-4]

The value created by the business was used mainly to remunerate employees and borrowed capital. No financing has been received from the Public Administration. The group received no significant sanctions in 2017 relating to non-compliance with laws or regulations.

DISTRIBUTION OF VALUE ADDED (€K)		
	2017	%
Staff Remuneration	87.954	44,6%
Staff Costs	83.148	
TFR (Staff severance indemnities)	4.806	
Transfers to the Authorities	20.042	10,2%
Direct taxation	16.066	
Indirect taxation	3.976	
Repayment of borrowed capital	57.185	29,0%
Charges on short term capital	2.455	
Charges on long term capital	54.730	
Return on risk capital	0	0,0%
Profits distributed to third parties	0	
Return for the company	27.325	13,9%
Retained earnings	27.325	
Community support	4.574	2,3%
Local taxes and duties	2.767	
Donations	105	
Sponsorships	1.702	
TOTAL NET VALUE ADDED	197.080	100,0%

OUR PEOPLE

[GRI 103-1, 103-2, 103-3]

Our people are our most valuable asset. We have set ourselves the twin goal of promoting our resources' value and ensuring they have a balanced and stimulating working environment.

The Human Resources and Organisation Office plays a key role in the process of growing and preserving the capital of know-how and expertise held by our people, and of creating empowerment, or the shared feeling of being able to take effective action to contribute to achieving corporate goals.

Our initiatives in the area of human resources aim to create an environment that encourages well-being, rewards merit, and promotes the value of people and their employability. They form part of our "People Strategy", based on Sisal's Charter of Values, and have the ultimate goal of keeping turnover low, of developing, consolidating and retaining know-how specific to Sisal (one-of-a-kind), and of recruiting new talent.

In light of social and technological change, we are developing innovative new projects that will put us in the best possible position to tackle the challenges posed by evolving demographics and the Digital Transformation.



PEOPLE STRATEGY

Technological, social and demographic developments are profoundly changing not only the way we do business, but also the way we work.

The skills needed to enter and remain on an increasingly competitive job market change very quickly. To ensure their employability, young people have to acquire knowledge and skills and keep maintaining them, while those who have already found work have to take charge of their own training using an entrepreneurial approach to their professional growth.

At the same time, businesses must offer a stimulating environment that takes people's well-being into consideration and their work-life balance: these are increasingly important factors in attracting and retaining talent.

Underpinning all the initiatives promoted by Sisal's Human Resources and Organisation Office is therefore the "People Strategy", which contributes to value creation and the sustainable development of the organisation by creating an environment that encourages well-being and merit, and that promotes people and their employability, consistently with corporate values and the goal of strengthening Sisal's human capital, which forms an integral part of the share capital.

Work life Balance

Volta
Smartworking in Sisal
Easylife

Training

Open Cafè
Gamification

Training

Wise
Woman in Sisal Experience
Wow Team
WeSisal
GPTW

Talent Management

Performance Management
Skill Lab
Job Posting

WORK-LIFE BALANCE AND FLEXIBILITY

The needs and expectations of workers continue to change. As a result of this, the working experience becomes an important lever to drive competitiveness outside the company and a fundamental factor in employee engagement, also in consideration of new generational trends.

That is why we are committed to the development of initiatives addressed to improving the quality of both the working and private lives of our people. Many aspects of our welfare system are the result of an internal survey and the improvement action proposed by the WOW Team, with a view to building our future based on the real needs of our collaborators.



VOLTA – LO SMARTWORKING IN SISAL

The Volta – Smart Working in Sisal project introduced in 2016 has the goal of:

- Creating a working environment that increasingly satisfies the expectations of the people who work in it.
- Improving organisational effectiveness and flexibility based on trust and responsibility.
- Encouraging working by objectives.
- Encouraging the work-life balance.
- Developing the motivation of our people.
- Ensuring high levels of productivity, dedication and excellence.

The Volta project, which won the 2016 Smart Working Award presented by the Smart Working Monitoring Unit at the Politecnico di Milano School of Management, today involves about 600 smart workers, or about 40% of our employees, and Sisal intends to extend this approach to an even larger section of the corporate population.

With “Phase II” of the Smart Working project, we intend to analyse the level of appreciation of our people and the systems used to monitor and assess results, in such a way as to identify development actions to consolidate and promote the Smart Working culture. In more detail, monitoring tools will be built jointly with “smart managers” for more efficient management of smart working collaborators. We will also select a group of smart managers and a group of smart workers to become Volta project ambassadors and trainers for everyone involved and all Sisal employees.

WHAT SMART WORKING IS

Also referred to as flexible working, it allows employees to work from locations outside their office (home, park, library, coworking spaces, etc.), choosing the times that fit in best with their personal needs. Although many Italian companies have been experimenting with this approach for years, flexible working is now regulated by Italian Law no. 81/2017.



EASYLIFE

We develop multiple People Care and Mobility Management services. With EasyLife, for example, we offer our employees a vast programme of facilitations and services:

- Extra-professional accident and healthcare policies.
- Additional meal vouchers.
- Discounts and facilitations for leisure time and sport, cultural initiatives, home and personal care, sports matches.
- Language courses in Italy and abroad.
- Summer camps and kindergartens for employees’ children.
- Subsidised public transport and car-pooling charges.

COMMUNITY & DIVERSITY

We strive constantly to create and share a corporate sense of community, through initiatives to give a voice to employees, to listen to and answer their needs, to give space to various communities, and to promote and integrate diversity.



WISE (WOMEN IN SISAL EXPERIENCE)

The promotion and integration of gender diversity is one of our priorities: women make up 42% of our workforce (+8% on last year's figure) and the average remuneration at management and professional levels (specialist roles) show no significant gender differences.

Introduced in 2012, WiSe, Women in Sisal Experience, represents a key initiative to develop the presence of women in middle management roles. Focus groups and panel discussions, involving men and women with different roles in the company, have been used to open a debate and analyse any barriers to and constraints on female leadership (e.g. maternity, work-life balance, stereotyped leadership models).

On the basis of the results obtained, we have decided to promote and reinforce gender specificities as a source of enrichment and development for people and the entire organisation, refuting the leadership "masculinisation" models often adopted by companies and focusing on the introduction of new forms of collaborative, inclusive leadership.



WOW

An acronym for Working on Work, the WoW team is an interfunctional, innovative and voluntary work group set up to identify ideas for improvements in the company and put them into practice based on the needs expressed by everyone. The key to the success of the team lies in the quality of its members: proactive, enthusiastic and creative people who are committed to making their co-workers' lives simpler and to promoting the spread of know-how. The WOE team is renewed every two years through a self-candidacy process organised on the corporate intranet (WeSisal).



WESISAL

To develop the company's internal communities, promote the corporate culture and facilitate innovation processes, our WeSisal intranet is updated daily with new content produced by the WeSisal Editors. With a mission to publish collaborative work, WeSisal represents a full-fledged information hub, with news from across the company presented in dedicated sections: new product launches, business unit initiatives, messages from the CEO, organisational news releases, corporate project launches, etc. An App is also available and support is provided for mobile services.



GREAT PLACE TO WORK

We have chosen to work for the continuous improvement of the corporate climate and the wellbeing of our collaborators, not least by being part of the "Great Place to Work" survey. GPtW represents an ongoing process and a real confirmation that the future of the company lies in giving people a voice. This tool has the potential to become fertile ground in which multiple projects flourish to provide the best possible response to employees' needs.

[GRI 404-2]

TRAINING

We are going through an epochal change (rather than an epoch of change), during which it is increasingly urgent to facilitate a bottom-up learning process: people must take charge of their own professional development through life-long learning strategies, in order to experience change first hand rather than being its victim.

Against this backdrop, we focus on two factors:

- The importance of "knowing how to be" alongside "knowing how to". In a dynamic, multicultural and continually changing society, the so-called soft skills - personal qualities, workplace attitude, interpersonal relations expertise - are becoming increasingly important and sought after.
- Re-skilling strategies, which are essential to retain the talents we need and contribute to socially responsible approaches in terms of the future job market.



OPEN CAFÈ

An innovative, open and flexible platform, OpenCafè uses Digital Learning to present ongoing awareness activities about soft skills and their development. We provide training courses in Italian and English about management and professional topics, letting everyone decide independently, in complete freedom, when and how to learn new skills and embark on learning paths based on their own career and development needs.

Opencafé offers over 200 “training pills” (microlearning) that use a highly concentrated approach to stimulate self-training, and a library with over 350 paper and digital volumes.

We will also use the platform in the framework of our Digital Transformation process, creating special paths to structure and train leadership and professional skills (sector specialists).



GAMIFICATION

In recent months we have introduced a gamification strategy, in which elements borrowed from gaming and game design techniques are used in other situations, in this case training. Gamification is a powerful tool to create paths and goals for each individual employee: when they reach a goal, they move up to the next levels and receive digital prizes, demonstrating what they’ve achieved.

In Sisal, gamification is applied to e-learning training programmes and all digital training and development initiatives promoted on the corporate Intranet. For each contest or training path completed, the collaborator adds points to the score in their personal profile, which is used to award prizes and announce winners. This mechanism provides incentives to achieve learning goals, engaging with and involving all employees.

TALENT MANAGEMENT

The Talent Management culture is in response to the need to develop the professionalism of our people.



[GRI 404-3]

PERFORMANCE MANAGEMENT E GESTIONE DELLE CARRIERE

Performance Management in Sisal is a process that gives value to the points of strength of all collaborators as a lever for corporate change.

To measure and monitor the development of key competences and achieve objectives, we use an annual assessment system called Performance Dialogue, which aligns our individual values, goals and skills with strategic corporate guidelines, based on a performance-centric culture, setting clear objectives, constant dialogue between collaborators and their superiors, individual accountability and empowerment, transparency and self-assessment.

Our career management path also entails readiness assessment to evaluate the fitness of managers to hold more complex roles in the short-medium term and build an appropriate development plan to support them. The People & Organization Committee defines the pipelines of potential management roles and people to include in the assessment process.

[GRI 404-2]



SKILL LAB

An awareness of our own skills plays a central role in Talent Management. Set up in 2016, Skill Lab is a self-learning model based on blended training programmes, a type of mixed training that integrates various channels and didactic approaches. The goals of Skill Lab are to:

- Encourage self-development as a professional effectiveness strategy.
- Produce a report on their own skills and conduct.
- Help identify learning priorities and improve skills on an ongoing basis.



JOB POSTING

Improving our soft skills also puts us in a better position to hold various roles in the company, involving both horizontal and vertical development. This is our reason for proposing Job Posting, a transparent personnel selection system that allows employees to apply for vacant positions directly and in complete freedom. We always publish vacant positions on WeSisal before advertising them outside the company.

FUTURE PROSPECTS

Social and technological transformation means we have to anticipate and manage job market transitions in the best possible way, so that our people can build a professional future proactively, also with a view to economic growth. We are therefore working on innovative systemic projects based on market needs and research into the main megatrends, with the aim of maximising productivity and growing our people and the organisation.



CO-GENERATION

We are one of the rare companies to use a structured and strategic approach to the subject of generational change, with a view to promoting diversity. For the first time in its history, four generations co-exist inside the company, making it essential to avoid misunderstandings, prejudices and differences of expectations and values that can weigh on individual and group performance.

We intend to use the generational perspective to rebalance relations and results, benefiting both our people and the company, in order to:

- Establish better relations between generations.
- Assess the impact of generational differences on productivity and on individual and group performance.
- Create and transfer know-how and skills.
- Innovate internal and external processes.
- Integrate different cultures based on age.

In coming months, the Co-Generation project will focus on an in-depth analysis of the results to emerge from an internal survey conducted in 2017, involving the entire corporate population, to investigate the needs and expectations of the different generations. In 2018, we will begin preparing policies to support generational diversity, aligning them with the reality in our group and ensuring they are dynamic and flexible based on the data to emerge from the analysis.

We intend, in particular, to create generation-specific training programmes on the Opencafé platform, to launch interfunctional and intergenerational multimedia laboratories, and finally to bring diversity out into the open so that it can be used effectively.

The fact that we have four generations at work also lets us organise Reverse Mentoring projects, in which young people work alongside more expert workers, in order to transfer new know-how, mainly relating to digital technology.



DIGITAL TRANSFORMATION AND DIGITAL SKILLS

We are committed to promoting the importance of digitalisation in terms of professionalism and the spread of digital culture, facilitating the use of technology and encouraging a digital mindset.

We are committed to researching the impact of digital transformation on “traditional” competence models, specifically through:

- A focus on and the development of soft skills, which are more important for digital transformation than technological know-how. The key abilities become transformative vision, forward thinking, and a natural predisposition for change. Our newsletter, #theLeadershipJourney, publishes food for thought to arouse curiosity and the study of digital topics.
- Attracting and retaining talent. We are planning and scheduling meetings, events and special training courses for employees to develop their digital acumen.
- The inclusion of “risk” as acceleration valve in the organisation’s development and change process.



OFFICE RESTYLING

With a view to wellbeing in the workplace, the Milan site office restyling project embraces an open space culture, where relations, interactions and acquaintanceships are more fluid and functional. In this way we intend to:

- Encourage collaboration and the introduction of lean working methods.
- Improve performance and the corporate climate.
- Strengthen employer branding, image and the ability to attract talent more effectively.
- Reduce costs through flexible seating.

The office restyling features special call booths (away from work desks) to encourage concentration and allow the other employees to work in peace, a relaxation area to improve wellbeing, and digital technology to support team and smart working.

OUR NUMBERS

[GRI 102-8]

WORKFORCE

[GRI 102-7] The total number of employees is 1.872, an overall rise on 2015 (+5%). The upward trend was particularly strong among women (+8%), who represented 42% of the total workforce in 2017.

WORKFORCE BY GENDER			
	2015	2016	2017
Women	743	726	787
Men	1.055	1.061	1.085
Total	1.798	1.787	1.872

[GRI 405-1] White collars are the biggest category in the workforce and represent 84% of the total. 44 employees are in protected categories.

WORKFORCE BY CATEGORY						
	2015		2016		2017	
	Uomini	Donne	Uomini	Donne	Uomini	Donne
Apprentices	69	80	21	21	31	20
Blue collars	53	11	40	15	59	13
White collars	809	606	894	657	861	704
Line managers	85	39	75	31	99	42
Managers	39	7	31	2	35	8
Total	1.055	743	1.061	726	1.085	787

[GRI 405-1] The most populous age band in Sisal is 30-50 years old, covering 64% of our employees.

WORKFORCE BY AGE		
	2016	2017
<30	290	410
30-50	1.213	1.189
>50	284	273
Total	1.787	1.872

[GRI 405-1] Out of 1,663 employees with open-ended contracts (89% of the total), 84% work full time.

WORKFORCE BY TYPE OF CONTRACT						
	2015		2016		2017	
	Uomini	Donne	Uomini	Donne	Uomini	Donne
Full-time	903	476	914	485	905	492
Part-time	95	229	67	194	69	197
Total	998	705	981	679	974	689

[GRI 401-1]

TURNOVER

In 2017, outgoing turnover stood at 11.08%.

NEW RECRUITS BY GENDER						
	2015		2016		2017	
Women	67	40%	42	33%	122	44%
Men	103	60%	85	67%	157	56%

NEW RECRUITS BY GENDER				
	2016		2017	
<30	62	48,8%	171	61%
30-50	57	44,9%	79	29%
>50	5	6,3%	29	10%

TURNOVER BY AGE			
	2015	2016	2017
Women	49%	52%	43%
Men	51%	48%	57%

TURNOVER BY AGE BAND				
	2016		2017	
<30	32	37%	82	41%
30-50	50	57%	100	51%
>50	5	6%	16	8%

[GRI 404-1]

TRAINING*

AVERAGE HOURS OF TRAINING BY CATEGORY*			
	2015	2016	2017
Apprentices	0,2	0,5	0,7
Blue collars	0,2	0	3,8
White collars	8,1	7,1	7,6
Line managers	32,6	36,5	25,6
Managers	21,7	20,2	19,8

*DATA RECALCULATED AFTER CHANGE TO FORMULA

AVERAGE HOURS OF TRAINING BY GENDER*			
	2015	2016	2017
Women	9,4	9,7	7,3
Men	9,1	8,8	10

*DATA RECALCULATED AFTER CHANGE TO FORMULA

HEALTH AND SAFETY

[GRI 103-1, 103-2, 103-3]

Although this isn't a particularly critical issue, given the nature of our business, we are serious about our commitment to ensuring health and safety in the workplace and we work on a daily basis so that all our people operate in a safe and comfortable environment. The culture and values we have promoted over the years have consolidated good practices that comply with the provisions of the law, which are enforced through strict controls.

[GRI 403-2]

RATE OF ABSENTEEISM			
	2015	2016	2017
Rate of absenteeism	6,50%	5,80%	4,7%

[GRI 403-2]

ACCIDENTS			
	2015	2016	2017
Number of accidents	17	34	45

[GRI 403-4]

TRADE UNION AGREEMENTS ON HSE ISSUES			
	2015	2016	2017
Trade union agreements on HSE issues	1	1	1
Total number of agreements with the trade unions that cover/include health and safety issues	1	1	1
Percentage of agreements that cover/include health and safety issues	100%	100%	100%

OUR COMMITMENT TO THE COMMUNITY

Our company was born over seventy years ago out of three journalists' desire to give back hope and a carefree spirit to a population battered by the war, in the hope of re-establishing relations between people and contributing to the rebirth of Italy.

That is why our relationship with Italians represents one of the cornerstones of our approach to business. We have an ongoing commitment to keep our conversation with local communities alive, by promoting innovation, sharing and social integration. These values have guided our sustainability programme over the years and our initiatives with these communities, with a view to mutual enrichment.



OUR MODEL

With the aim of promoting and reporting on the initiatives financed by the Group and the value created for the community, in 2017 we launched a process to identify and classify CSR-related investments. We identified categories of expenditure by analysing the currently used method of reporting on investments relating to CSR initiatives, with benchmarking against best practices and standard reporting frameworks.

The programme identifies four action areas:



Culture and the Arts, involving contributions to institutions (e.g. theatres, museums, exhibition galleries, etc.) to support the promotion and protection of artistic activities.



Sport, involving contributions to organisations and activities to support the promotion, protection and diffusion of sporting initiatives.



Innovation, Talent and Scientific Research, involving contributions to the school and university system, projects to promote and support research and development, contributions to hospitals and other entities working in the area of healthcare, disease prevention, and the promotion of scientific research.



Social solidarity, involving contributions to organisations and activities that promote economic/social development (e.g. job creation projects) and provide support for the weakest members of society.

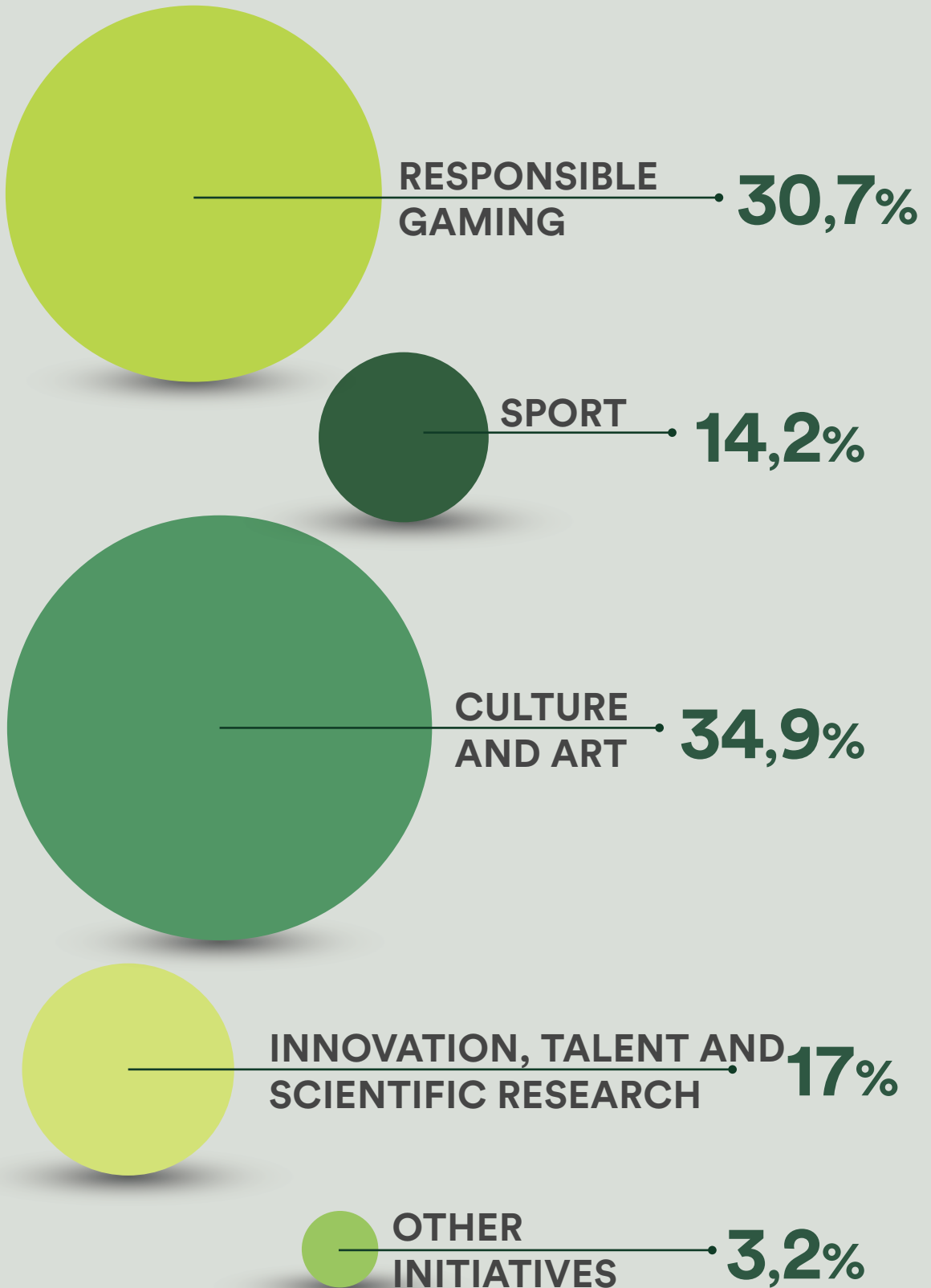
Our commitment also translates into the development of and support for a balanced and responsible gaming model that is discussed in the next section.

THE SUSTAINABILITY COMMITTEE

The Committee, coordinated by the Marketing and Communication Office, defines and supervises the Group Sustainability model in terms of sharing and approving strategic guidelines.

In addition to the Marketing and Communication Director, its members are the Business Unit Directors and the Human Resources and Organisation, Institutional Relations, Legal and Corporate Affairs, Internal Audit and Risk Management, Safety, Security and Anti Money Laundering Directors.

BREAKDOWN OF INVESTMENTS IN OUR COMMUNITIES



CULTURE AND THE ARTS

The central role of people and their leisure time is one of the priorities of our responsible approach: our cultural initiatives, which revolve around the world of art and the theatre, strive to promote the value of Italian art and encourage the development of young people according to values of equality, respect and socialisation.

PICCOLO TEATRO

Since 2009, we have been offering the Piccolo Teatro di Milano our support in initiatives that provide opportunities for young people to meet cultural leaders. Sharing a desire to support positive socialisation with the Piccolo Teatro, Sisal is Special Partner to Chostro Nina Vinchi di via Rovello, Milan, a favourite meeting point for young people, students and theatre lovers that hosts presentations of the works staged at the Piccolo Teatro, workshops, readings, cycles of theme sessions and cultural exhibitions.

In the framework of our partnership with the Piccolo Teatro, we also promote the "A teatro con Sisal" initiative as an integral part of our corporate welfare offering, with the aim of spreading the culture of theatre and of giving those interested in acting the chance to find out more and share their passion with their co-workers.



OTHER CULTURE AND ART INITIATIVES

In 2017, we also offered our support to Spazio Teatro No'hma - Teresa Pomodoro (Milan), Teatro Olimpico (Rome), Amici Della Scala, and the Corsera Foundation.

SPORT

In Sisal, sport means first and foremost fun, competition and fair play. The positive values associated with sport, which were the driving force behind the creation of the Sisal play slip in 1946, are the same values on which Sisal, in recent years, has built its development programme for local initiatives.



LIBERI NANTES

In 2017, we continued to support the Liberi Nantes association, which promotes the values of friendship, sharing and debate among refugees and asylum-seekers. The Liberi Nantes football team was established in 2007 and is the only Italian amateur sports club to be recognised by the UNHCR. It offers refugees and asylum-seekers a remarkable opportunity to make friends, exchange views and socialise by playing sports. In 2010, the Association was assigned the storied XXV Aprile sports centre built in the 1960s in the Pietralata district of Rome, which Liberi Nantes is committed to returning to the local community.

WOMEN'S FOOTBALL AND REBIBBIA

The "We All Football" project has a mission to raise community awareness about gender equality and equal opportunities in the world of sport. By organising entertaining challenges between the male and female worlds, the project aims to demonstrate that passion and expertise have no prejudices and that sport cannot be reduced to a question of gender. In the framework of this initiative, Sisal Matchpoint has decided to actively support Brescia Calcio, a point of excellence in Italian women's football, and Rebibbia prison, with the donation of new changing rooms to encourage the practice of sport, and women's football in particular, inside the prison.

OTHER SPORTS INITIATIVES

In 2017, we promoted the positive values of sport and helped support amateur initiatives in the form of three basketball teams (A.S.D. Pisaurum 2000 Basket Club, A.S.D. Basket, S.S.D. Reyer Venezia Mestre S.P.A.), three football teams (A.S.D. Football Club Sorrento, A.S.D. Femminile Rimini Calcio, A.S.D. Real Caramagna), two cycling clubs (G.S.C. Viris Vigevano, A.S.D. Ciclimontanini.It Snc) and two hockey associations (A.S.D. Hockey Club Roma, A.S.D. Hockey Femminile).

INNOVATION, TALENT AND SCIENTIFIC RESEARCH

Promoting talent and educating the new generations to build tomorrow's world is a very important commitment for us. We believe in young people, in their talent and in their abilities, because they hold the key to fair and sustainable development. The sheer reach of our network on the ground gives us the chance to embark on effective awareness and fundraising campaigns with the public, most importantly to support scientific research into serious diseases.



FONDAZIONE ITALIACAMP

In 2011, we and other leading companies decided to set up ItaliaCamp to promote social innovation initiatives that offer new answers to real questions raised by the community.

- The main objectives are to:
- Make an active contribution to the development of a different participatory consciousness through an innovative engagement model.
- Identify and support the training of new leaders who work in the real world for the good of the country.
- Promote ideas that focus on the public, based on the principles of social, environmental and economic sustainability.

OTHER INITIATIVES TO SUPPORT INNOVATION

In 2017, we promoted innovation, talent and scientific research to support: Digithon, Innovation School, Talent Garden Milano and Bari University.



AIRC

Our partnership with AIRC began 18 years ago and last year, once again, we offered AIRC access to our retail network, in order to collect donations to support research in the fight against cancer. A total of €14,005 was raised.



FONDAZIONE VERONESI

For the sixth year running, we promoted the “Pink is good” initiative across our network to support scientific research in the fight against breast cancer. A total of €13,435 was raised in 2016.



TELETHON

Our partnership with Telethon is now in its 13th year and in 2017 we continued to support the Foundation’s #presente initiative to raise funds for scientific research in the fight against rare genetic illnesses. A total of €11,422 was raised in 2017.

— Each year our Christmas cards support one of our scientific research partners. In 2017, our contribution went to the Veronesi Foundation.

SOCIAL SOLIDARITY



ARTE NEL CUORE

In 2017, we again helped to support the work of Accademia L’Arte nel Cuore Onlus [Art in the Heart Academy, a nonprofit], the first European art education project with the goal of overcoming cultural and mental barriers between differently and ordinarily-abled people. The association offers a programme of services and activities for disabled people who have artistic talents and who want to develop them in an integrated environment. Our support made it possible to stage the performance on June 20 at the Brancaccio theatre in Rome of “A Midsummer Night’s Dream”, a modern interpretation of the play by William Shakespeare in the framework of the “Integrated Theatre Workshop for disabled adults”.



FIABA

For the eighth year running, we have partnered with FIABA for the “National Fiabaday to eliminate architectural barriers”. The 2017 event, which has the slogan “We teach diversity... we train our future”, promoted innovative initiatives to remove all barriers (physical, psychological and cultural) and spread a culture of accessibility, with a positive knock-on effect on the social and economic system of the whole country.

— In 2017, we also supported the national association “Young people against bullying” and Dynamo Camp.

ENVIRONMENTAL IMPACT

[GRI 103-1, 103-2, 103-3]

Although environmental impact is not a critical area for our sustainability, we believe everyone must make their own contribution to the conservation of our natural capital.

We ask all our employees and suppliers to act in ways that aspire to the correct and balanced use of resources.

We are committed to monitoring and improving our activities on an ongoing basis, with a special focus on initiatives to save energy, cut paper consumption, and reduce pollution and emissions. We also think it is important to use water efficiently.

In 2001, Sisal introduced a quality management system certified in compliance with ISO 9001, with the aim of keeping the company's standards of sustainable management high and of promoting a broader concept of quality, in which the environment too plays a crucial role.



ENERGY

ELECTRIC POWER

[GRI 103-1, 103-2, 103-3]

The consumption of electric power produces our group's biggest environmental impact and we work ceaselessly to implement effective and efficient environmental protection initiatives. After fitting our Milan site with devices to switch the lights on and off automatically and ceiling units with LED lights for corridor lighting, in 2017 we improved the system still further, introducing devices that self-adjust, depending on how much natural light there is, and even turn themselves off if no one is present.

We have also implemented a wider-ranging programme to optimize power consumption in the sites where it is highest. In light of the results of the diagnostic studies performed in 2016, in 2017 we started monitoring the main consumption levels on an ongoing basis, with a view to identifying actions to save energy.

In 2017, the preparation process was also begun to obtain "ISO 50001 – energy management system" certification for the Rome site in 2018.

HEATING AND COOLING SYSTEMS

In 2017, we optimised the heating/air conditioning system at our Rome site and it can now adjust the temperature according to whether or not anyone is in the room. The intelligent Building Management System has also been upgraded to adjust the internal temperature as a function of the external one. This solution has a positive impact not only on consumption, but also on the wellbeing of employees and guests.

EMISSIONS

[GRI 103-1, 103-2, 103-3]

- Our pollution emissions are attributable to power consumption, logistics processes and employee transport. In each of these areas, we have launched initiatives to reduce their impact on the atmosphere.
- [GRI 305-5] **Electric cars:** the electric cars in our fleet are used increasingly by employees to travel for work in a radius of 150 km. The use of these cars has avoided the emission of 3.5 tonnes of CO₂.
- **Car fleet modernisation:** in 2017, we replaced over 100 vehicles in our corporate fleet with more recent models offering lower consumption, in part through the selection of suppliers able to provide vehicles with better performance and lower pollutant emissions.
- **Logistics process optimisation:** in 2016, our logistics division reviewed and reorganised its processes to optimise shipments and eliminate excess consumption when delivering and collecting materials.

PAPER

We are careful about using resources in a sustainable way. Particularly paper, which is the material we use most and is most at risk of waste.

IN THE OFFICE

[GRI 103-1, 103-2, 103-3]

- We continue to encourage our employees to act responsibly and we choose sustainable suppliers for paper and multi-function printer services. Our commitment is put into practice on two main fronts:
- The installation of a central server to optimise printing.
- The introduction of new printer models with more efficient performance.

IN THE SISAL NETWORK

[GRI 103-1, 103-2, 103-3]

- We are also continuously developing initiatives across our network to reduce the impact of our consumption of paper.
- **Recycled paper:** in 2017, we performed tests on the use of recycled paper, which will be introduced at retail sites in 2018. The tests revealed a small economic saving, but a huge benefit in terms of reduced environmental impact, particularly with regard to the consumption of water and wood, in comparison with the amount used to produce ordinary paper.
- **FSC®* Certification:** our retail network uses a large amount of thermal paper and all our suppliers of gaming materials are certified.
- **Stock Store Programme:** this programme, introduced in 2013, manages stock control and materials reordering at retail points, as well as monitoring paper consumption.
- **Digital signature:** the implementation of digital signature technology for contracts relating both to the distribution network and gaming terminals reduces the need to print documents and therefore paper consumption.

WASTE

[GRI 103-1, 103-2, 103-3]

Adopting an environment-friendly attitude is perhaps more difficult where the impact and risks of not doing so cannot be seen immediately. For waste to be collected correctly from retail points and offices, employees must be involved in the process at cultural rather than merely practical level. That is why Sisal implements accountability initiatives at all levels. For example, separate recycling containers for glass, plastic, aluminium and paper are provided in all eating areas and near printers, in the latter case with a special container for toner and used consumables.

To maximise results, in a joint initiative with waste collection operator AMA S.p.A., the Rome office has organised special training sessions for staff and the company’s office cleaners. Preparatory work to obtain “ISO 14001 – environmental management system” certification in 2018 has also had a positive influence on waste management at our Rome site.

Finally, in 2017, training sessions were also launched for resources working at Sisal’s technology hubs.

OUR NUMBERS

[GRI 302-1]

ENERGY CONSUMPTION IN THE ORGANISATION (MU: GJ)			
	2015	2016	2017
Gasolio per riscaldamento**	2.130	2.470	2.793
Diesel fuel	nd	19.834	26.469
Electric power	82.800	80.280	87.120
Natural gas	nd	4.232	4.477
Total consumption	84.930	106.817	120.859

*The FSC® mark certifies that paper is sourced from forests managed in a correct and responsible manner, in accordance with strict environmental, social and economic standards.

**Milan site

[GRI 303-1]

WATER CONSUMPTION (MU: M3)			
	2015	2016	2017
Milan site	nd	16.185	16.721
Rome site	nd	7.265	5.571
Total	nd	23.450	22.292

[GRI 305-5]

GHG EMISSIONS REDUCTION (MU: CO2 x t)			
	2015	2016	2017
Use of energy from renewable sources	14.600	8.930	8.478
Use of electric cars	3,5	3,5	3,5
Total	14.603,5	8.933,5	8.481,5

[GRI 306-2]

TOTAL WEIGHT OF WASTE (MU: KG)			
	2015	2016	2017
Non-hazardous waste	382.000	251.200	196.909

MITIGATION OF THE ENVIRONMENTAL IMPACT OF PRODUCTS AND SERVICES				
	MU Meters Number	2015	2016	2017
Number of FSC certified gaming materials suppliers out of the total	%	100%	100%	100%
Use of energy from renewable sources	%	Certified "100% Clean Energy"	Certified "100% Clean Energy"	Certified "100% Clean Energy"
Total consumption of thermal paper	Meters	110.398.344	140.549.928*	127.066.128
Total shipments	Number	453.641	467.958	441.866**

*In 2016, there was an increase in the total consumption of thermal paper due to the inclusion of information notices when printing consumer receipts.

** In 2017, despite an increase in the total number of retail points, there was a reduction in the number of shipments compared with the previous year, resulting in part from the use of the Stock Store programme.

THE SISAL NETWORK

Our network has grown, driven by a differentiated and personalised commercial offering, with the aim of developing the potential of each individual point of sale. We invest constantly in the quality of the network, working to develop the professional skills of retailers and give them a leading role to play in the sales process.

Our 48,432 points of sale are split into two physical channels: branded and affiliated.

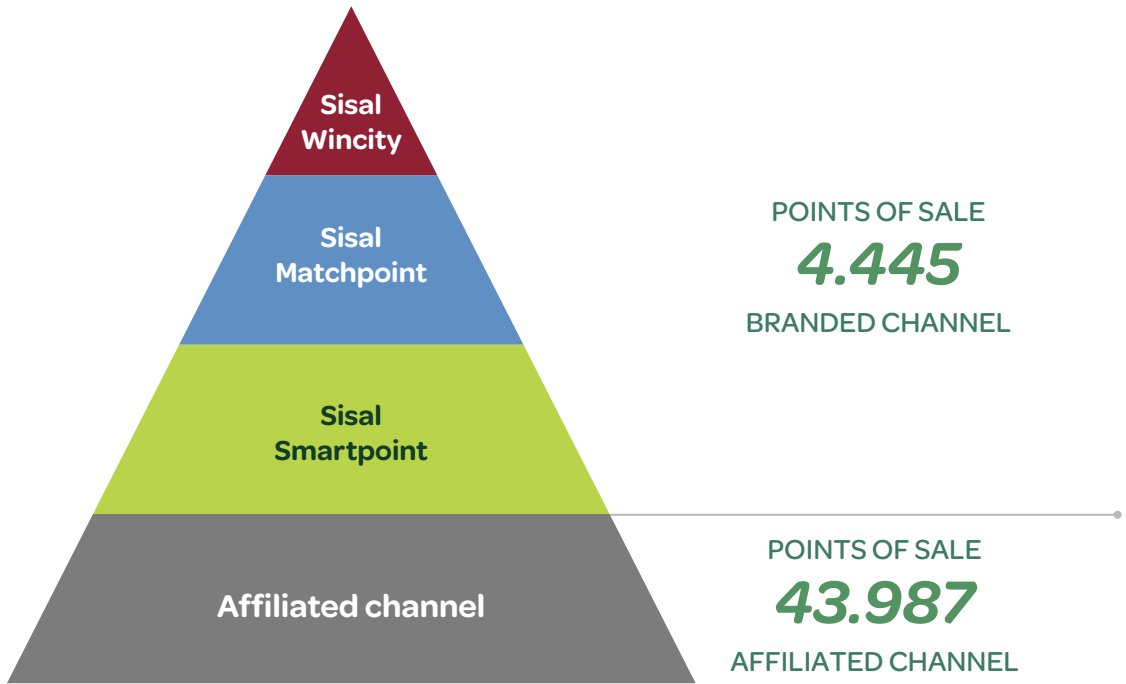


THE RETAIL NETWORK

Our network has grown, driven by a differentiated and personalised commercial offering, with the aim of developing the potential of each individual point of sale. We invest constantly in the quality of the network, working to develop the professional skills of retailers and give them a leading role to play in the sales process.

Our 48,432 points of sale are split into two physical channels: branded and affiliated.

LA RETE DISTRIBUTIVA		
	2016	2017
Sisal Wincity	24	24
Matchpoint Agencies	364	372
Horse race and sport betting corners	3.535	3.273
Sisal Smartpoint	763	776
Total branded channel	4.686	4.445
AWP and VLT only outlets	3.519	3.636
Gaming and services outlets	29.562	32.341
Services only outlets	7.103	8.010
Total affiliated channel	40.184	43.987
TOTAL	44.870	48.432



BRANDED CHANNEL

[GRI 102-7] There are 4,445 points of sale in the branded channel. Direct contact and communication with customers gives us a better understanding of their needs and expectations, allowing us to develop a retail strategy for the channel that ensures sustainable business development.



Sisal Wincity is an innovative channel based on the “Eat, Drink and Play” model, combining gaming, food and beverages, and entertainment. Wincity outlets are located in the main Italian cities, including Milan, Rome, Turin, Brescia, Pescara, Florence Catania and Bologna.



Sisal Matchpoint is the brand dedicated to horse race and sports betting and to virtual races.



Sisal Smartpoint was launched in 2014 and intends to offer an innovative entertainment experience based on the latest technology. It offers the full range of lottery products and AWP machines, as well as all payment services.

AFFILIATED CHANNEL

[GRI 102-7] Our products and services are also available in 40,184 third party points of sale with which Sisal has established close and longstanding business relations. Their sales of gaming products and payment services are essential in reaching a broader public.

SISAL CARES ABOUT ITS NETWORK

We are committed to establishing and maintaining an ongoing conversation with retailers, to understand their needs and provide them with updates and training.

We talk with the network through three direct channels:

CONTACT CENTER

- A dedicated service with controlled access to ensure full confidentiality. Staffed by a network of experts who receive regular training, in 2017 the Contact Center service achieved the following results:
- **Service Accessibility:** 96.1% of contacts managed
- **FCS (First Call Solution):** 90.1% first call solutions provided to requests for account, administrative and commercial information
- **SLA (Service Level Agreement) with Customs and Monopolies Agencies:** 99.96% compliance for lottery game information requests.

THE RETAIL PORTAL

The retail area is supported by a dedicated portal for Sisal retailers (www.rivenditorisisal.it), who can connect at any time from personal computers, smartphones, tablets and other mobile devices to access information about Sisal products, accounting data for their retail point (packing lists, commissions and invoices) and useful promotional materials, including posters with the results of competitions and winnings. In 2017, the portal reported on average over 10,700 unique monthly logins.

RETAIL POINT SITE SELECTION CRITERIA

We select our retail points very carefully, based on features we think are optimal, i.e. that they are in strategic, highly-trafficked locations and have sufficient space.

The business acumen of retailers plays a key role: we select people with excellent selling skills, proven financial soundness, and the ability to sustain Sisal's values and convey them to consumers.

The entire network is overseen proactively, not only through communication channels, but also with visits by our sales force, which provides ongoing support for each individual business.

RETAIL POINT SITE SELECTION CRITERIA

We select our retail points very carefully, based on features we think are optimal, i.e. that they are in strategic, highly-trafficked locations and have sufficient space. The business acumen of retailers plays a key role: we select people with excellent selling skills, proven financial soundness, and the ability to sustain Sisal's values and convey them to consumers.

OUR SUPPLIERS

The evolution of the gaming and services market has encouraged us to diversify our business, introducing an ongoing new supplier selection process. We are aware that only by engaging in a direct and transparent conversation with our numerous commercial partners can we sustain the innovation of our products and services and generate value across the entire chain, at the same time as complying with the specific regulatory requirements of the gaming industry and the expectations of all our stakeholders.



[GRI 102-9]

THE SUPPLY CHAIN

Sisal's growth and development have always been supported by a network of strategic partnerships between Sisal and suppliers selected because they have the best specialist skills available on the market.

Sisal maintains an open communication channel with its suppliers and shares responsibility with them, working together both to minimise and manage business risks, as well as to optimise products and services in terms of their effectiveness and efficiency.

The gaming and services markets evolve continuously and we are aware that building up our competitive edge also involves the continuous improvement of the products and services we offer and the operating models we follow, in terms of both efficiency and innovation. This entails an open-ended process of searching for and enrolling new suppliers, with a special focus on innovation that adds value.

We carefully monitor compliance with the legal requirements applied to the gaming industry and the expectations of its stakeholders. Achieving this objective requires excellent relations across the entire supply chain and ever better performance from suppliers. We perform evaluation and qualification procedures on all suppliers of materials and services directly affecting end consumers and processes in the framework of the Quality Management System. Suppliers are assessed on the basis of their compliance with the provisions of contracts and orders, as well by monitoring variances between the service levels actually delivered against the levels stipulated by Service Level Agreements (SLAs).

Individual suppliers are assessed and a Vendor Ra-

ting Index is calculated twice a year, by monitoring Service Level Agreements and evaluating various parameters, such as compliance with delivery times and specifications or the correct preparation of technical and administrative documents. This procedure provides comprehensive and ongoing performance monitoring and represents an opportunity for continuous improvement.

All our suppliers are required by contract to comply with the rules and principles set out in the Code of Ethics and Conduct introduced pursuant to Legislative Decree no. 231/01 and available for consultation on the corporate website. This document helps us put our commitment to building a collaborative partnership with our suppliers into practice, in order to provide assurances that both the company's requirements and those of its end consumers are satisfied in terms of quality, cost and prompt delivery.

The Group's suppliers are split into the following purchasing areas, based on the main activities of the Group: Gaming Terminals, Gaming Materials, Logistics and Transport Services, HW Installation and Maintenance Services, Call Center Services, Media, Events, Marketing, Creativity and Market Research, Voice Communication and Data Transmission Services, Hardware and Software, Gaming Platform Suppliers, Consulting and Professional Services, Refurbishment Contracts, Personal and Building/Point of Sale Services, Food & Beverage, Sisal Television.

TOTAL NUMBER OF SUPPLIERS AND VALUE OF SUPPLIES

	MU	2015	2016	2017
Total suppliers	N.	2.730	2.699	2.350
Total value of supply contracts	Mln	186	205	217

[GRI 102-12]

OUR CERTIFICATIONS

In performing our work, our main focus is always the Customer (Points of Sale and Consumers). To guarantee a high-quality experience for our customers and provide a comprehensive and secure offering of gaming and payment services, we have decided to align our operations with best international practices, by embarking on a complex certification programme touching on all areas in which we operate: responsible gaming, information security, quality management, health and safety in the workplace, the environment and energy efficiency.

RESPONSIBLE GAMING PROGRAMME

[GRI 103-2, 103-3]

In 2017, the certification of our **Responsible Gaming** programme was renewed by **European Lotteries (EL)** and the **World Lottery Association (WLA)** at the highest level. The renewal was granted following the independent assessment conducted by PwC to verify the compliance of the initiatives implemented by the Group with the provisions of the European Responsible Gaming Standard issued by EL.

The standard identifies the key issues for gaming operators to promote responsible gaming and groups them into eleven sections. The most important of these are participation in research projects to understand the issues linked with problem gaming, the development of specific training programmes on responsible gaming issues for employees and the retail network, the creation of games based on an approach designed to reduce risk, the development of commercial communications in accordance with the principles defined in applicable legislation, and the engagement of stakeholders in initiatives to raise awareness about responsible gaming issues.



WORLD LOTTERY ASSOCIATION
CERTIFIED
WLA RESPONSIBLE GAMING
FRAMEWORK
LEVEL 4 / VALID UNTIL 2020



QUALITY MANAGEMENT SYSTEM

[GRI 103-2, 103-3]

An ongoing focus on quality and improving consumer satisfaction represent fundamental goals with a view to sustainable growth and better customer retention.

As far back as 2001, we decided to certify the processes that have an impact on customer satisfaction according to standard **ISO 9001**. Since then, the situation and stakeholder expectations have changed, as we have and will continue to do. We believe that satisfying our customers is only possible through sustainability in the context of the institutional and competitive scenario and an ongoing, transparent dialogue with all interested parties. We use a risk-based thinking approach to identify risk factors and opportunities for aware, preventive management. That is why we are creating a single overarching corporate risk management framework.



ENVIRONMENTAL MANAGEMENT SYSTEM

[GRI 103-2, 103-3]

We are committed to minimising our impact on the environment and so making an active contribution to reducing the potentially risky effects for our ecosystem. That is why we have introduced an environment management system that goes beyond compliance with legal requirements, developing projects and initiatives addressed to improving the corporate culture and awareness about environmental challenges.

We are only at the start, but certification according to standard **ISO 14001**, obtained in April 2018 at our Rome site, has recognised our commitment to safeguarding natural resources and preventing pollution.



HEALTH AND SAFETY IN THE WORKPLACE MANAGEMENT SYSTEM

[GRI 103-2, 103-3]

People lie at the heart of our company. We are committed on a daily basis to ensuring

our resources work in an environment in which health and safety are the first concerns.

Not only in terms of legal compliance, but through a virtuous risk management system designed to prevent accidents, injuries and professional illnesses.

Confirming this commitment, in April 2018, Sisal's Rome offices were certified in compliance with standard **OHSAS 18001**.



ENERGY EFFICIENCY MANAGEMENT SYSTEM

[GRI 103-2, 103-3]

We are working to improve energy efficiency and to use alternative sources, keeping a close eye on the costs incurred. We have set ourselves ambitious energy consumption and greenhouse gas containment targets. In this process we have been helped greatly by the introduction of the energy management system, certified in April 2018 at the Rome site in compliance with standard **ISO 50001**.



INFORMATION AND CYBER SECURITY MANAGEMENT SYSTEM

[GRI 103-2, 103-3]

One of the most important issues for businesses that make massive use of digital

channels is the security and reliability of their personal data management system.

That is why, since 2013, we have certified all the work performed to protect consumer data and why we are committed to ensuring the integrity and confidentiality of our data channels in a world where the risk of security system breaches is constantly rising. We have appointed a Personal Data Protection Manager (DPO) to analyse the risks we face and ensure that our internal processes are aligned with Personal Data Processing legislation (Legislative Decree 196/2003).

In cyber security, the Chief Information Security Officer (CISO) provides strategic vision and defines the information asset protection programme in such a way as to drive the ongoing improvement of processes to mitigate the cyber security risks that face Sisal. For this reason, the CISO and their organisation work in synergy with Management, Business Partners, Human Resources, Internal Audit and Risk Management, as well as the Legal area.

To formalise and certify our commitment to the issues set out above, we are the subject of ongoing audit and checkup processes by independent entities to maintain the following certifications:

- WLA-SCS:2012 – certification issued by the World Lottery Association in compliance with specific gaming sector and international lottery standards.
- ISO27001:2013 – certification of the information security management system.
- PCI-DSS – international certification issued by the PCI Security Standards Council, involving checks on system strength and payment protection security measures.
- ISS SGAD – certification of the gaming platform requested by the Remote Gaming Office of the Gaming Taxation and Monopoly Central Office.



DID YOU KNOW THAT...

The 2015 and 2016 Sustainability Reports received “Sustainability Report Condacons OK” recognition for their fair and transparent consumer communication in the form of a special Letter to Consumers.



SISAL CERTIFICATIONS

Certification	Description	Date obtained	Perimeter	Benefits
ISO 9001	Quality Management System - Focus on customer satisfaction	October 2002	SISAL S.p.A.	<ul style="list-style-type: none"> • Focus on customer satisfaction and interested parties • Risk-based approach • Continuous process improvement approach
ISO 9001	Quality Management System - Focus on customer satisfaction	October 2002	SISAL Entertainment S.p.A.	<ul style="list-style-type: none"> • Focus on customer satisfaction and interested parties • Risk based approach • Continuous process improvement approach
ISO 27001	Information Security Management System	July 2013	SISAL S.p.A.	Improved information security guarantees
WLA - SCS	Specific lottery segment controls	July 2013	SISAL S.p.A	Improved information security guarantees in the lottery segment
OHSAS18001	Health and Safety in the Workplace Management System	April 2018	SISAL S.p.A Rome site	<ul style="list-style-type: none"> • Prevention of accidents, injury and professional illness • Improved guarantees of compliance with legal health and safety legislation (e.g. Legislative Decree 81/08)
ISO 14001	Environment Management System	April 2018	SISAL S.p.A Rome site	<ul style="list-style-type: none"> • Improved environmental protection guarantees • Improved legal compliance guarantees • Improved corporate image • Reduction of costs relating to waste production
ISO 50001	Energy Efficiency Management System	April 2018	SISAL S.p.A Rome site	<ul style="list-style-type: none"> • More widespread energy efficiency culture • Reduction of costs relating to energy consumption • Improved legal compliance guarantees

2 RESPONSIBILITY AND GAMING

THE VALUE OF REPUTATION



Cees Van Riel

Founder Reputation Institute

The context we live in today is permeated by a powerful drive for disintermediation which, in conjunction with the effects of “fake news” and growing polarisation facilitated by digital media, has made emotions more influential than objectivity.

Reputation, in the sense of the emotional bond that companies build with their stakeholders, is increasingly becoming a real competitive lever that can influence the behaviour of these stakeholders (and no longer just their opinions). And when people choose a certain company (to buy, to invest in or to work for), they are increasingly careful about who and what lies behind its products or services. The reputation of a company depends less and less on what it sells and more and more on the perception of its social role, and particularly its responsibility towards people (Workplace), the environment and the society in which it operates (Citizenship), and the transparency and fairness of its actions (Governance).

To be a leader in the Reputation Economy, companies have to put themselves on the line. After the pomp and splendour of announcement politics, companies are chosen today for the social value they create (and talk about only after the fact). This is the great challenge that companies will face in coming years. More and more people have stopped believing in the institutions, in political parties, in trade unions and in trade associations... and now expect companies to tackle the important issues facing society. It is no longer enough today for people to know your name. Companies need to strengthen their emotional bond with stakeholders by taking a stand on important issues (and not only in their sector of industry) and involving them in an innovative vision (of society). They have to find the courage to look beyond a business's short-term profitability. Big companies, even if they work in different sectors of the economy, must have converging interests and approaches in order to propose a medium to long-

term vision, playing a real and credible leadership role in a period characterised by a vacuum in representation. People in Italy are asking for the creation of “shared value”, or a positive contribution to social issues through their products and services. Especially in industries that generate negative comments.

There is a lot at stake. Reputation isn't only the product of a company's communication, but also one of the most effective intangible assets with which to influence stakeholders' choices. In the short term, business challenges are hard to win without the legitimisation of stakeholders. And this licence to operate is increasingly influenced by the emotional bond they have with companies.

That is why reputation is the new “territory” where companies have to stand out from the rest: with their sights set firmly on the future and their feet planted firmly in their history.

AWARENESS AND RESPONSIBILITY

The gaming phenomenon in Italy has grown constantly in recent years, thanks in part to the development of technology and the spread of online games. Against this backdrop, aware of our role and our responsibilities, we are in the frontline to promote safe gaming for all. Specifically, we regard protecting players against problems linked to gaming addiction and the protection of underage children as issues of primary importance, to which we are most committed.



[GRI 102-2]

OUR GAMING OFFERING

LOTTERY



In 2016, Sisal’s storied lottery game was given a makeover, with the introduction of three important novelties: two-point wins, immediate €25 prizes and an even bigger jackpot.



The special SuperEnalotto competition received a makeover in 2016 with the introduction of 12 numbers to play, more frequent prizes and a weekly draw, every Wednesday.



The first Italian lottery to offer a monthly income for 20 years as a prize.



The first game to give consumers the chance to win their dream home as a prize. The formula changed in 2017. The maximum win includes an immediate prize of €200K, in addition to the home.



The first game in Italy that extends the challenge across 18 European countries and offers players the chance to win a huge millionaire jackpot.

ONLINE GAMING



This is the Group’s web platform, offering 500 online games (Betting and Virtual Races, Lotteries and Bingo, Poker and other card games, Casino, Slot and Quick Games) in a safe, secure and consumer-friendly environment, as well as on mobile devices in the form of dedicated applications.

RETAIL GAMING



An innovative channel based on the “Eat, Drink and Play” model. 24 points of sale in the main Italian cities, including Milan, Rome, Turin, Brescia, Pescara, Florence, Catania and Bologna.



This channel offers the full range of Sisal products, with a special focus on betting (horse racing and sports) and on Virtual Races. Over 364 points of sale and more than 3,500 retail corners.



This channel, launched in 2014, offers the entire range of lottery products and AWP machines, as well as all payment services at over 763 points of sale.

CONSUMER PROTECTION

Care and respect for consumers guide everything we do. Our Responsible Gaming Programme represents a central pillar of our customer protection strategy, particularly for the most vulnerable members of society, involving information initiatives, the prevention of problem gaming, education about a responsible approach to gaming, and help dealing with critical gaming-related issues. The Programme is certified in compliance with the highest international standards (see the “Our Certifications” section).



1. RESPONSIBLE GAMING STUDIES

Understanding the size and makeup of the gaming phenomenon and analysing external perceptions of the issue and public awareness about it, are essential to protect the consumer and keep the spirit of fun in gaming. That’s why in 2017 we completed a major study with Codere (a network of bingo and gaming halls) and LUISS university.

The aim of the study is to provide a clear and detailed analysis of gaming in Italy, in order to understand behaviour in relation to gaming with cash prizes. Conducted by Ipsos in the period January/February 2017, the study involved 1,604 respondents aged between 18 and 75, making it possible to identify the number of players potentially at risk of problem gaming behaviour.

Development work on the study will continue in 2018 to consolidate the findings and better understand behavioural trends in Italian players.

DID YOU KNOW THAT...

In Italy, the organisation and operation of games with cash prizes open to the public are the exclusive purview of the State. Licensed gaming market players may operate exclusively under a single-concession agreement, as in the case of lottery games, or under a multi-concession agreement, as in the case of AWP machines, betting, bingo and remote gaming. For each game licenced, the Customs and Monopolies Agency (ADM) requires one or more guarantees to cover all the obligations the licence entails, including the payment of taxes and of prizes to players.

2. AWARE GAME DEVELOPMENT

In 2010, to comply with game design standards defined by European Lotteries, we introduced the GAM-GaRD tool created by GamRes to prepare an accurate assessment of the social risk associated with each game before it is marketed, by analysing its structural features (duration, maximum winnings, frequency of prize draws, accessibility of gaming venues/shops, opening hours, etc.). Based on the results of these tests, we have developed strategies and tools to limit any risk of problem gaming.

In 2017, we introduced a new VinciCasa gaming formula, and in the process of defining the new product, we performed an assessment of social risk. GAM-GaRD returned a positive result, classifying the game in the low risk band, as was the case with the previous formula.

3. HUMAN RESOURCE TRAINING

A key focus of the Responsible Gaming Programme is Sisal's people. We are careful to ensure that our people have an adequate level of awareness and training. Training activities are based on an online platform to which all the necessary course materials have been uploaded, in order to keep our employees up-to-date about the areas of action covered by the Responsible Gaming Programme and about the importance of supporting a balanced gaming model that refuses to accept excess and is careful to protect vulnerable consumers. Online training sessions end with an assessment questionnaire.

4. AN ATTENTIVE RETAIL NETWORK

We work on two fronts (training and information) to keep our network up to speed on the Responsible Gaming Programme.

[GRI 102-13]

Training courses

We believe in network development and in spreading the values of sustainability and social responsibility. For this reason, we promote training programmes dedicated to gaming and service-related topics, with a special focus on regulatory issues and client protection.

Since 2008, self-learning courses can be taken at any time, using an e-learning platform available 24/7. Audio-video lessons, illustrations and exercises provide retailers with an easy way to learn content that can be applied immediately in practice. The training offering consists of six courses in three macro areas: Gaming and Services, Regulatory, Marketing and Communication.

Both the graphics and the content of the e-learning platform are being perfected on an ongoing basis, with a view to engaging with as many retail points as possible and to making the user experience increasingly enjoyable, simple and profitable.

Information materials

All retail outlets are supplied with information materials, including stickers for gaming machines about responsible gaming, the prohibition of underage gaming and the risks of compulsive gaming. We send newly opened points of sale instructions on the use and placement of all materials, and a reminder of the sanctions applied in the event such material is not displayed.

DID YOU KNOW THAT...

To raise the awareness of our stakeholders, in 2017 we devised a training module for our retailers on the subject of responsible gaming, containing a special section on the rules of commercial communication.

5. FAIR AND AWARE COMMERCIAL COMMUNICATION

- We regard responsible, fair and aware communication as an extremely important goal, in light of the impact it has on the public at large. The approval process for our communication campaigns is regulated at group level through a strict internal control and approval procedure applied to all advertising messages, ensuring compliance with legislation and regulations on the subject of responsible gaming.
- Specifically:
- The communication must in no way be addressed to children and must not encourage gaming.
- The communication must promote models of gaming behaviour inspired by a sense of measure, fairplay and responsibility.
- Messages must always state the prohibition of gaming for minors under 18 and must not be broadcast during programmes or on media channels for children.
- Messages must contain clear information about the games and the probabilities of winning.
- Operators must comply with industry regulations (both state and self-regulatory).

Birth of an advertising campaign

Every communication campaign, when finalised, is subject to two controls, one internal by our lawyers and one external by our consultants, to ensure compliance with industry legislation, self-regulatory rules and the highest international standards of responsible gaming.

In addition, before going on air, new advertising messages for which long periods of media exposure are planned (on TV, radio, outdoor, web, etc.) are analysed by the Istituto di Autodisciplina Pubblicitaria (IAP - Advertising Self-Regulatory Institute) to verify their compliance with the IAP Commercial Communication Self-Regulatory Code and specifically with article 28 ter. In 2017, about ten campaigns were assessed by the IAP, each containing multiple messages based on the media channel involved. All the messages were approved by the IAP. Again in 2017, Sisal received no unfavourable opinions or injunctions from the IAP.

THE EVOLVING LEGAL FRAMEWORK

The Istituto di Autodisciplina Pubblicitaria (IAP - Advertising Self-Regulatory Institute) introduces a gaming industry-specific rule (article 28 ter), establishing parameters for commercial communication, including a ban on the encouragement of compulsive gaming, of advertising to children and of suggesting that gaming can resolve financial problems.

The entry into force of the so-called Balduzzi Decree prohibits the “encouragement or celebration of gaming”. The Italian Customs and Monopolies Agency (ADM) provides initial guidance on how concessionary companies must implement the provisions, primarily with regard to the probabilities of winning and the wording of warning messages.

2014

With the publication of its “Guidelines for the Commercial Communication of Games with Cash Prizes”, the IAP aligns itself with best practices in other European countries and with the policies of the European Commission. In the framework of Sistema Gioco Italia, Sisal made an active contribution to the drafting of the guidelines.

2016

On September 7, 2017, the Conferenza Unificata (unified conference between State, Regions and Municipalities) discussed possible action on the subject of “public gaming”, including the possibility of establishing strict rules for promoting gaming, ensuring a unified approach across Italy. The debate involves numerous regional, provincial and municipal laws and regulations. The aim of the process is the issue of a ministerial decree to review gaming sector legislation as a whole.

2012

The European Commission establishes a series of principles that the Member States are invited to enact into law on the subject of gaming, without totally prohibiting gaming advertising, but supporting self-regulation as an effective soft law system (Recommendation 2014/478/UE).

2015

The regulatory framework in which the industry operates is strengthened by the entry into force of the Legge di Stabilità which, as well as establishing criteria and gaming limits very similar to those defined by the IAP Code, has introduced a ban on broadcasting advertisements for games with cash prizes.

2017

6. RAISING PLAYER AWARENESS

Raising the awareness of consumers about the critical aspects of gaming is an integral part of our concept of sustainability. As a leading player in the industry, it is important for us to inform and educate consumers about the correct and responsible use of our products and to promote safe and balanced gaming behaviour.

We provide players with a set of self-limitation and temporary/permanent self-suspension tools, in addition to a personal statement (available in the “My Account” section of their personal area) of all credit and debit transactions over the last three months.

We also promote all Responsible Gaming Programme information and key messages on all our websites (gaming and information sites, the retailer portal and the corporate site).

The website headers and/or footers contain the clearly visible wording “Gaming is prohibited for minors and may cause addiction” and the relative logos. The websites also contain a section dedicated entirely to Responsible Gaming, with:

- Useful information for players about the rules of the game, the probability of winning and the prize structure.
- Detailed information about initiatives to protect minors and about compulsive gaming and gambling.
- Contact details for the service addressed to problem players (free phone number and FeDerSerD service contact details).
- Advice in the form of the Ten Rules for the Responsible Player, which promote a healthy approach to gaming.
- The “What sort of player are you?” self-assessment test, developed with the help of experts to check on your approach to gaming in real time and to offer suggestions.

NEW TOOLS TO PREVENT PROBLEM GAMING BEHAVIOUR

On the back of ongoing digital transformation and the novelties inundating the gaming industry, we have decided to invest in advanced systems and technology that contribute to the development of aware and balanced gaming behaviour.

In 2017, Sisal.it developed software designed to intercept and prevent problem gaming behaviour. The system uses predictive identification to track and analyse the movements of players online and compare them with the historical and transactional data in our entire customer base. This makes it possible to identify irregularity phenomena that may lead to problematic behaviour in the customer.

When anomalies are detected, Sisal takes immediate action at two levels: the user is removed from promotional mailing lists and their profile is tracked to moderate or limit gaming activity.

The software is extremely effective at fighting problem gaming: when applied to historical data, in 93% of cases potentially at-risk customers were identified early, before they went on to request self-suspension.

Tools like this represent another real step forward in creating an ever more sustainable gaming offering.

Last year we gave players an additional self-control option in the form of an automatic email that, when activated by the customer, gives them a summary of the amount spent and won the previous week and the one before that. This gives a player a clear and immediate idea of how much they are playing, without having to keep checking the statement in their personal area.

Finally, as of 2017 year end, it is no longer possible to top-up gaming accounts using anonymous forms of payment, making it even more difficult for minors to use a gaming account registered with an adult’s personal details (unless the adult is negligently complicit).

TEN RULES FOR THE RESPONSIBLE PLAYER

01

Gambling is a way for me to have fun, not to make money.

02

Before gambling I decide how much money I want to spend. I don't play with money I need for my everyday life and only use amounts I can afford to lose.

03

I don't borrow money to gamble. If I lose, I accept the loss as the cost of having fun. I don't add more money to recover my losses.

04

Tactics are pointless, I can't predict the results and I'm aware that the probability of winning is low.

05

I don't lie about how much I spend and lose when I gamble.

06

I decide how much of my day to devote to gambling and I don't have any trouble stopping or taking breaks.

07

Gambling isn't my only leisure activity and it doesn't encroach on the time I devote to my family, friends, sport and hobbies.

08

I don't gamble after drinking or taking drugs.

09

I don't gamble when I feel lonely. I don't gamble when I feel depressed and I don't feel depressed if I don't gamble.

10

I don't think about gambling repeatedly throughout the day, even when I'm not playing.

7. REMOTE GAMING: A FOCUS ON DATA SECURITY AND CHILDREN

As the use of digital gaming channels grows (web portals and applications), so does the need to guarantee security and safety, in terms of both data and the protection of children.

Data security

Over the years, we have introduced cutting edge technology to defend our customers from the fraudulent use of their personal and credit card data, as well as to prevent possible money laundering schemes. The compliance of our online gaming account management system with the “Guidelines for the Certification of Online Gaming Systems”, published by the ADM, is certified by third party specialist NMI Italia BV*, which verifies observance of the principles of transparency and fairness required by current legislation in the operations performed.

*NMI is registered with ADM as an Accredited Verification Entity, authorising it to certify the compliance of the remote gaming systems operated by Concessionary Companies (basic platform, gaming platform and relative games).

Protection of children

The protection of children requires a high level of control. One aspect of our digital security work involves the implementation of technology and tools to prevent children from gaining access to online gaming products.

We perform internal checks on the process of registering for a gaming account and a set of real time checks on personal details, including date of birth and tax code, using the centralised systems provided by ADM. Any applicant who is not an adult Italian citizen with a valid tax code is denied entry.

In a second step, to complete the registration process and enable the company to verify the data entered, the applicant is asked to submit a copy of an identity document. Failure to send such a document prevents the withdrawal of amounts credited to the account and, after thirty days, its automatic suspension.

We have also introduced parental control information notices on our websites, so that parents can prevent their children from visiting gaming websites.

DID YOU KNOW THAT...

Each year the EGR Italy Awards recognise the most innovative and creative operators on the regulated online gaming market. In 2016, Sisal.it was awarded the prize as Best Operator for customer service and care, and Best Operator for Social Responsibility. In 2017 Sisal.it was confirmed as Best Casino Operator.

8. HELP FOR PLAYERS

Recognising that our responsibility extends not only to players, but also to the people close to them, in 2017 we added two new Responsible Gaming sections. The first is for the family and friends of players who have developed psychological, relational or legal problems as a result of compulsive gaming and has the goal of informing them about the possibility of consulting FeDerSerD specialists to recognise the particular signals raised by problem players and help them. The second section is dedicated to parents, with information about parental control functions, i.e. the technological solutions developed to prevent children from visiting gaming websites (and adult-only content in general).

*NMI is registered with ADM as an Accredited Verification Entity, authorising it to certify the compliance of the remote gaming systems operated by Concessionary Companies (basic platform, gaming platform and relative games).

THE RULE OF LAW IN GAMING

The legal framework that regulates the gaming sector is extremely complex and articulated today. National legislation has been joined with ever increasing frequency over the years by regional and municipal laws and regulations which, with differing degrees of severity and scope, impose further limits on legal gaming products.

This proliferation has created a confused and fragmented legal framework, in which operators are forced to review their strategies and lines of action based on the legislation currently in force in each region/municipality in which they operate.

Here at Sisal, we are convinced that an open dialogue with the institutions at all levels (Regions, Municipalities, Police, Interior Ministry, Ministry of the Economy and Finance, Customs and Monopolies Agency) can lead to the definition of consistent, effective and shared solutions in the fight against gaming-related problems and create real value for local areas.



PREVENTION OF AND THE FIGHT AGAINST ILLEGAL GAMING

Illegal gaming, along with addiction, is one of the most sensitive gaming-related issues. It is a phenomenon that harms not only people's safety and security, but also the financial interests of the State. We believe that our commitment to fighting it is part and parcel of acting responsibly. To this end, we work alongside trade associations and local authorities to develop ever more effective projects to promote safe gaming, by analysing and monitoring the potential risks for local areas. Specifically, the company collaborates with the Italian Customs and Monopolies Agency, the industry regulator, to ensure customer protection and the security and transparency of gaming tools and its product offering. We work in three main areas:

ACTION IN LOCAL AREAS

Local area initiatives have the main aim of lobbying the Regulatory Authority on the need for uniform, binding rules applicable to Regional Administrations and Local Authorities. The issues regarded as most in need of attention are:

- Promoting research about the impact on society and the healthcare system of national, regional and municipal legislation regulating games with cash prizes.
- The protection of vulnerable people, by upgrading prevention and control tools and introducing methods of dissuasion and limitation for gaming products.

THE FIGHT AGAINST ILLEGAL GAMING

In the fight against illegal gaming, we have partnered with the Institutions to implement three lines of action:

- The study and analysis of the so-called "parallel gaming network".
- Intensifying education initiatives on the subject of legal and responsible gaming.
- Strict monitoring of anti-money laundering procedures (see "The anti money laundering function in Sisal").

STRENGTHENING CHECKS AND THE PROHIBITION OF UNDERAGE GAMING

The fight against illegal gaming also takes the form of training: we are building and spreading a culture and the practice of responsible gaming, and we work constantly to ensure compliance with the total prohibition of underage gaming. Specifically, we have included a new section in our online gaming website called "helping others", to inform parents about the use of parental control technology.

THE FIGHT AGAINST MATCH-FIXING

Match-fixing is one of our main targets in the fight against illegal gaming.

In recent years we have continued to pursue the activities set out in the "Anti match-fixing formula" project headed by the sports unit of the Italian Prime Minister's Office. Specifically, we contributed to the implementation of the PRECRIMBET project, funded by the European Commission, which has the aim of drawing up a white paper on criminal infiltration of the sport betting sector. The project reveals that bets placed with unlicensed operators in the consumer's home country are an important contributing factor to the growth of the match-fixing phenomenon.

THE ANTI-MONEY LAUNDERING FUNCTION IN SISAL

We are convinced that the fight against illegal gaming and the promotion of appropriate measures to prevent the commission of fraud or money laundering are commitments that must spring first and foremost from within our industry. Which is why, in 2013, Sisal formalised the company's anti-money laundering function by creating a dedicated role in the organisation.

OBJECTIVES

The objectives of the Anti-Money Laundering function in Sisal are to:

- Identify and verify customer profiles adequately, with the application of very strict procedures (for transactions over €1,000 in particular).
- Set up the Archivio Unico Informatico (AUI - Unique Digital Archive), in which identification data and other information about relations and transactions are recorded and stored.
- Send aggregate data to the Financial Information Unit and flag any suspicious transactions.
- Establish internal control measures and ensure adequate employee training.

MAIN GAMING INDUSTRY ACTIVITIES IN 2017

- Review and updating of anti-money laundering procedures for the Retail Betting, ADI-VLT and Online Gaming business lines with regard to the changed legislative framework.
- Continuation of the analysis of the findings generated by risk indicators and name detection activities.
- Delivery through the e-learning platform of anti-money laundering training for all points of sale and the employees of Sisal.
- Management of requests for information from the authorities in connection with anti-money laundering measures.

MAIN PAYMENT SERVICES ACTIVITIES IN 2017

- Review and updating of anti-money laundering procedures with regard to the changed legislative framework.
- Delivery through the e-learning platform of anti-money laundering training for the retail network and head office staff involved directly in Payment Institute activities.
- Identification of new anomaly indicators.
- Anti-money laundering inspections at points of payment.
- Management of requests for information from the authorities in connection with anti-money laundering measures.

NEW ANTI-MONEY LAUNDERING LEGISLATION

Licence holders are required to organise their business activities to comply with rules and regulations in the gaming industry, including anti-money laundering legislation. Legislative decree no. 90, May 25, 2017, which enacts the fourth European anti-money laundering directive, has introduced further risk mitigation measures. For the purposes of this new legislation, licence holders must:

- Identify their customers.
- Verify and update the data acquired.
- Use suitable means of payment to ensure traceability.

We have liaised with the Italian Customs and Monopolies Agency to propose shared market indicators based on the ones we were using internally before the publication of the new anti-money laundering guidelines.

THE REGULATORY AUTHORITY: THE ITALIAN CUSTOMS AND MONOPOLIES AGENCY

In 2002, the Italian state assigned responsibility for the regulation and control of the entire Gaming and Tobacco segment to the Customs and Monopolies Agency (ADM).

The Agency is tasked with:

- The development of initiatives to fight unlawfulness.
- The definition of development guidelines for the industry.
- Constant monitoring of gaming concession companies to ensure they are operating correctly.
- Taking action in the form of sanctions if the obligations set out in concession agreements are not fulfilled.

To ensure the security and protection of customers, as well as to fight illegal gaming, the Agency receives support from Società Generale di Informatica (Sogei), the technology partner of the Italian Ministry of the Economy and Finance.

Sogei uses its control systems to verify that the concessionary companies have discharged their duties and represents a guarantee of transparency and legality for end users. Sogei has also implemented automatic transaction systems that are permanently connected to operators' platforms, allowing it to manage the Italian public gaming segment, not least in terms of the tax revenue generated by the industry.



3 THE CHALLENGE OF PAYMENT SERVICES

THE REVOLUTION OF TECHNOLOGICAL INNOVATION IN SOCIETY



Maurizio Pimpinella

President, APSP (Association of Payment Service Providers)

2017 was a year of fundamental importance for the entire digital segment and can be summed up in four key words.

In the first place, growth (9%) was reported in the **digital payment** segment, generating a market worth €190 billion and a boom in mobile (+63%) and contactless (+700%) payments. Recognising the importance of digital payments, players in very diverse industries today, from mobility to tourism and logistics, are beginning to compete in an embryonic form with banks and ecommerce businesses, which used to be the only 'giants' with knowledge about our purchasing behaviour and habits. Today, however, over-the-top providers are eating dinner and taking holidays with us. They know the news we're interested in and our political leanings from the magazines we read. And they know the people we socialise with and our hobbies. Adding a payment to access these services is a purely technical exercise. Facebook, for example, has sufficient resources and expertise to become a Central Bank of Ireland-compliant e-Money Institution.

Faced with this situation, the response of many banks continues to be inaction, when instead they should be renewing their distribution models and identities around the user experience, and learning to establish a relationship with customers, often millennials, who can't see any difference between one bank and the next in terms of the services they offer, and who prefer to pay using the financial tools offered by players like Google, Amazon, Apple and Paypal, because they're seen as simpler or cheaper. And with the entry into force of the **PSD2** (Payments Services Directive 2 EU), banks also have to work with new fintech operators in the key area of the portability and sharing of customer data. With the creation of a single integrated payment service market and the introduction of innovative digital technology, big international players like Google, Facebook, Amazon and Alibaba, which already have a huge amount of data (the **Big Data** we keep hearing about), may soon have access to customers' banking data too. And, in fact, the goal of the European PSD2 directive is to create the right conditions for the implementa-

tion of the so-called open banking model, in which information is shared, after receiving the customer's approval, with other subjects that are not necessarily financial intermediaries, including fintech companies offering alternative payment methods.

Cryptocurrencies and **blockchains** are on everyone's lips. The pace of innovation is dizzying and while on one hand we need this speed of progress, on the other it becomes even more important to stop and understand what lies behind it. The Association I represent is developing strategic partnerships with industry players and universities to study this technology and its future applications. On the digital payment front, banks are rightly looking to blockchain technology for a massive reduction in costs, but the real question is whether or not consumers are prepared to use a system that no longer revolves around banking institutions. Blockchains have an infinite number of uses, including share trading and the replacement of notary documents, but there is still a long way to go before people's lives can be simplified without compromising their security.

In conclusion, we have to admit that notwithstanding technological progress and constant, albeit slow, growth in the digital segment, Italy continues to lag behind the curve on international markets in terms of the popularity of electronic payment tools. I am convinced that Italy will only return to average European levels when it invests in education, digital literacy and the culture of innovation, not only for end users, but most importantly for the professionals and employees who work in the public administration.

SISALPAY: SERVING THE PUBLIC

For over 70 years, we have been an integral part of Italians' everyday lives, which means we are particularly sensitive to the evolution of society and consumption. Digital technologies are changing not only the way we consume products and pay for them, but also our relationship with services. Institutions and businesses are no longer guiding the preferences of the public and consumers. On the contrary, people themselves are driving organisations' decisions and expressing the clear need to simplify everyday tasks. We have decided to seize these new challenges and provide the public with an effective answer by transforming our business in order to offer new services. We have therefore become a Payment Institute and offer, as the SisalPay brand, which leads the market today in the convenience channel (cafes, tobacconists and newsagents), a payment service that is innovative, simple, secure and integrated, with the support of our digital infrastructure.



OUR NUMBERS



OVER
40.000
POINTS
OF SALE



OVER
200 MLN
TRANSACTIONS
HANDLED ANNUALLY



500
PAYMENT
SERVICES



100
PARTNERS

[GRI 102-2]

SISALPAY'S DISTINCTIVE OFFERING

The result of a carefully-planned repositioning of the old Centro Servizi brand, SisalPay was launched in 2012 and is now the commercial brand dedicated to payment and e-money services, as well as being a strategic feature of our offering. Our role is therefore that of a privileged point of contact between the public, business and the public administration, managing payments in a reliable, secure and certified way.

We offer:

Services regulated by the Bank of Italy that Sisal Group offers in its capacity of Payment Institute:

- Payment Services: utilities, taxes, school fees, loans, financing, bills.
- Payment Cards: prepaid credit card top ups.

Commercial Services: Top-ups: prepaid phone cards, international phone cards and Pay TV.

SisalPay plays an important role today in Italy's digital transformation. We stand out on the domestic market for our convenience, ease of access and multichannel approach. We provide the country with an important technological infrastructure of unparalleled local reach and have developed a series of online services to supplement the retail experience. In this way, we contribute on a daily basis to transforming Italians' consumption habits and work constantly to simplify the payment experience.

SECURITY, RELIABILITY AND TRANSPARENCY

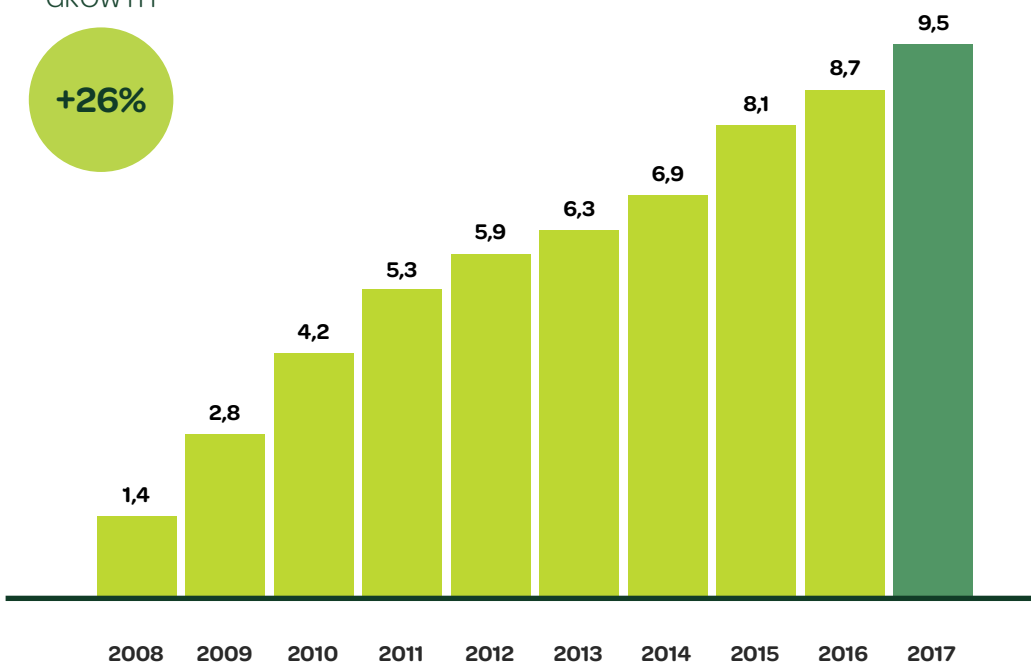
We are a Payment Institute approved and supervised by the Bank of Italy. That is why we guarantee customers the highest levels of security provided by a reliable and transparent payment system. We have a technologically advanced and certified network that is fully compliant with international user protection standards.

SisalPay is a model of success today, reporting turnover of €9.5bn in 2017, or 53% of total Sisal Group billings.

SISALPAY TURNOVER

(€bn, 2008-2017)

AVERAGE ANNUAL GROWTH



THE SISALPAY NETWORK

CONVENIENCE NETWORK

With our local reach, we have developed a convenience network for digital payments that has become a habit for Italians, standing out from traditional channels for its flexibility, accessibility and security.

We provide Italy with:

- Over 40,000 retail points in cafes, tobacconists and newsagents across the country, all equipped with Contactless/NFC technology to guarantee transaction traceability and transparency and reduce the cost of working with cash.
- Over 7,000 “Service Only” points of sale for payments and services, equipped with an innovative compact terminal featuring Made in Italy design and technology.

We also help retail points evolve. In 2017, with an investment of over €20 million, we implemented advanced technology and services that are even better aligned with people’s needs.

The next frontier is connected with the digitalisation of the retail store experience. If the e-commerce boom took points of sale online, Net Retail is now giving online resources a leading role to play in stores. e-commerce has changed the habits and mentality of millions of consumers, who now expect an omni-channel consumption experience that integrates physical and online networks. Our knowledge about the consumer, the local reach of our physical network, our digital assets and the major investments in technology we are making put us in a privileged position to seize this challenge and succeed.

PROMOTING DIGITAL CULTURE

To complete our customers’ experience and seize the macro trends generated by growth in mobile payments, on one hand, and the rising penetration of digital devices, on the other, we have integrated online services into our physical network.

The Sisalpay.it portal lets users manage their payments 24/7 with the help of additional functions like the payment receipt archive.

THE NEW SISALPLAY APP

Presented to consumers as a bridge between retail and online worlds, it represents an ecosystem of digital services enriched with new functions that add value for all consumers, including those who use the retail channel. The new “Archive Receipt” function lets users digitalise and archive paper receipts for payments at SisalPay retail points, in complete security and in a format recognised by the law, for 10 years. With “Snap and Pay”, users can pay bills simply by taking a photograph of them. And the “Quick Top-Up” function means they can save the top-up details they need most frequently and present them at retail points in the form of a QR code, saving the operator from having to re-enter the value and phone number on the terminal. These are all services that make managing expenses simpler for consumers and everyday operations easier for retailers.



We create, share, stimulate and promote digital culture, not least by:

- Training our retailers.
- Introducing new services for the Public Administration.

INITIATIVES TO PROMOTE DIGITALISATION

- We are partners of Magic Wand, the accelerator programme for fintech and insurtech startups launched by Italian business incubator “Digital Magics”. This is how we intend to intercept the most promising value-generating startups, with a view to developing cooperation opportunities and assessing investment possibilities.
- We collaborate with Talent Garden to encourage and promote open innovation strategies.
- We are contributing to research with Italy’s top universities and research

CASHLESS APPROACH

The development of traceable, secure electronic payments brings multiple benefits, ranging from a reduction in the cost of cash (€10bn annually in Italy today) to the emergence of the black economy. More in general, the spread of e-money stimulates innovation and modernisation in Italy.

Our group is a firm believer in and promoter of the Cashless Society, with ongoing investments in people, skills and technology. All our affiliated outlets are equipped with latest generation POS terminals and ours is one of the biggest e-money networks in the country as a whole.

SISALPAY PLAYS A LEADING ROLE IN ITALY'S CASHLESS EVOLUTION

e-money transactions on the SisalPay network now represent over 20% of the total (against the Italian average of 14%) and continue to report double-digit growth year on year, making a significant contribution to national development and the implementation of the Digital Agenda. Based on the report prepared by the official monitoring unit, 86% of payments in Italy are still cash-based, but new technology is encouraging change, with the growing use of payment cards and mobile phone payments, which reported growth of over 48% from 2012 to 2016.

SISALPAY AND ITS COMMITMENT TO THE PUBLIC ADMINISTRATION

The result of a carefully-planned repositioning of the old Centro Servizi brand, SisalPay was launched in 2012 and is now the commercial brand dedicated to payment and e-money services, as well as being a strategic feature of our offering. Our role is therefore that of a privileged point of contact between the public, business and the public administration, managing payments in a reliable, secure and certified way.

We offer:

- Payment services for utility bills, fines, taxes, pay TV and consumer credit.
- Top-ups for the main Italian and international mobile phone services and international telephone cards.
- Top-ups for prepaid credit cards.

SisalPay plays an important role today in Italy's digital transformation. We stand out on the domestic market for our convenience, ease of access and multichannel approach. We provide the country with an important technological infrastructure of unparalleled local reach and have developed a series of online services to supplement the retail experience. In this way, we contribute on a daily basis to transforming Italians' consumption habits and work constantly to simplify the payment experience.

The European Union's 2014-2020 Strategy for Digital Growth embraces the digitalisation project for Public Administrations, which is managed in Italy by the Agenzia per l'Italia Digitale (AgID, Agency for Digital Italy). The payments segment has a particularly important role to play in this framework, representing the point of contact between the private sector, the public and the institutions, as well as being one of the sectors that best expresses the potential and benefits brought by innovation.

We have chosen to stand with the Public Administration as technology innovation partner, offering our experience as providers of simplified payment services. We were one of the first operators to sign up for the PagoPA project promoted by the AgID, introducing e-payments to Regional, Municipal and Public Administrations at over 40,000 SisalPay points, as far back as December 2016. This agreement provides the public with a simple and secure way to pay taxes, fines, healthcare tickets, road tax and school fees and make all other payments to the Public Administration.

The result is the most extensive physical channel for payments to institutional beneficiaries, making a real contribution to simplifying the relationship between the public and the public administration.



DIGITAL CHANNEL DIALOGUE

We have developed numerous digital communication channels to nurture an ongoing direct conversation with our stakeholders, and especially our customers.

MAIN ONLINE CHANNELS

SISAL.COM

Our totally renewed corporate website aims to satisfy stakeholder needs in a clear and transparent way, offering quick access to the various sections it contains. The extensive content is promoted with a new storytelling approach that uses interaction and multimedia to engage with users and help them explore the site.

The new portal offers a totally new user browsing experience that aims to promote Sisal's brand and values through a customer-centric approach and a modern language that engages with key stakeholders.

IN 2017, SISAL WAS RANKED SECOND BY LUNDQUIST IN THE WEBRANKING CLASSIFICATION, BASED ON THE QUALITY OF ONLINE INFORMATION PUBLISHED BY UNLISTED ITALIAN COMPANIES OPERATING IN VARIOUS SECTORS OF INDUSTRY.

UNASTORIANATAPERGIOCO.SISAL.COM

70 years of history told through documents, photographs, people and objects associated with Sisal, and which have a place in the collective memory of all Italians. The website published by the Group's historical archive was created to mark our 70th anniversary in business and brings together the most important pieces in the physical collection housed in the MEIC Archive (Memoria, Evoluzione e Identità Condivisa - Memory, Evolution and Shared Identity) at the Peschiera Borromeo site. The product of a lengthy and ongoing process of collection, selection and cataloguing, this material has been granted a new lease of life today by the digital channel.

MOBILE.SISAL.COM

This is Sisal's mobile store, offering the full range of Apps available from the group and all related information.

SISAL.IT

This is the group's online gaming platform, today's market leader by number of users and product range, with an offering of over 500 online games.

SISALPAY.IT

The group's payment service brand portal represents a showcase for the services offered at over 40,000 retail points, as well as providing users with a comprehensive payment management tool. Available 24/7, the site can be used to make payments and top-ups, monitor spending trends and file all receipts automatically.

SISALWINCITY.IT

Relaunched at the end of 2017, the new Sisal Wincity information portal provides details about initiatives, events, product offers, services available and the geolocation of retail sites.

SISALSMARTPOINT.IT

This is the online channel curated by our "Sisal Smartpoint" retail brand, featuring a next generation point of sale experience created by innovative technology and architectural design, plus highly qualified staff.

In our capacity as **Lottery Concessionary** Company, we also manage the **Giochinumerici.info** portal and websites **Superenalotto.it**, **VinciCasa.it**, **Eurojackpot.it**, **Winforlife.it** and **Sivincetutto.it**. The portal provides comprehensive information about lottery drawings, how to play, sales channels, initiatives and promotions relating to the various brands in the Lottery offering.



SOCIAL CHANNELS



FACEBOOK

Sisal Group's corporate Facebook page (<https://www.facebook.com/sisal/>) forms part of a network of seven product brand pages (SuperEnalotto, Vinci per la vita – Win for Life, Eurojackpot, VinciCasa, Sisal.it, SisalPay, Sisal Matchpoint), which had an aggregate total of over 1,250,000 fans in 2017, confirming its position as Italy's largest gaming market community.

The editorial plan tells the story of Corporate Social Responsibility initiatives, activities involving employees and the events promoted by the group, as well as looking back over the most important dates in our 70-year history.



LINKEDIN

Sisal's LinkedIn profile shines a light on the Company's management and employees, describing the initiatives in which they play an important role. This profile is also Sisal's preferred channel for talking about corporate welfare activities and the Group's distinctly innovative character, also with a view to recruiting new talent. In 2017, the Group's profile had more followers on LinkedIn (over 29,000) than any other Italian gaming industry brand.



TWITTER

Sisal has a presence on Twitter with its corporate channel (@Sisal_Group) and the @SisalMatchpoint, @SuperEnalotto and @SisalPay accounts.

We use this channel to publish corporate content (including interviews with top management and acknowledgements received by managers), to talk with the media and network influencers, and to livestream Group events, like the presentation of the Sustainability Report and major brand launches.

In 2017, the Twitter channel had 43,300 followers.



YOUTUBE

We have two YouTube channels:

- A corporate channel (Sisal Group) that brings together the heritage of film and video footage produced by the company over the years.
- A channel dedicated to SuperEnalotto, offering live coverage of drawings, plus tutorials, TV commercials, events and brand initiatives.



GOOGLE+

Finally, we maintain a presence on Google's social channel to increase the digital visibility of our retail presence. In addition to the brand's corporate page, we have activated Google Maps location services for our branded points of sale (Sisal Wincity, Sisal Matchpoint e Sisal Smartpoint), complete with all the information and street directions needed to find them.

A NOTE ON METHODOLOGY

Sisal's commitment to reporting on Corporate Social Responsibility issues continues this year with the publication of the ninth edition of the Sustainability Report (hereafter also the "Report"), the most important tool it uses to inform stakeholders about all the many social, environmental and economic responsibility activities to which Sisal Group contributes on an ongoing basis.

[GRI 102-52] The Sustainability Report is prepared annually. [GRI 102-50] This report covers the period from January 1 to December 31, 2017.

[GRI 102-54] This report has been prepared on the basis of GRI Standards: Core option.

[GRI 102-45] The reporting perimeter includes all Group Companies and the same consolidation criteria are used as set out in the Group's Consolidated Financial Statements.

The economic data presented in the Sustainability Report are in line with the information set out in the Group Consolidated Financial Statements. The following Companies are included in the reporting perimeter: Sisal Group S.p.A., Sisal S.p.A., Sisal Entertainment S.p.A., Sisal Point S.p.A., Friulgames S.r.l. and Acme S.r.l.

The Consolidated Financial Statements at December 31, 2017 were prepared in compliance with International Financial Reporting Standards.

[GRI 102-48] [GRI 102-49] No significant changes to boundary and scope have been made in this document. The method of calculating training hours indicator 404-1 has been changed with respect to the 2016 edition. As also clarified on page 38 of this report, the hours have been calculated net of compulsory training. The values for 2016 and 2015 have therefore also been recalculated.

[GRI 102-46] The content of the Sustainability Report has been defined on the basis of the materiality analysis performed in compliance with the provisions of GRI Standard guidelines. The method used and the activities performed are reported in the "Materiality Analysis" paragraph. The Sustainability Report, in addition to the materiality principle, also takes into consideration the other reporting principles set out in the GRI Standard guidelines and in particular:

- Stakeholder inclusion, sustainability context and completeness

The Sustainability Report describes the approach to stakeholder engagement and discusses the results of the activities organised during the year. The content of the Report focuses on material issues, offering a complete picture of the sustainability framework in which the Group operates.

- Balance, comparability, precision, timeliness, clarity and reliability

The Sustainability Report tackles both good and bad performance, ensuring that a balanced picture is given of content, expressed in language that is as clear and comprehensible as possible. In order to ensure that the content is reliable, precise and timely, data collection and document processing were performed using the internal information system and involved all corporate function managers, each in their own role and within their own sphere of competence. To ensure comparability over time of the most important indicators, 2017 data are compared where possible with those from 2016.

[GRI 102-51] The content of the Report is supplemented during the year with additional information published in the Sustainability section of the www.sisal.com website, where all the previous editions of the document can also be found, including the most recent 2016 edition.

¹ The wording "Sisal", "the Company" and the "Group" refer to Sisal Group SpA, whereas the Companies controlled by the Group are indicated with their business name.



GRI CONTENT INDEX [GRI 102-55]

GRI 101: Foundations 2016

GENERAL DISCLOSURES

1. ORGANIZATIONAL PROFILE

GRI Standard	Disclosures	Pagina
GRI 102: General Disclosures 2016	102-1 Name of the organization	Sisal Group (page 19)
	102-2 Activities, brands, products, and services	Our gaming offering (page 63) Sisalpay's distinctive offering (page 76)
	102-3 Location of headquarters	Contact details (page 94)
	102-4 Location of operations	The Company operates only in Italy
	102-5 Ownership and legal form	Sisal Group (page 20)
	102-6 Markets served	Sisal group (page 19) Markets (page 25-26)
	102-7 Scale of the organization	Highlights (page 7) Organisation chart (page 20) Main financial results (page 26) Our numbers (page 36) Branded channel (page 52) Affiliated channel (page 52)
	102-8 Information on employees and other workers	Our numbers (page 36)
	102-9 Supply chain	The supply chain (page 55)
	102-10 Significant changes to the organization and its supply chain.	Sisal Group (page 19) Main financial results (page 26)
	102-11 Precautionary Principle or approach	The internal control and risk management system (page 22) Risk management (page 22)
	102-12 External initiatives	Risk management (page 22)
	102-13 Membership of associations	The main Associations with which the Company has relations regarding specific activities are: <ul style="list-style-type: none"> • EL (European Lotteries) • WLA (World Lottery Association) • SGI (Sistema Gioco Italia) • IAP (Istituto di Autodisciplina Pubblicitaria) • AIIP (Associazione Italiana Istituti di Pagamento) • APSP (Associazione Prestatori di Servizi di Pagamento)

2. STRATEGY		
GRI 102: General Disclosures 2016	102-14 Statement from senior decision-maker	Letter to stakeholders (page 4)
3. ETHICS AND INTEGRITY		
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behavior	Our values (page 6) The internal control and risk management system (page 23) Code of ethics (page 23)
4. GOVERNANCE		
GRI 102: General Disclosures 2016	102-18 Governance structure	Our internal structure (page 21)
5. STAKEHOLDER ENGAGEMENT		
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	Stakeholder map (page 9)
	102-41 Collective bargaining agreements	All employees are covered by trade union agreements
	102-42 Identifying and selecting stakeholders	Stakeholder-related initiatives (page 10-12)
	102-43 Approach to stakeholder engagement	Stakeholder-related initiatives (page 10-12)
	102-44 Key topics and concerns raised	Materiality analysis (page 13)
6. REPORTING PRACTICES		
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	Note on methodology (page 84)
	102-46 Defining report content and topic Boundaries	Materiality analysis (page 13) Note on methodology (page 84)
	102-47 List of material topics	Materiality analysis (page 13)
	102-48 Restatements of information	Note on methodology (page 84)
	102-49 Changes in reporting	Note on methodology (page 84)
	102-50 Reporting period	Note on methodology (page 84)
	102-51 Date of most recent report	Note on methodology (page 84)
	102-52 Reporting cycle	Note on methodology (page 84)
	102-53 Contact point for questions regarding the report	Contact details (page 91)

GRI 102: General Disclosures 2016	102-54 Claims of reporting in accordance with the GRI Standards	Note on methodology (page 84)
	102-55 GRI content index	GRI Content Index (p. 85)
	102-56 External assurance	Sisal does not use assurance services for this Sustainability Report

MATERIAL TOPICS

GRI Standard	Disclosures	Pagina	Note
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ECONOMIC PERFORMANCE

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Materiality analysis (page 13) Financial responsibility (page 24)	
	103-2 The management approach and its components	Financial responsibility (page 24)	
GRI 201: Economic performance 2016	103-3 Evaluation of the management approach	Financial responsibility (page 24)	
	201-1 Direct economic value generated and distributed.	Value creation and distribution (page 28)	
	201-4 Financial assistance received from government	Financial responsibility (page 29)	

ENERGY

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Materiality analysis (page 13) Electric power (page 47) Environmental impact (page 46)	
	103-2 The management approach and its components	Electric power (page 47) Environmental impact (page 46)	
	103-3 Evaluation of the management approach	Electric power (page 47) Environmental impact (page 46)	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Our numbers (page 48)	

WATER

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Materiality analysis (page 13) Environmental impact (page 46)	
	103-2 The management approach and its components	Environmental impact (page 46)	
	103-3 Evaluation of the management approach	Environmental impact (page 46)	
GRI 303: Water 2016	303-1 Water withdrawal by source	Our numbers (page 48)	

EMISSIONS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Materiality analysis (page 13) Environmental impact (page 46) Emissions (page 47)	
	103-2 The management approach and its components	Environmental impact (page 46) Emissions (page 47)	
	103-3 Evaluation of the management approach	Environmental impact (page 46) Emissions (page 47)	
	305-5 Reduction of GHG emissions	Our numbers (page 48)	
EFFLUENTS AND WASTE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Materiality analysis (page 13) Environmental impact (page 46) Waste (page 48)	
	103-2 The management approach and its components	Environmental impact (page 46) Waste (page 48)	
	103-3 Evaluation of the management approach	Environmental impact (page 46) Waste (page 48)	
GRI 306: Effluents and waste 2016	306-2 Waste by type and disposal method	Our numbers (page 48)	
EMPLOYMENT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Materiality analysis (page 13) Our people (page 30)	
	103-2 The management approach and its components	Our people (page 30)	
	103-3 Evaluation of the management approach	Our people (page 30)	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Our numbers (page 48)	
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Materiality analysis (page 13) Our people (page 30) Health and safety (page 39)	
	103-2 The management approach and its components	Our people (page 30) Health and safety (page 39)	
	103-3 Evaluation of the management approach	Our people (page 30) Health and safety (page 39)	
GRI 403: Occupational health and safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Health and safety (page 39)	

GRI 403: Occupational health and safety 2016	403-4 Health and safety topics covered in formal agreements with trade unions	Our people (page 30) Health and safety (page 39)	
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TRAINING AND EDUCATION

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Materiality analysis (page 13) Our people (page 30)	
	103-2 The management approach and its components	Our people (page 30)	
	103-3 Evaluation of the management approach	Our people (page 30)	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Our numbers (page 38)	
	404-2 Programs for upgrading employee skills and transition assistance programs	Training (page 33) Talent management (page 34)	
	404-3 Percentage of employees receiving regular performance and career development reviews	Talent management (p. 34)	

DIVERSITY AND EQUAL OPPORTUNITY

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Materiality analysis (page 13) Our people (page 30)	
	103-2 The management approach and its components	Our people (page 30)	
	103-3 Evaluation of the management approach	Our people (page 30)	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Our numbers (page 48)	

CUSTOMER PRIVACY

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundaries	Materiality analysis (page 13)	
	103-2 The management approach and its components	Our certifications (page 56)	
	103-3 Evaluation of the management approach	Our certifications (page 56)	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		The Group did not receive any significant sanctions in 2017 for non-compliance with laws or regulations

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[GRI 102-53]

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