Sisal

SUSTAINABILITY

REPORT

2018

Sisal

SUSTAINABILITY

R E P O R T

2018

CONTENTS

LETTER TO STAKEHOLDERS

Emilio Petrone

Sisal Group CEO

TEN YEARS ON

We have built trust with our stakeholders through 70 years in business and this is what continues to drive our relations with them today.

It is this sense of trust that underpins our social ties with citizen consumers, as well as our conversation with businesses, institutions, the third sector and public opinion.

Close links with local communities and the culture of transparency and engagement with our stakeholders are the foundations on which Sisal Group continues to build and pursue a sustainable development strategy.

2018 was a particularly satisfying year, not least because it marked the **tenth anniversary since we began reporting on our social responsibility activities**, a milestone accompanied by two important results. The first is the consolidation of a stakeholder engagement model used to listen and talk to our main counterparts and so better understand their needs. The second is Sustainability Report quality assurance by an independent third party.

Engagement with and listening to our counterparts with a view to consumer protection are the rewards of our strategy. There is widespread recognition of our commitment to Responsible Gaming, which represents an important focus of our sustainability strategy, through a structured programme to protect underage children and raise awareness about a balanced and aware approach to gaming.

Striving for **innovation** is another important concern for the Group. We have created the Digital Factory, a team of young talents who support the Company's evolution and turn us into a truly digital business, not to mention a leading player in online gaming and in payments and services. We have also invested heavily in promoting the ecosystem of startups and in the seamless continuation of the GoBeyond project, the call for ideas promoted by SisalPay to support new Italian business ideas.

The **relationship with local communities** remains a key factor and we are committed to supporting the communities in which we operate. Sport, Culture and the Arts, Innovation, and Support for Talent represent the main areas of action for healthy collective development and to exploit the full value of Italy's country system.

And all this is made possible by our people. Skills and talent represent our company's most valuable assets and Sisal's human capital is the Group's real strategic lever. Our employees are the people who,

by establishing constructive and transparent relationships and by applying the Group's values to everyday activities, represent Sisal in local communities and promote our commitment to the entire country. That is why we have drawn up a People Strategy that benefits our human resources' well-being, so that everyone can add to our capital of know-how and skills in order to build competitive edge. Intergenerational relations are also a valuable asset, because the value created by the exchange of views between young and expert employees drives the growth not only of each individual, but of the Group as a whole.

With our sights set firmly on the future, we are also consolidating our diversification process as we enter foreign markets, ensuring that we continue to have a competitive and international business purpose.

Fully aware that every achievement is a new point of departure, we will continue to pursue a sustainable development model to meet the expectations of our stakeholders and contribute to the generation of new resources for Italy's future.

10 YEARS OF SUSTAINABILITY

10

DIECI ANNI
DI SOSTENIBILITÀ

Competence and trust drive our relationship with over 15 million Italians. Since 1946, Sisal has contributed to Italy's development by bringing innovation to the world of gaming and payment services.

Sustainability and an ongoing conversation with our stakeholders are the sources of inspiration for our company, which from the outset has been creating and sharing value across society as a whole.

Responsibility as the basic prerequisite for achieving high standards of integrity, transparency and security. These factors are indispensable in sectors like ours that are state-regulated and controlled.

HIGHLIGHTS

OVER 15 MILLION CUSTOMERS
GAMES AND SERVICES

€19 BILLION TURNOVER
(+6.2% VS 2017)

OVER 50,000 POINTS OF SALE

+600
ONLINE GAMES

600,000 PLAYERS
ON ONLINE PLATFORM SISAL.IT

500 SISALPAY
SERVICES

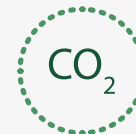**200 MILLION TRANSACTIONS**
A YEAR

100 PRIVATE PARTNERS

1,928 EMPLOYEES
41% WOMEN

8,963 TONNES
OF CO2 AVOIDED

CO_2

1,370,000
FACEBOOK FANS

OVER 35,000 FOLLOWERS
ON LINKEDIN

OVER 50,000
FOLLOWERS ON TWITTER

OUR IDENTITY

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.

MISSION

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

VISION

"To make people's lives easier and more enjoyable."

DO YOU KNOW HOW SISAL BEGAN LIFE?

DO YOU KNOW HOW SISAL BEGAN LIFE?
It was soon after the end of the Second World War and Milan was in ruins. So everyone rolled up their sleeves and got to work. The friendship between the three journalists Massimo Della Pergola, Fabio Jegher and Geo Molo was the driving force in a new shared project: to give a boost to sport in Italy with the revenue produced by the Sisal play slip that came to be known as Totocalcio.

MATERIALITY AND ENGAGEMENT

The most relevant materiality areas for Sisal are established by the conversation with stakeholders. This approach makes it possible to implement a sustainability policy that takes account of the expectations of all interested parties, promoting responsible business development.

Materiality topic analysis

The first step before involving our stakeholders was an analysis based on internal sources (corporate documents, comparative information with the main benchmark companies, etc.) and the work performed over the years by the Sustainability Committee. In this stage, seven significant sustainability areas were identified for Sisal, plus 18 specific topics, as summarised in the table below.

RESPONSIBLE GAMING
- Consumer protection

PEOPLE
- Diversity
- Professional development and talent recognition
- Welfare and work/life balance
- Health and safety in the workplace

SUPPLY CHAIN
- Sustainable supply chain management
- Central role of the sales network

ENVIRONMENT
- Raw materials (paper)
- Environmental impact
  (emissions, power consumption, waste management)

INNOVATION
- Technological innovation and consumer experience

COMMUNITY AND INSTITUTIONAL RELATIONS
- Institutional relations
- Community engagement

GOVERNANCE AND REGULATORY COMPLIANCE
- Risk management and internal control
- Anti-fraud initiatives
- Information security
- Fight against crime and money laundering
- Compliance with concession obligations
- Privacy protection

STAKEHOLDER MAP

REGULATORY AUTHORITY AND INSTITUTIONS

EMPLOYEES

CUSTOMERS

RETAIL NETWORK

COMMUNITY AND NON-PROFITS

SHREHOLDERS

BANKS AND THE FINANCIAL COMMUNITY

TRADE ASSOCIATIONS

USINESS PARTNERS

Sisal

Stakeholder Engagement

Identifying the topics also made it possible to map the most important stakeholders who, to a greater or lesser extent and at various levels, influence and are influenced by Sisal Group decisions. Snapshots were therefore taken of nine stakeholder categories for involvement as appropriate in a structured engagement process. 'Customers' will be the focus category next year.
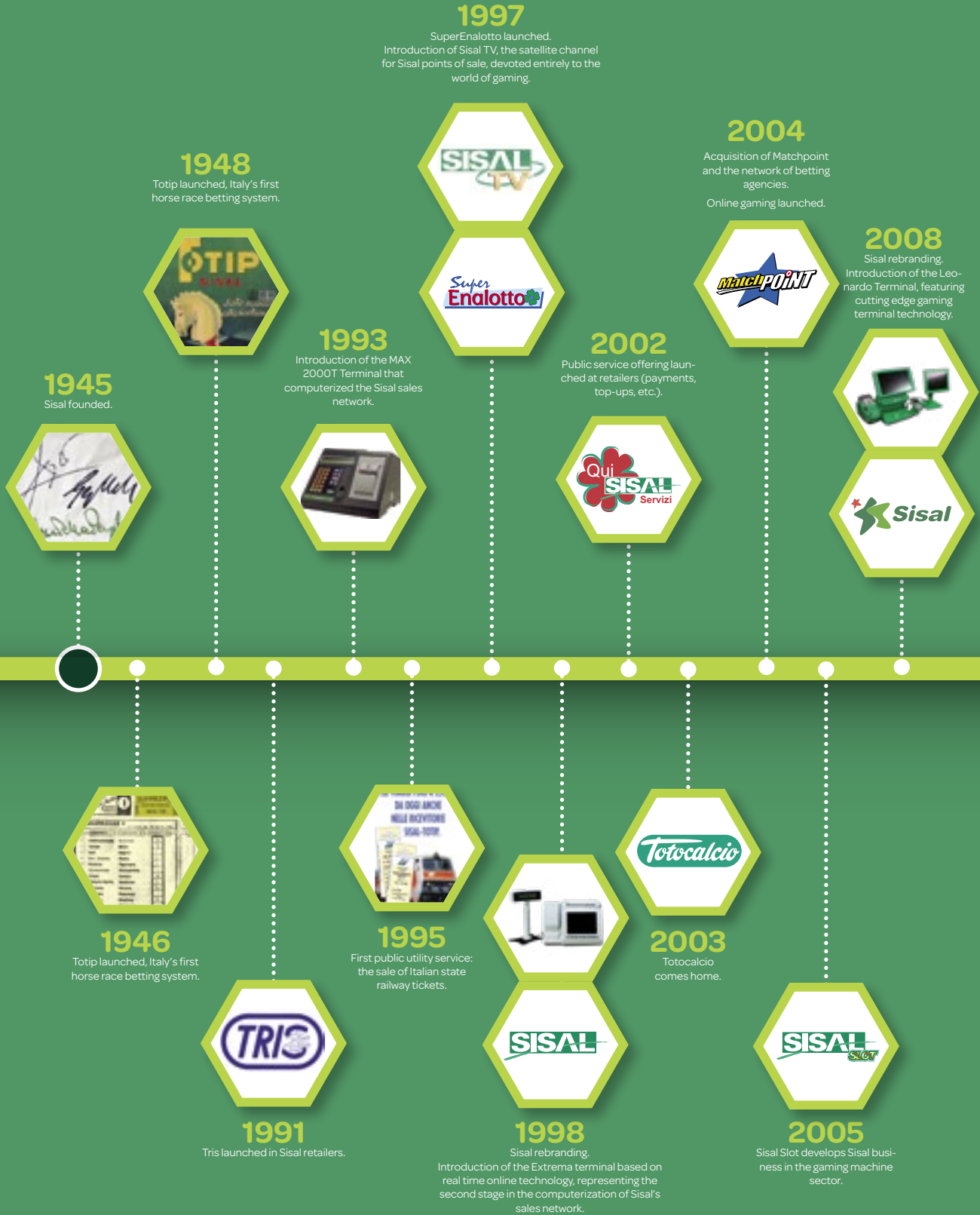
The aim of the engagement initiative was to define a priority for the selected topics and so identify the most important or material ones from both internal and external perspectives. For this reason, employees and stakeholders were asked (using online questionnaires and telephone interviews respectively) to indicate the five most important topics on the list, with the aim of preparing a comprehensive and inclusive ranking of the categories.

The assessment of internal stakeholders was then supplemented with the Sustainability Committee's evaluation on a scale of three values ("high", "medium" and "low"). The data was then plotted on a materiality chart, with the priority assigned by internal stakeholders (employees and the Sustainability Committee) expressed on the horizontal axis and by external stakeholders on the vertical axis.

MATERIALITY CHART
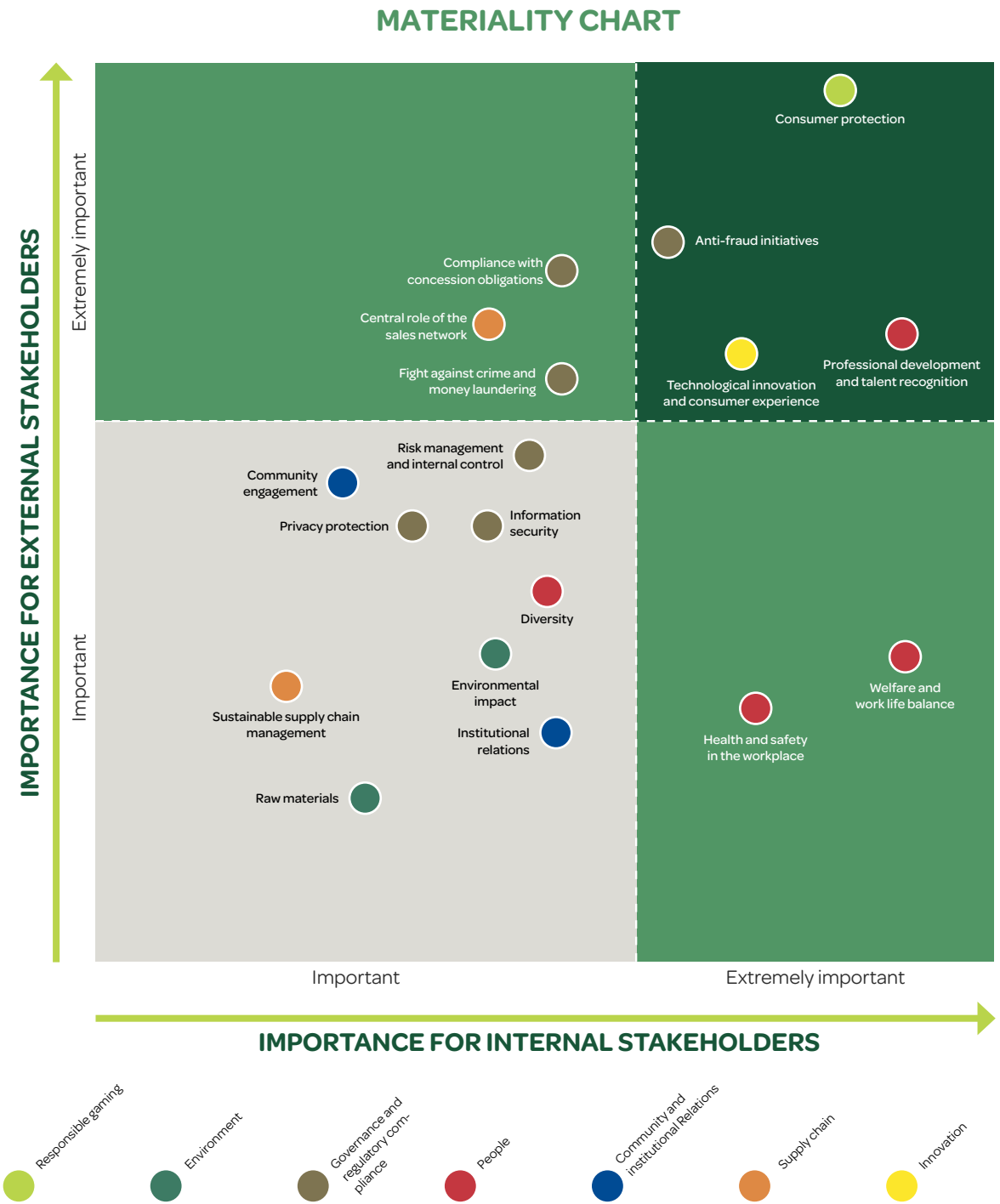
The chart reveals the topics thought to be important by internal and external stakeholders. It seems clear that consumer protection is the most deeply felt topic in absolute terms, both internally and externally, as are personal development and the recognition of talent, innovation and the fight against crime. Environmental impact is not regarded as important by the sample involved. All the topics presented are the subject of ongoing study and reporting, of course, and are described in detail in this report.

OUR STORY

1997
SuperEnalotto launched.
Introduction of Sisal TV, the satellite channel for Sisal points of sale, devoted entirely to the world of gaming.

1948
Totip launched, Italy's first horse race betting system.

2004
Acquisition of Matchpoint and the network of betting agencies.

Online gaming launched.

2008
Sisal rebranding.
Introduction of the Leonardo Terminal, featuring cutting edge gaming terminal technology.

1993
Introduction of the MAX 2000T Terminal that computerized the Sisal sales network.

2002
Public service offering launched at retailers (payments, top-ups, etc.).

1945
Sisal founded.

1946
Totip launched, Italy's first horse race betting system.

1995
First public utility service: the sale of Italian state railway tickets.

2003
Totocalcio comes home.

1991
Tris launched in Sisal retailers.

1998
Sisal rebranding.
Introduction of the Extrema terminal based on real time online technology, representing the second stage in the computerization of Sisal's sales network.

2005
Sisal Slot develops Sisal business in the gaming machine sector.

2014

VinciCasa created, the first game in the world that rewards winners 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.

2012

World Lottery Association Responsible Gaming Certification.
Eurojackpot launched.

2010

Sisal Wincity established.
Introduction of the Microlot Terminal.

2017

New VinciCasa launched.
EL and WLA certifications renewed.

2013

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

2009

WinForLife launched, the first game in Italy with a monthly income as prize.
Responsible gaming campaign launched.
Online poker launched.

2018

Sisal awarded lottery concession in Morocco.
SisalPay app Bill launched to make direct payments by smartphone.

2016

New SuperEnalotto launched.
New SiVinceTutto launched.

2011

European Lotteries Responsible Gaming certification.
SiVinceTutto and Casinó launched.

1 SISAL GROUP

GOVERNANCE

Effective company management translates into the generation of better quality business. A system works when transparency, fairplay, collaboration, clear roles and well-defined responsibilities contribute to an internal control system aligned with business objectives: value for shareholders and the community in which the company operates, encouraging a long-term approach to business.

SISAL GROUP

Sisal Group, as of 2016 year end, is wholly owned by CVC Capital Partners following the merger by incorporation of Schumann Investments S.A. CVC Capital Partners is a world-leading, UK-based private equity and investment consulting firm with consolidated experience the gaming industry, amongst other areas.

Sisal Group S.p.A. and its subsidiaries operate in the **gaming** industry, primarily on the basis of state concessions granted by the Italian Customs and Monopolies Agency, and in payments and services, 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 Investments S.A.
- Provision of payment services pursuant to article 1, subsection 1, letter b), 3) of Italian Legislative Decree no. 11/2010, using its own earmarked assets, being registered as a payment institute pursuant to article 114 septies of Legislative Decree no. 385/93 (Banking Consolidation Act).
- Internal auditing, management planning and control, strategy and security, anti-money laundering activities.

SISAL S.P.A.
Operation and development of national lottery and totalizator games under the terms of a state licence by means of distribution network management.

SISAL LOTERIE MAROC
Management of fixed odds lotteries, virtual races and instant win games (both electronic and paper-based) in Morocco on behalf of Société de Gestion de Loterie National (SGLN).

SISAL POINT S.P.A.
Software development for cash registers.
Production and distribution of cash registers.

SISAL ENTERTAINMENT S.P.A.
- Management of Games for the Public.
- 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.
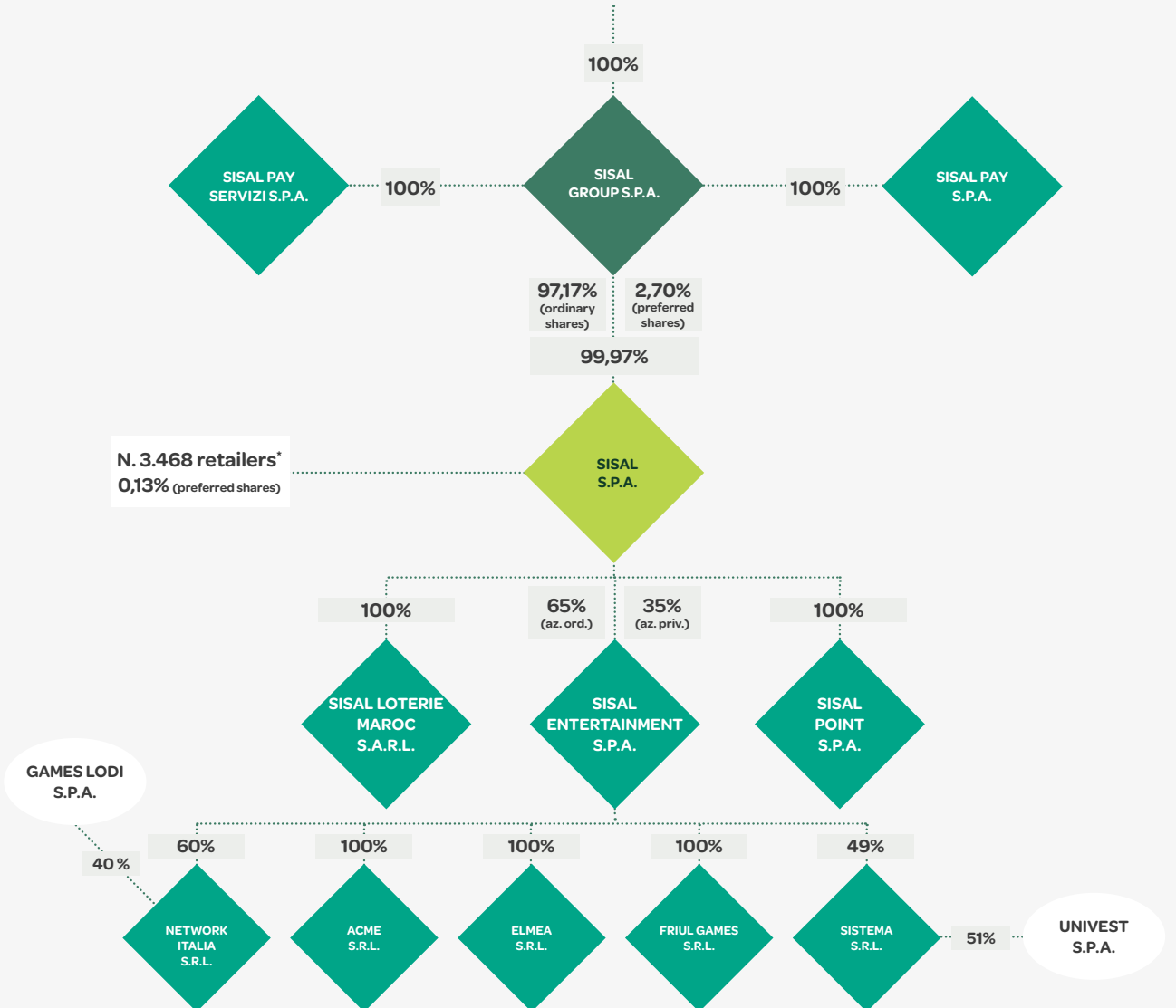
NETWORK ITALIA S.R.L.
Production of gaming machines.

ELMEA S.R.L.
Leasing and maintenance of gaming machines.

GROUP ORGANISATION CHART AS OF DECEMBER 31, 2018

SCHUMANN INVESTMENTS S.A.

100%

| SISAL PAY SERVIZI S.P.A. | 100% | SISAL GROUP S.P.A. | 100% | SISAL PAY S.P.A. |

97,17% (ordinary shares)   2,70% (preferred shares)

99,97%

N. 3.468 retailers* 0,13% (preferred shares)

SISAL S.P.A.

100%   65% (az. ord.)   35% (az. priv.)   100%

SISAL LOTERIE MAROC S.A.R.L.   **SISAL ENTERTAINMENT S.P.A.**   **SISAL POINT S.P.A.**

GAMES LODI S.P.A.

40%   60%   100%   100%   100%   49%

NETWORK ITALIA S.R.L.   **ACME S.R.L.**   **ELMEA S.R.L.**   **FRIUL GAMES S.R.L.**   **SISTEMA S.R.L.**   51%   UNIVEST S.P.A.

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,** *Chair*
- **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*
- **Massimiliano Mascolo**, *Director*

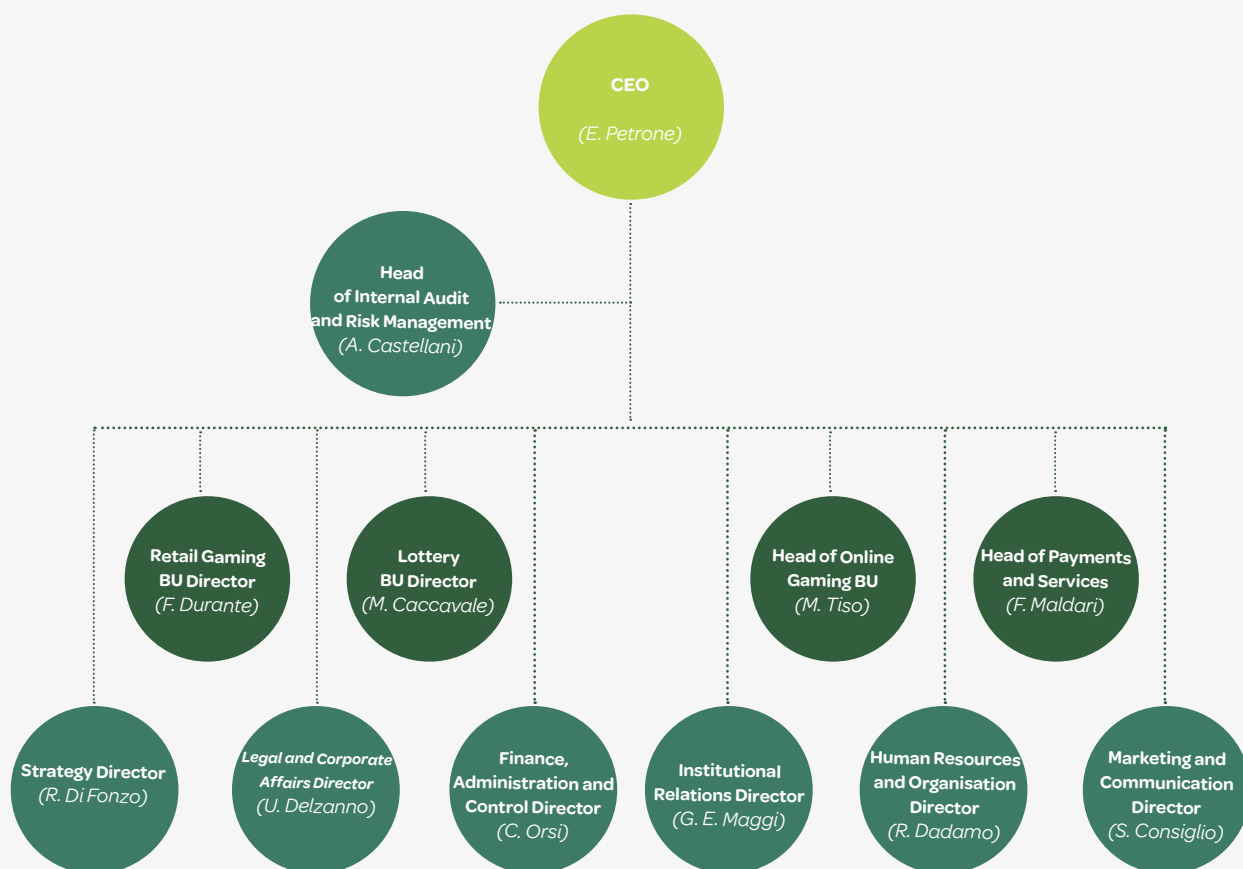## APPOINTMENTS AND REMUNERATION COMMITTEE
Members: **Paola Bonomo** (Chair), **Lucia Morselli** and **Giampiero Mazza**.

CONTROL COMMITTEE
Members: **Matteo Caroli** (Chair), and **Paola Bonomo**

OUR INTERNAL STRUCTURE

ORGANISATION CHART AS OF DECEMBER 31, 2018

CEO
(E. Petrone)

Head of Internal Audit and Risk Management
(A. Castellani)

Retail Gaming BU Director
(F. Durante)

Lottery BU Director
(M. Caccavale)

Head of Online Gaming BU
(M. Tiso)

Head of Payments and Services
(F. Maldari)

Strategy Director
(R. Di Fonzo)

Legal and Corporate Affairs Director
(U. Delzanno)

Finance, Administration and Control Director
(C. Orsi)

Institutional Relations Director
(G. E. Maggi)

Human Resources and Organisation Director
(R. Dadamo)

Marketing and Communication Director
(S. Consiglio)

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

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

Lottery Business Unit
The activities connected with the online gaming and betting segment through the Sisal.it portal and the mobile channel are managed by the Online Gaming BU.

Online Gaming Business Unit
Le attività collegate alla raccolta giochi e alle scommesse online attraverso il portale Sisal.it e il canale mobile sono coordinate dalla BU Online Gaming.

Payments & Services Business Unit
This BU manages all activities relating to the payment services offered by the Group.

THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

An effective internal control and risk management system is one of the pillars on which we build our concept of sustainable enterprise.

Having a structured, comprehensive set of streamlined, effective management processes contributes to rapid and informed decision-making and makes it possible to define medium and long-term Group strategy consistently with our mission and vision.

Specifically, our internal control system is structured to allow 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.

IL RISK MANAGEMENT

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

The risk management process is led 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 2018, the Committee met twice.

RISKS COMMITTEE

Emilio Petrone	**Francesco Durante**
Ruggero Dadamo	**Francesco Maldari**
Corrado Orsi	**Marco Tiso**
Giovanni Emilio Maggi	**Marco Caccavale**
Roberto Di Fonzo	**Andrea Castellani**
Umberto Delzanno	

ORGANISATIONAL MODEL
Pursuant to Legislative Decree 231/01

We have an Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, which establishes the responsibility of entities for administrative offences deriving from criminal activities. The Model basically defines the set of organisational rules and procedures introduced to prevent the crimes set out in the Decree from being committed in companies' own interests. 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.

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, special channels and training activities according to on the parties involved and the level of risk of the area they work in.

The areas of application of Legislative Decree 231 are being reviewed and new types of crime added on an ongoing basis, for which reason our Organisational Model is designed for quick updates.
dei destinatari e del livello di rischio dell'area in cui operano.
Il nostro Modello Organizzativo è stato pensato per essere tempestivamente aggiornato in linea con le revisioni, gli ampliamenti delle tipologie di reato e degli ambiti previsti dal Decreto Legislativo 231.

CODE OF ETHICS AND PRACTICE

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

Complying with the Code plays a key role for us in guaranteeing the Group's good operation and trustworthiness, as well as in strengthening our image and protecting our 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.

THE ANTI-MONEY LAUNDERING FUNCTION IN SISAL

Today in Italy, strict controls by Sogei (the IT company controlled directly by the Italian Ministry of the Economy and Finance) have reduced to virtually zero the potential for online gaming platforms to implement policies that infringe consumer rights. The greatest risks are in connection with fraud by users to the detriment of other players or even the Government, through money laundering systems or so-called chip-dumping.

Here at Sisal, ensuring that controls are effective and timely and verifying the adequacy of systems to prevent and fight illegal gaming and money laundering are an ongoing priority.

That is why, in 2013, Sisal formalised the company's anti-money laundering function by creating a dedicated role in the organisation with clear strategic objectives:

- Identify and adequately verify customer profiles by applying very strict procedures (particularly for transactions upwards of €2,000 for betting products and of €500 for ADI-VLT products).
- Retain identification data and other information about relations and transactions.
- 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 2018

- Ongoing analysis of the findings generated by risk indicators and name detection activities.
- Anti-money laundering training provided by an e-learning platform for all points of sale and Sisal employees.
- Management of requests for information from the authorities in connection with anti-money laundering measures..

Main payments and services activities in 2018

- Review and updating of anti-money laundering procedures in relation to changes in the legislative framework.
- Anti-money laundering training provided by an e-learning platform 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.

CERTIFICATIONS

In order to guarantee and formalise our commitment towards Customers and Stakeholders to protect and create value, as well as to offer them a high-quality, comprehensive and secure experience, we have embarked on an extensive and challenging Certification effort in the following areas: Responsible Gaming, Quality Management System, Corruption Prevention Management System, Information Security Management System, Health and Safety in the Workplace Management System, Environment, Energy.

Responsible Gaming Programme

Since 2011, our Responsible Gaming programme has been certified according to EL (European Lotteries) and WLA (World Lottery Association) standards at the highest level. The most recent renewal in 2017 was granted following an independent assessment 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 about 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 (Perimeter: Sisal S.p.A.).

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

Quality management system

For the purposes of promoting customer centricity, we have decided to extend the perimeter of **ISO9001** processes with an impact on customer satisfaction, which we believe can only be achieved through sustainability in the real institutional and competitive scenario and a transparent and responsible dialogue with all stakeholders. We firmly believe in risk-based thinking and the need to identify risk factors as early as possible, so that we can manage them before they become a problem and seize any growth opportunities they generate. That is why we want to create a single overarching corporate risk management framework with a view to improvement, protection and value creation for the entire Organisation (Perimeter: Sisal S.p.A., Sisal Entertainment S.p.A., ACME S.r.l., Elmea S.r.l., FriulGames S.r.l.).

Corruption prevention management system

We promote a culture of lawfulness and crime risk prevention, because we believe this on the one hand ensures compliance with regulations, and on the other protects company assets and contributes to achieving corporate objectives.

Our commitment to pursuing this goal can be seen in the introduction of specific principles of ethical conduct, in the issue of a corruption prevention policy and, more in general, in the adoption of management tools. All these instruments testify to and strengthen the internal control system, ensuring it is in a position to manage and limit the risk of "mismanagement", which not only causes economic harm, but also and more importantly damages the company's reputation.
The fight against corruption is a challenge that involves everyone. We all have a responsibility to stop and, most importantly, prevent such conduct. On this basis, we have implemented a Corruption Prevention Management System and in February 2019 obtained **UNI ISO 37001 certification** (Perimeter: Sisal S.p.A.).

We therefore have a Management System in place designed to mitigate the risk of acts of active and passive, public or private corruption being attempted or committed. We have also upgraded and fine-tuned, or introduced for the first time, specific tools (such as due diligence) to satisfy the requirements established by the standard (such as setting up the Corruption Prevention Compliance Function, with its specific activities and responsibilities).

Information and cyber security management system

One of the most important issues for businesses that use digital channels is the security and reliability of their personal data management system. That is why since 2013 we have submitted all work performed to protect customer data for certification 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 the area of **Cyber Security, the Chief Information Security Office**r (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 we face. For this reason, the CISO and his or her organisation work in synergy with Management, Business Partners, HR, Internal Auditing and Risk Management, as well as with the Legal area.

To formalise and certify our commitment to the issues set out above, we are the subject of ongoing audits and checks by independent entities to maintain the following certifications, which are a source of pride for us:

- **WLA-SCS** is the certification issued by the World Lottery Association in compliance with specific gaming sector and international lottery standards (Perimeter: Sisal S.p.A.).

- **ISO27001** is the international standard that defines the requirements of the Information Security Management System (Perimeter: Sisal S.p.A.).

- **PCI-DSS** (Payment Card Industry Data Security Standard) is the international certification issued by the PCI Security Standards Council, involving checks on system strength and security measures to protect payment card transactions (Perimeter: Sisal S.p.A.).

- **ISS SGAD** (Information Systems Security Sistema di Gioco di Abilità a Distanza) is the gaming platform certification required by the Remote Gaming Office of the Gaming Taxation and Monopoly Central Office (Perimeter: Sisal Entertainment S.p.A.).

Occupational health and safety management system

We are committed to making sure our resources work in an environment in which health and safety can be taken for granted. Not only in terms of legal compliance, but also through a virtuous risk management system designed to prevent accidents, injuries and professional illnesses. Confirming this responsibility, in April 2018, Sisal's Rome offices were certified in compliance with standard **OHSAS 18001**. The transition to international standard **ISO 45001** was made in January 2019 (Perimeter: Sisal S.p.A.)..

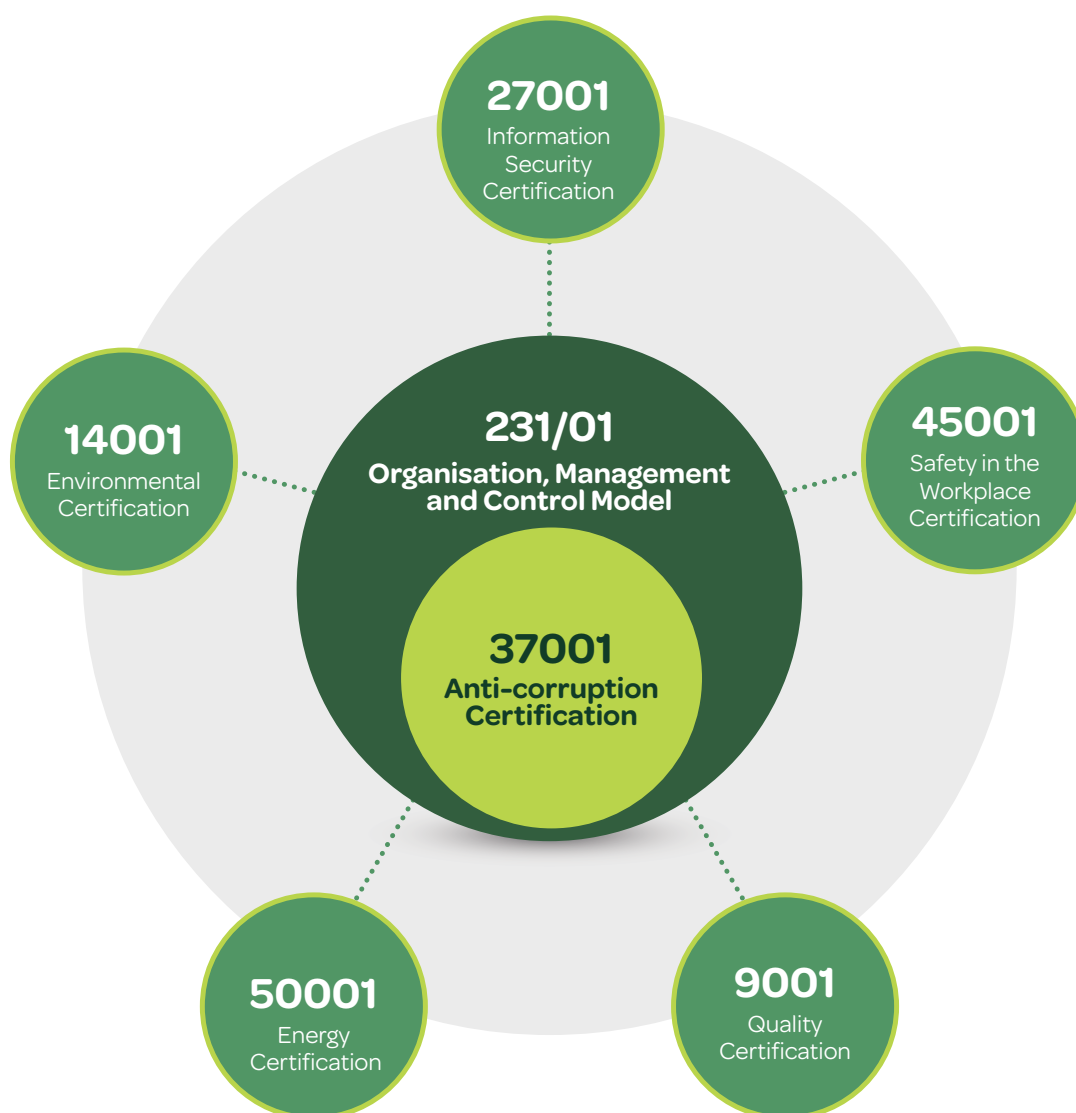## Environmental management system

The reduction of our environmental impact, while not a critical area for our sustainability, is an important objective, so we try to make an active contribution to reducing any potential risk factors for our ecosystem. For this reason, we have introduced an **Environmental Management System** that goes beyond compliance with legal requirements, which we use to develop projects and initiatives addressed to improving the corporate culture and awareness about environmental challenges.

We know we are only at the start of a longer, structured process. **ISO 14001** certification, obtained in April 2018 at our Rome site, gives us the incentive to increase our commitment to safeguarding natural resources and preventing pollution (Perimeter: Sisal S.p.A.).

Energy management system

We are working to improve energy efficiency and use alternative sources, while 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** (Perimeter: Sisal S.p.A.).

INTEGRATED MANAGEMENT SYSTEM

27001
Information Security Certification

14001
Environmental Certification

231/01
Organisation, Management and Control Model

45001
Safety in the Workplace Certification

37001
Anti-corruption Certification

50001
Energy Certification

9001
Quality Certification

BUSINESS RESPONSIBILITY

26

Sisal is a storied Italian company that from the very outset has combined tradition and innovation, not least by implementing a well thought out growth and diversification strategy.

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

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

This strategy is bearing fruit. In 2017, we reported both turnover and profitability growth.

MARKETS

The Group operates in these two markets:

- **Games with cash prizes, i.e.** the gaming offering regulated by the Italian Economy and Finance Ministry (MEF) and the former Independent State Monopolies Administration (AAMS), now the Italian Customs and Monopolies Agency (ADM).

- **The "assailable" segment of the payments and services market,** which excludes banking domiciliations and includes payment services for utility bills, taxes, fines and phone/prepaid card top-ups. Market analysis reports were based on the study "Quantification of the payment markets in Italy" by Politecnico di Milano's Digital Innovation Monitoring Unit. The perimeter of analysis excludes MAV/RAV payments, which were included in studies completed in previous years.

The period analysed runs from 2015 to 2018.
Taken together, the two markets reported a total value in 2018 of over €190 billion, with the assailable Services market representing 44.0% of the total.

THE GAMING MARKET

- Total Gaming Market revenue grew, with a CAGR* of +6.6%.
- The reasons for this are based on two factors:
- The decision to increase the payout, or the amount returned to players in the form of winnings, totalled €83bn in 2018, or 82.4% of total revenues, a rise of 6.1% on 2017. This indicator is also positive in the medium term, with a CAGR of +7.3%.
- Sharp growth in the online market, with turnover in excess of €31bn and 23% CAGR, representing 30% of total revenues. Year-on-year growth in 2018 stood at 16.7%.

GAMING REVENUE (€m)	2015	2016	2017	2018	CAGR* 2015 / 2018
Lotteries	17.193	18.650	18.070	18.771	3,0%
Betting and SPC**	7.836	10.063	13.176	14.680	23,3%
Gaming machines	48.161	49.427	48.948	48.601	0,3%
Bingo	1.598	1.602	1.619	1.647	1,0%
Skill, card and casino games	13.229	15.986	19.775	22.966	20,2%
Total gaming market	**88.016**	**95.727**	**101.567**	**106.665**	**6,6%**

*CAGR: Compounded Average Growth Rate
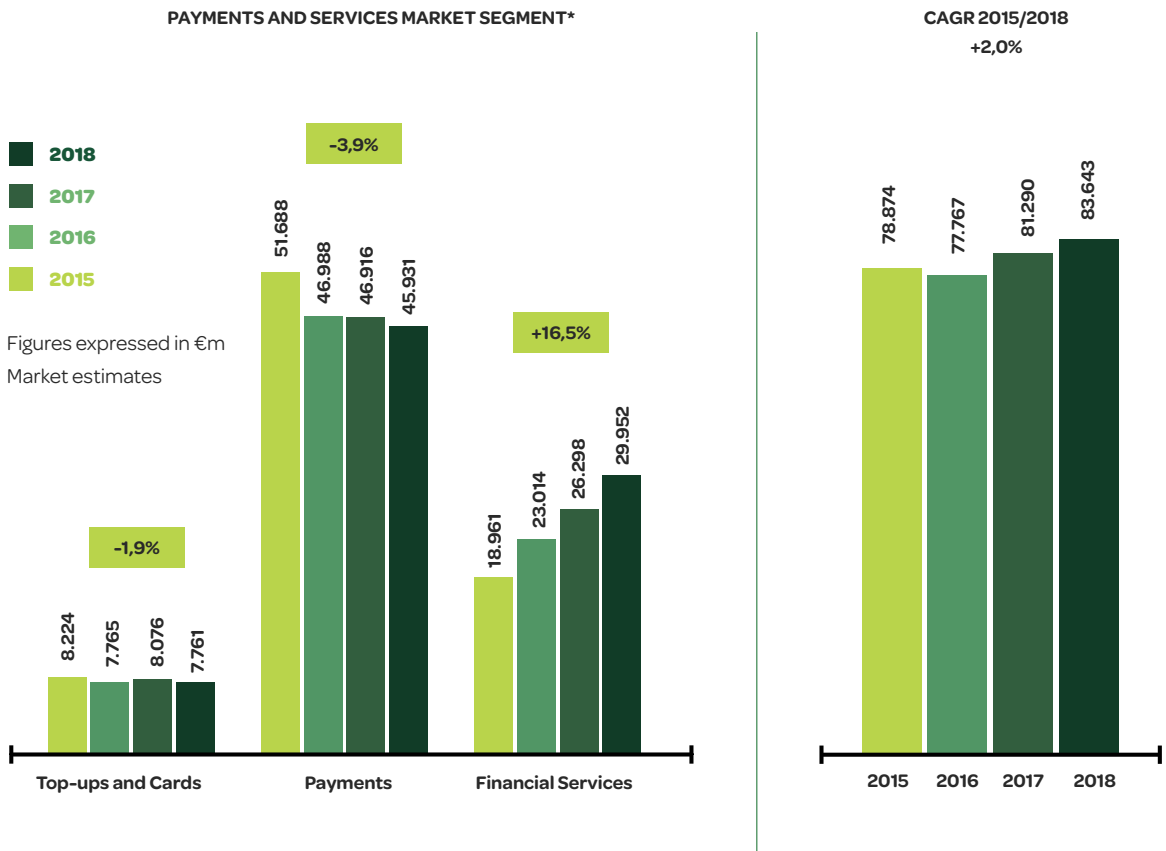**SPC: Sports Prediction Contests

THE PAYOUT

Other important Gaming Market indicators are the real level of Public Spending, calculated as the difference between Revenue and Payout, and Taxation. The payout is the percentage of money bet returned to players in the form of winnings. It varies greatly from game to game, starting at a minimum in various lucky draw games and rising to a maximum in online games like cash poker. Spending reports a positive trend of 3.7%, as does taxation, with a CAGR of +4.0%.

(€m)	2015	2016	2017	2018	CAGR 2015/2018
Total Revenues	88.016	95.727	101.567	106.665	6,6%
Payout	71.210	76.953	82.863	87.933	7,3%
Real public spending	16.806	18.775	18.704	18.732	3,7%
Taxation	8.844	10.431	10.004	9.951	4,0%

PAYMENTS AND SERVICES

The payments and services market is made up of three segments: top-ups and cards, payments, and financial services. An analysis of the various market segments reveals the increasing importance of Financial Services. In 2018, revenue totalled €30bn, with CAGR in the period 2015-2018 standing at about +16.5%.

PAYMENTS AND SERVICES MARKET SEGMENT*

CAGR 2015/2018 +2,0%

Legend:
- 2018
- 2017
- 2016
- 2015

Figures expressed in €m
Market estimates

Top-ups and Cards: 8.224 / 7.765 / 8.076 / 7.761 (-1,9%)

Payments: 51.688 / 46.988 / 46.916 / 45.931 (-3,9%)

Financial Services: 18.961 / 23.014 / 26.298 / 29.952 (+16,5%)

CAGR chart: 2015: 78.874 / 2016: 77.767 / 2017: 81.290 / 2018: 83.643

*The perimeter of analysis excludes MAV/RAV payments, which were included in previous year reports.

MAIN FINANCIAL RESULTS

In 2018, Sisal Group reported total turnover of about €19bn (+6.2%) resulting from further growth in both services (about €10.2bn, +5.9%) and gaming (about €8.8bn, +4.5%).

Consolidated revenue in 2018 stands at about €845m, an increase of 1.6% on the 2017 figure. This increase reflects the positive trend in the gaming segment, with particularly good performance put in by online games and fixed odds sports betting, further growth in so-called "retail point services" (particularly in the collection and payment services segments managed by the Holding Company), and further consolidation of revenues received under contract for various reasons from local collection networks.

The Group also continued to pursue its cost structure control and optimisation policies in 2018.

The virtuous combined effect of segment turnover results trending upwards on one hand and efficiency improvement initiatives on the other, has allowed the Group to deliver gross and operating (before non-recurring charges) profitability levels of +8.5% and +11.8% respectively against 2017. These results were delivered in parallel with a sizeable campaign of investments in systemic and technology infrastructure, amounting to about €95m (+58% on the 2017 figure), and prompt fulfilment of the obligations deriving from current financing contracts.

The table below summarises the main financial and profitability figures and their trend over the last two-year period, after eliminating certain non-recurring net charges from EBITDA and operating profit (for further information of an economic and financial nature, see the Sisal Group S.p.A. Consolidated Financial Statements at December 31, 2018).

SISAL GROUP 2018 FINANCIAL HIGHLIGHTS* (€k)			
	2017	**2018**	**VARIAZIONE**
Adjusted EBITDA	215.126	233.398	18.272 (8,5%)
Adjusted Operating Profit	102.278	114.355	12.077 (11,8%)
Profit (loss) for the year	27.325	36.443	9.118 (33,4%)
Total Revenues and Income	831.983	845.374	13.391 (1,6%)

RELATIONS WITH BANKS AND THE FINANCIAL COMMUNITY

At the end of 2016, Sisal group was acquired by CVC Capital Partners, an international private equity fund with considerable funds and resources for the further development of Sisal group.

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.

SISAL'S 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, after a period of significant growth in the second half of the first decade of the new millennium. In more detail, in 2018 total tax revenue from gaming stood at about €9.9 billion, representing average growth over the last 4 years of about 4%, but slightly down by about 0.5% on the same figure for 2017.

Of this €9.9 billion, about €1.1 billion refers to Sisal gaming revenue, and of that about €0.4 billion to lottery games SuperEnalotto, Vinci per la vita – Win for Life, SiVinceTutto, Eurojackpot and, since 2014, VinciCasa, which are some of the best-loved, best-known and most remunerative in terms of tax revenue, while €0.5 billion relates to entertainment machine revenue.

Each week, Sisal collects cash flows generated by activities the previous week from points of sale and makes payments to both the tax authorities and commercial partners on the basis of the relative rules and agreements. In 2018, cash flows deriving from gaming break down as follows:

- Revenues: about €8.8 billion.

- Total winnings paid out: about €7 billion (about 80% of revenues against about 79% in 2017).

- Fees paid to retail networks: about €0.1 billion, in line with the figure for the previous year.

- Fees paid to Group concession companies: about €0.6 billion (revenues from electronic gaming machines include remuneration remitted to the relative supply chain).

- Taxes: about €1 billion (about 12% of turnover, compared to around 9.3% for the market as a whole).

The chart below visualises the aforementioned breakdown as a percentage of the Group's total gaming revenue.

BREAKDOWN OF 2017 GAMING TURNOVER

Legend:
- Retailers
- Concession Company/Slot machine network
- Tax Authority
- Payout

Pie chart values: 80%, 12%, 7%, 1%
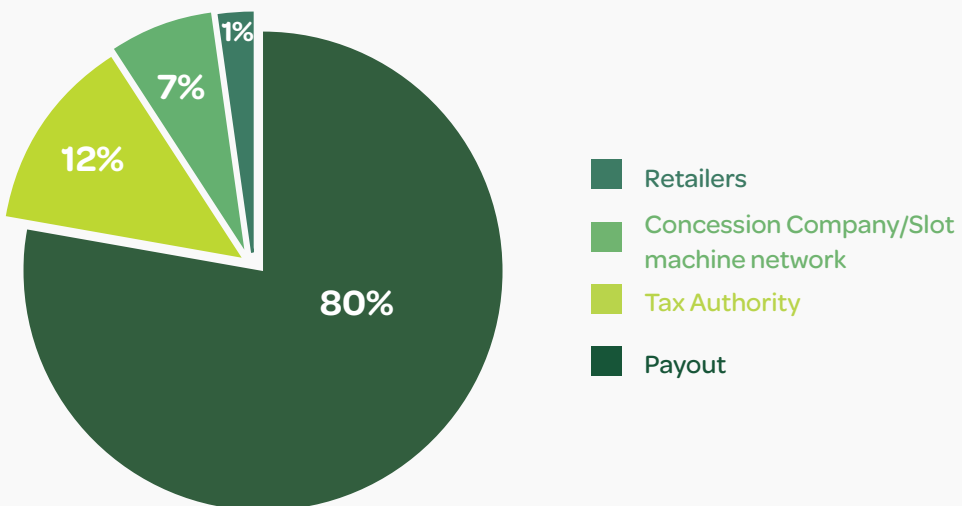
VALUE CREATION AND DISTRIBUTION

Sisal's 2018 consolidated financial data are set out below, reclassified to highlight the formation of value added, or in other words revenue after intermediate costs. Value added indicates the wealth generated by the Group during the year and then distributed to stakeholders.

VALUE ADDED (€K)		
	2018	**%**
A. Value of production	**845.374**	**100%**
Revenue from sales and services	845.374	
B. Intermediate costs of production	**520.338**	**61,6%**
Materials, auxiliaries and consumables	12.244	
Service costs	454.491	
Leases and rentals	22.555	
Provision for risks	2.060	
Other operating expenses	28.988	
GROSS SPECIFIC VALUE ADDED	**325.036**	**38,4%**
Financial income	25	
TOTAL GROSS VALUE ADDED	**325.061**	**38,5%**
Ammortamenti, svalutazioni e ripristini di valore**	114.405	
TOTAL NET VALUE ADDED	**210.656**	**24,9%**

Cost of services: this item does not include sponsorship costs

**Amortisation, writedowns and revaluations: this item includes writedowns of investments in associated companies and not provisions for risks and future charges

No financing has been received from the Public Administration. The Group received no significant sanctions in 2018 relating to non-compliance with laws or regulations.

DISTRIBUTION OF VALUE ADDED (€K)		
	2018	**%**
Staff Remuneration	**91.725**	**43,5%**
Staff Costs	86.526	
TFR (Staff severance indemnities)	5.199	
Transfers to the Authorities	**24.501**	**11,6%**
Direct taxation	15.096	
Indirect taxation	6.260	
Local taxes and duties	3.145	
Repayment of borrowed capital	**56.686**	**26,9%**
Charges on short term capital	1.429	
Charges on long term capital	55.257	
Return on risk capital	**0**	**0,0%**
Profits distributed to third parties	0	
Return for the company	**36.443**	**17,3%**
Retained earnings	36.443	
Other Transfers and Community Investments	**1.301**	**0,6%**
Donations	111	
Sponsorships	1.190	
TOTAL NET VALUE ADDED	**210.656**	**100,0%**

*The item includes both commercial and CSR-related sponsorships

BREAKDOWN OF COMMUNITY INVESTMENTS

RESPONSIBLE
GAMING — **13,5%**

SPORT — **4,4%**

CULTURE AND
THE ARTS — **66,3%**

INNOVATION
AND TALENT — **12,5%**

OTHER — **3,3%**
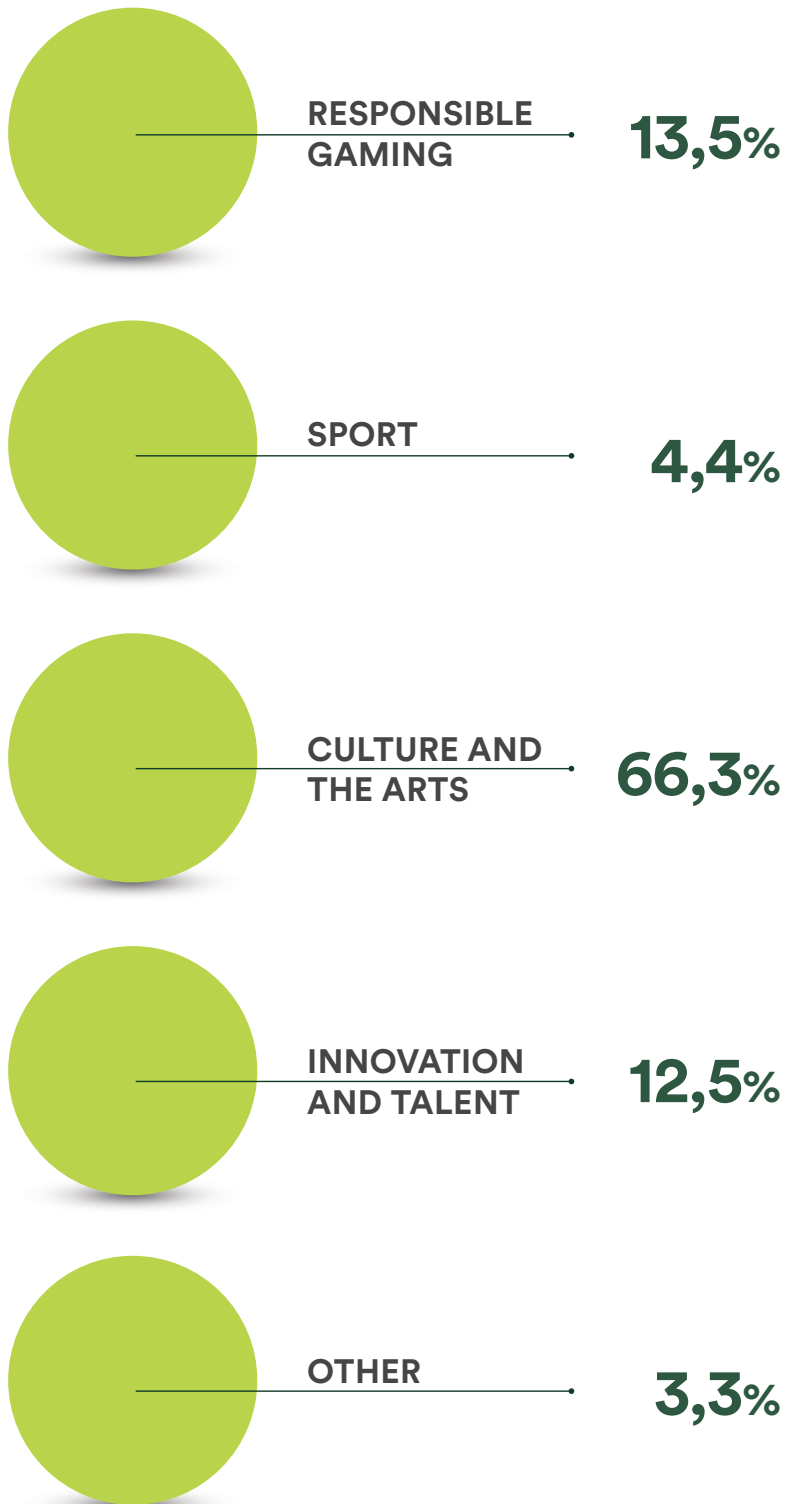
2 STAKEHOLDER

WORKING WITH THE FUTURE

Roberto Poli

UNESCO Chair in Anticipatory Systems
President - skopìa

Working with the future doesn't mean predicting what will happen. Only those who fail to understand the nature of the future and haven't learned the lesson of complexity, perhaps the most important scientific novelty of recent decades, can think that working with the future means knowing what will happen.

Prediction is literally a miniscule component of futures studies. The key to working with the future isn't so much predicting what will happen (fortunately the world is always richer and more surprising than our models) as being open to novelties, ready for surprises, and sufficiently well-prepared to manage them.

It isn't enough, however, to know that tomorrow things will be different than they are today. Merely recognising that things have changed a lot and will continue to do so is clearly insufficient. What we also need is an understanding of how the changes are gradually accelerating.

From start to finish, the twentieth century was a succession of increasingly rapid changes and there is no reason to believe that things will be any different in the twenty first century. If anything, we can expect the transformations to be even faster and more radical. It isn't only a question of the loudly trumpeted technological evolutions that are on their way, but also of social and cultural change in readiness for them and their reciprocal interactions.

When taken together, changes and their constant acceleration, in particular, increase the uncertainty of people, institutions and companies. The information inherited from the past (i.e. our experience) is no longer sufficient to know what we need to do and the decisions we have to take. We have to extend the information base we use to make our decisions, but where do we find the information that's lacking?

If information about the past is no longer sufficient to know what to do, we're left with the possibility of collecting information about the future and methodically exploring the ways things may go in order to better understand the consequences of our actions.

There are three key factors.

The first is transitioning from the idea of a future in the singular to the idea of futures in the plural.

The second is spelling out these various futures. If we spell them out, black on white, we can use them as working tools. We can discuss them and ask ourselves what consequences they will have on our business.

The third is that in a situation of accelerating change, we have to explore the future in correspondingly greater depth, giving ourselves the authority to look far beyond the usual temporal and operating windows. As one of the founding fathers of futures studies said, the faster a car goes, the further into the distance its headlights must shine. If I can see the changes arriving I can try to prepare for them, independently of whether they are problems or opportunities.

Developing futures skills in an organisational context (literally learning to work with the future) requires the development of explicit capabilities and skills. Just as no serious person would run a marathon without putting in some solid training, we likewise need to be trained to work with the future.

Since 2015, Trento University startup skopìa has developed a solid methodology to help companies read and work with possible futures.

INTERNAL AND EXTERNAL STAKEHOLDERS

I n a period of rapid change like the fourth industrial revolution, the conversation with stakeholders is an essential factor for sustainable business development.

Our answer to the uncertainty of the times is the desire to tackle new challenges as they arise, contributing proactively to the evolution of our role in society.

That is why we have entered into an ongoing conversation with our internal and external counterparts, identifying nine relevant stakeholder categories and 'together' with them defining the material issues and the materiality matrix, both essential elements to guide development based on the priorities and expectations of our audiences.

OUR PEOPLE

We are in the fourth industrial revolution: in this era of change and transition, being forward-looking is an urgent and important skill for everyone. Periods of transition are by their very nature a source of concern, but also a great opportunity: being bold is essential to negotiate the uncertainty of the age and to model the future ahead of us.

In this phase, explorers become benchmarks and Sisal's history was written by explorers: three journalists who, in the period immediately after the second world war, breathed life back into Italian sport by contributing to the reconstruction of Italian sports facilities through the invention of Totocalcio. Sisal has grown by leveraging the same drivers as its founding partners: preparation, the ability to innovate, and creativity.

Sisal's people keep alive and develop the spirit that is at the heart of our People Strategy.

Employees are our most important counterparts and resources, the ones we rely on and promote constantly as the drivers of new ways of collaborating, learning, innovating and, therefore, realising the future of our business.

This is the key role of our Human Resources Office, which works in parallel on the mindset, training and ongoing learning, basing Sisal's modus operandi on collaboration as a fundamental factor in achieving ambitious results.

Our People Strategy has three main drivers to tackle and prepare for the future:

DIVERSITY FROM A GENERATIONAL PERSPECTIVE

PROMOTE ENGAGEMENT AT ALL LEVELS

GUARANTEE THE SKILLS NEEDED FOR THE COMPANY'S FUTURE

1. PROMOTE ENGAGEMENT AT ALL LEVELS

Our approach is based on solid pillars around which we build the way we work: listening, engaging and co-designing initiatives to define a project's guidelines together. Listening to people in the company is key to understanding their needs: structured surveys, instant surveys and participatory workshops represent our preferred path, which through this direct and immediate approach enables us on one hand to monitor needs and on the other to prepare and define initiatives that can be implemented.

The interfunctional teams we prefer work on cross-company projects and rely on the synergy of diverse competences and professional skills to achieve results in a clearly defined time frame, amplify the exchange of ideas, and create a space for dialogue addressed not only to business goals, but to corporate wellness too.

Working on shared projects, even outside resources' habitual professional roles, makes it possible to develop a collaborative approach and create initiatives that make sense for people in their professional lives.

The heterogeneous makeup of task forces, and the direct exchange of views between individual resources regarding every aspect of corporate life, makes it possible to analyse a project across the board and find the most appropriate solutions.

In addition, those who want can become project ambassadors, representing all interested colleagues.

19 PLANNING MONITORING TEAMS Co-design workshops for improvement initiatives	**Climate** **GREAT PLACE TO WORK**
8 TEAMS OF SMART MANAGERS AND SMART WORKERS Promote the culture of smart working	**Digital mindset** **SMART WORKING**
1 DIGITAL INNOVATION TEAM Innovation talents chosen by co-workers with an ONA.	**Digital transition** **FUTURE ACADEMY**
1 TEAM OF MENTORS Mentoring team for all co-workers who want to register for or already take part in the Skill Gym self-training course	**Ongoing learning** **SKILLGYM**
GENERATIONAL TEAMS Specific generation-oriented projects	**Diversity** **4 GENERATION @ WORK**

2. ENSURING THE COMPANY HAS THE SKILLS IT NEEDS FOR THE FUTURE

The social and economic complexity of the current situation, technological innovations and the speed of change all have a strong influence on today's workers. Also evolving are the labour market as a whole and the balance between supply and demand, as are organisational models and development and training plans to ensure the success of individuals and groups operating in increasingly complex systems.

The process of technological and digital transformation is a fundamental transition for our company too, because it influences the organisation as a whole, as it does working methods and professional roles. To tackle this challenge, we have set up the Future Academy, which has a mission to promote new awareness and more flexible and inclusive ways of thinking, as well as to stimulate innovation and support change.

The **Future Academy** has been instrumental in five projects:

1. **Digital Transformation Program,** a training path for all top and middle management team members
2. **Cody Team,** a digital innovation team identified through an ONA (Organizational Networking Analysis)
3. **Skillgym,** a voluntary soft skills training path for all Sisal people
4. **Smart Working Evolution,** a cultural smart working evolution process
5. **Laboratorio di Futuro,** megatrends and methods for intercepting possible futures.

Digital Transformation Program

A training path devised to promote constructive thinking with the entire management team about the size, logic and dynamics of the process of change we are living through, using a hybrid approach that combines workshop sessions with idea generation, project work and contamination with startups.

This has created a learning environment in which to define, **build and update the skills needed to provide real time answers to digital transformation** and know how to benefit from new technologies.

The goals of the training sessions are:

*   To understand how digital innovation is changing the business context for value creation, and therefore roles and skills.
*   To create a shared culture of innovation and digital technology and encourage cross-company working methods to provide support for business.
*   To promote the value of the skills and know-how we already possess and transform them into competitive edge to improve our products/services.
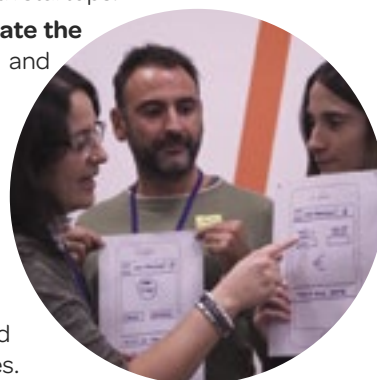
Cody Team

We have used an Organizational Network Analysis (ONA) survey (**a bottom-up methodology** that identifies people with a specific profile based on characteristics recognised by their colleagues) to select **15 talents in innovation** with the ideal attitude and digital skills to work on and propose innovative business projects.

A 'cody' is someone who:

*   ama sperimentare;
*   ricerca informazioni e approfondimenti sulle nuove tecnologie;
*   condivide le scoperte;
*   è pieno di idee e proposte innovative.

The interfunctional team made up of the 15 talents identified in this way acts as an agent for change within the organisation, contributing to the **Digital Transformation** Program with the management team and developing test and prototyping skills on an ongoing basis in order to develop digital innovation projects for proposing to the business.

Skillgym

Digital transformation and continuous learning go hand in hand.

While soft skills have always been regarded as important for management, they are becoming even more vital today in all professions and at every level in order to tackle the complexity that surrounds us.

With Skillgym, our goal was to turn the training of these skills and capabilities into an opportunity available for everyone through a blended course with voluntary registration.

Smart Working Evolution

In the two years since Smart Working was introduced in Sisal, we have recognised that it is an approach that requires a **radical change of mentality** more than the correct use of the tools provided. It implies the transition from working practices structured in terms of activities and procedures, to one organised on the basis of goals and projects.

This way of working encourages managers to co-build a professional relationship defined by the keywords of trust and responsibility.

The quality of professional resources and their work is no longer measured in terms of effort and commitment, but of the extent to which **the results obtained achieve the objectives defined** together at the start of the project and the timing of their delivery.

To support and extend this approach, we have actively involved people in the process of co-building the methods used to promote and consolidate this new practice: **40 smart managers and 40 smart workers** have used innovation workshops to identify and implement useful initiatives to evolve the company and its people towards a more digital, interdependent and collaborative future.

The result is a community of expert practitioners who were the first to tackle and find solutions to the complexity that this change brings.

Laboratorio di Futuro (Future Workshop)

We have set up an experimental management workshop to train us to see possible futures and learn to define them with a view to building better strategies. The method we have adopted is one of anticipation: megatrend analysis, scenario creation, comprehension and the management of risks and key variables.

3. DIVERSITY FROM A GENERATIONAL PERSPECTIVE

Organisations in which people represent value are like a mosaic, where every tile is indispensable to the work of art as a whole. And if even only one piece is missing, its absence is immediately apparent.

Promoting diversity in an organisation means taking account of every individual and recognising every aspects of their presence, contributions and opportunities.

Sisal is increasingly heterogeneous in terms of its resources' gender, ethnic and cultural background, generation, experience and skills. We see diversity not just as something to take in your stride, but more importantly as a resource that can be used to design creative, innovative solutions that take account of various different points of view.

Today, four generations work side by side in Sisal on a daily basis.

The raising of the retirement age for baby boomers, the promotion of the middle generations (X and Millennials) to positions of responsibility, and the arrival on the employment market of the younger generation (Z Gen), combined with communication style, work ethic, identity and professional realisation, are just a few of the most visible effects of the generational diversity that is a feature of Sisal.

Generational differences offer a remarkable opportunity for evolution and are a focus for initiatives addressed to individual generations, as well as to those dedicated to interfunctional teams. They also make it possible to approach personal and working challenges by developing and managing relations in a more effective and informed way, and at the same time to achieve better business results.

Will: voluntary work in Sisal

Willpower, altruism and the desire to devote time to others are the inspiration behind **Will**, Sisal's **voluntary work project**.

In 2017, the idea was proposed almost for fun by a group of employees who were already committed to social work and drew up a plan to donate working hours to associations in the form of voluntary work. It marked the start of the Will initiative, which immediately found fertile ground for development, involving an internal survey on the attitude of Sisal employees to voluntary work and their reaction to the corporate voluntary work project.

The results have been positive to say the least: 79.6% of the 825 interviewees seized the opportunity to take part in the project. Will began life in partnership with **Milano–altruista**, a voluntary work platform established in 2010 with the dual aim of helping aspiring voluntary workers find a project that suits them and providing non-profits with support identifying volunteers who have the right characteristics.

One of the results of this partnership is the **Will web portal** (dedicated to our co-workers in Milan, in this first stage), which provides users with a way to choose and register for their own voluntary work experience.
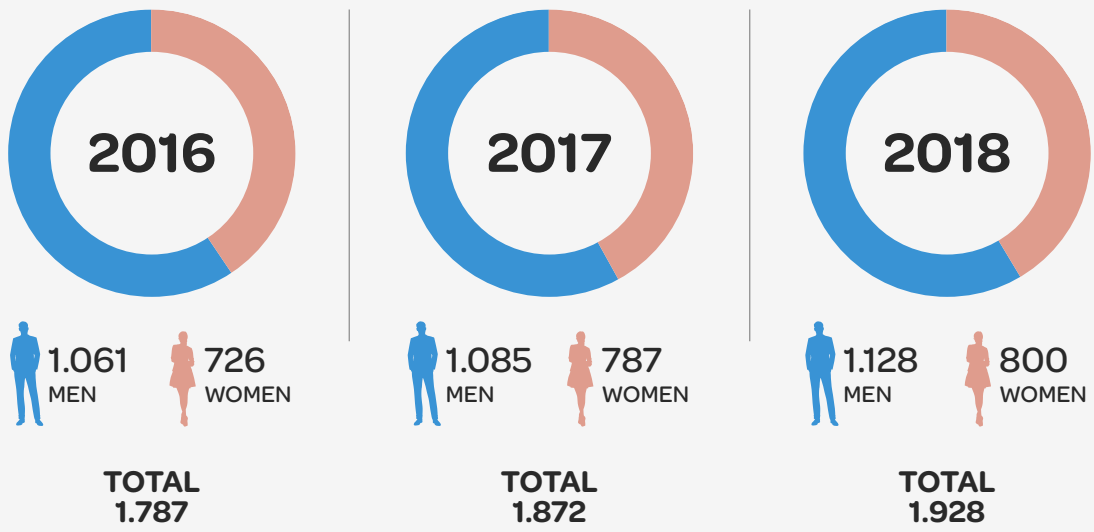
The web portal lets employees select from multiple activities (each employee can spend four hours a month on them) using a calendar with details about all the projects they can work on, as well as making it possible for them to recommend an association they know about or where they already do voluntary work.

This project undertaken by Sisal is recognised as a **best practice in Italy** and very few Italian companies have developed their own internal voluntary work system for employees. The initiative forms part of the Group's People Strategy, as well as representing an important and unique example of Corporate Responsibility in the industry we work in.
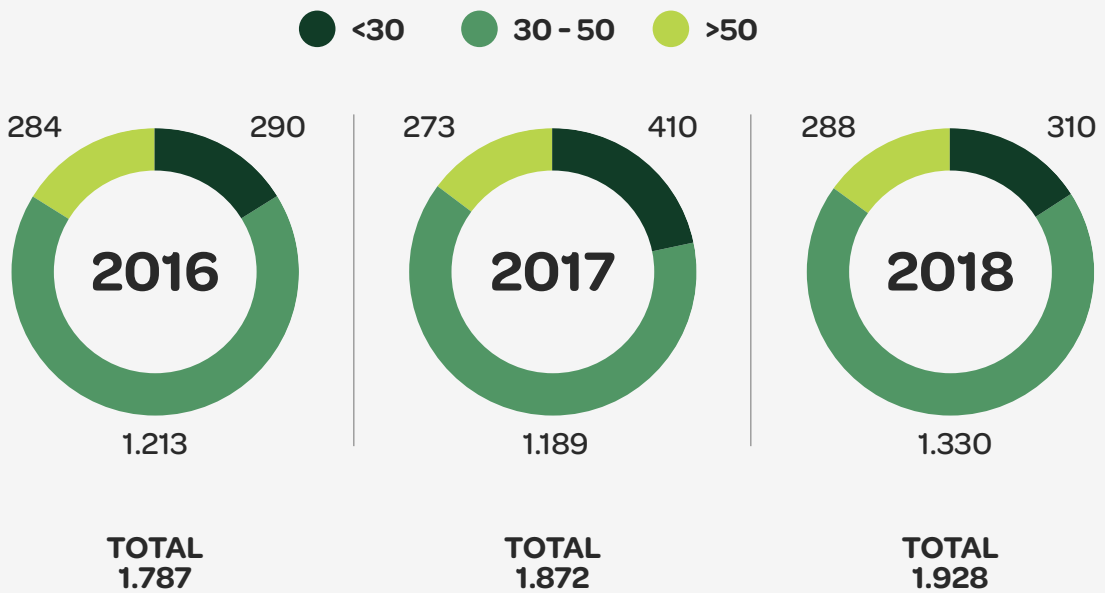
OUR NUMBERS

WORKFORCE

The total number of employees stands at **1.982**, an increase on the 2017 figure (+3%). In 2018, women represent 41% of the total workforce

2016

1.061 MEN   726 WOMEN

**TOTAL
1.787**

2017

1.085 MEN   787 WOMEN

**TOTAL
1.872**

2018

1.128 MEN   800 WOMEN

**TOTAL
1.928**

WORKFORCE BY AGE

● <30   ● 30 - 50   ● >50

2016

284   290

1.213

**TOTAL
1.787**

2017

273   410

1.189

**TOTAL
1.872**

2018

288   310

1.330

**TOTAL
1.928**

WORKFORCE BY CATEGORY

White collars are the largest category in the workforce and represent 82% of the total. 51 employees are in protected categories.

	2016		2017		2018	
	Men	Women	Men	Women	Men	Women
Apprentices	21	21	31	20	46	31
Blue collars	40	15	59	13	56	16
White collars	894	657	861	704	879	701
Line managers	75	31	99	42	109	44
Managers	31	2	35	8	38	8
Total	**1.061**	**726**	**1.085**	**787**	**1.128**	**800**

WORKFORCE BY TYPE OF CONTRACT

Out of 1,752 employees with open-ended contracts (90% of the total), 84% work full time.

	2016		2017		2018	
	Men	Women	Men	Women	Men	Women
Full-time	914	485	959	529	954	511
Part-time	67	194	126	258	76	211
Total	**981**	**679**	**1.085**	**787**	**1.030**	**722**

TURNOVER

NEW RECRUITS BY GENDER						
	2016		**2017**		**2018**	
	N.	%	N.	%	N.	%
Women	42	6%	122	16%	85	11%
Men	85	8%	157	14%	141	13%

NEW RECRUITS BY AGE						
	2016		**2017**		**2018**	
	N.	%	N.	%	N.	%
<30	65	18%	171	42%	103	33%
30–50	57	5%	99	8%	116	9%
>50	5	2%	9	3%	7	2%

TURNOVER BY GENDER						
	2016		**2017**		**2018**	
	N.	%	N.	%	N.	%
Women	45	6%	86	11%	72	9%
Men	42	4%	112	10%	117	10%

TURNOVER BY AGE						
	2016		**2017**		**2018**	
	N.	%	N.	%	N.	%
<30	35	10%	82	20%	68	22%
30–50	49	4%	100	8%	103	8%
>50	3	1%	16	6%	18	6%

TRAINING*

AVERAGE HOURS OF TRAINING BY GENDER

2016

8,8 HOURS	**9,7** HOURS

2017

10 HOURS	**7,3** HOURS

2018

11,6 HOURS	**11,2** HOURS
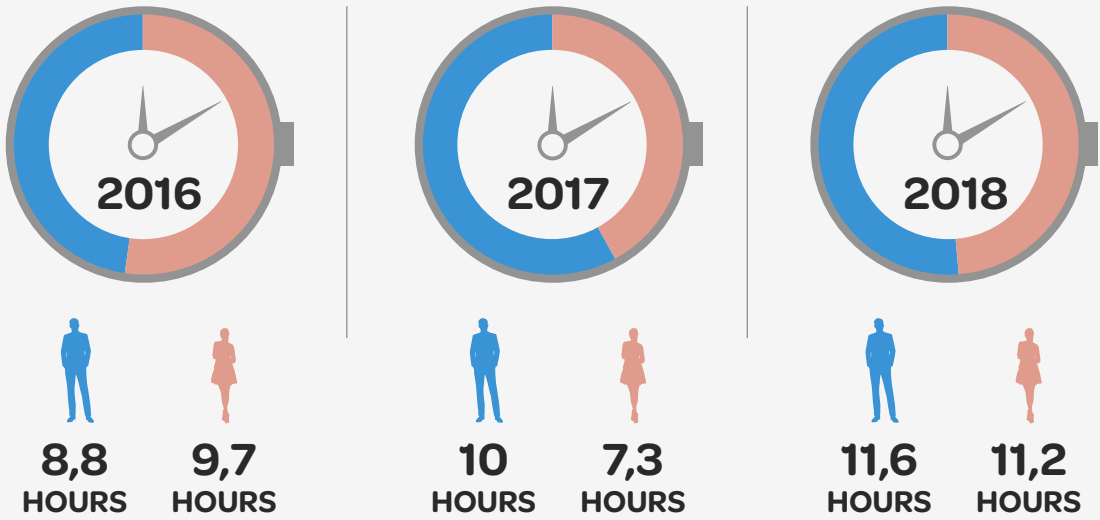
AVERAGE HOURS OF TRAINING BY CATEGORY*

2016

Blue collars	Apprentices	White collars	Line managers	Managers
0 HOURS	**8,8** HOURS	**7,1** HOURS	**36,5** HOURS	**20,2** HOURS

2017

Blue collars	Apprentices	White collars	Line managers	Managers
3,8 HOURS	**0,7** HOURS	**7,6** HOURS	**25,6** HOURS	**19,8** HOURS

2018

Blue collars	Apprentices	White collars	Line managers	Managers
0,5 ORE	**8,7** ORE	**9,1** ORE	**39,2** ORE	**21,3** ORE

*Hours calculated after mandatory training

HEALTH AND SAFETY

Occupational health and safety are part and parcel of employees' general well-being, because having a comfortable and safe environment to work in is fundamental. The culture and values we have promoted over the years have established a culture of virtuous conduct, in line with legal provisions enforced through strict controls.

In fact, the team working in the area of healthcare supervision, prevention and protection in 2018 is made up of **15 occupational doctors and 11 Safety, Prevention and Protection Managers (RSPP – Responsabili Sicurezza Prevenzione e Protezione)**. The team operates in 13 regions, with central coordination provided through Sisal's HSE function by a coordinating occupational doctor and a safety, prevention and protection coordination manager.

Training is available for all workers, whatever their duties, and emergency management teams have been set up at all worksites. 329 first aiders and 466 fire-fighters have been trained and are kept up-to-date.

Two automatic defibrillators have been purchased and installed at the Milan and Rome sites and a total of 18 workers have been trained to use them. The defibrillator installed at the Milan site is also available for public emergency use.

In 2018, we obtained OHSAS 18001 "Occupational Health and Safety" certification for the Rome site.

ACCIDENTS			
	2016	**2017**	**2018**
Number of accidents	34	45	26

TRADE UNION AGREEMENTS ON HSE ISSUES			
	2016	**2017**	**2018**
Total number of agreements with the trade unions	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%

THE SISAL NETWORK

The retail network distributes our gaming and our payments and services products, playing a strategic role not only for the Sisal group, but also for local communities as a whole. The ubiquity of our points of sale offers our huge customer base an easy way to purchase products and make use of the services available.

The solidity of our network is one of the fundamental pillars on which our credibility and reputation rest. Growth is driven by a differentiated and personalised commercial offering to develop the potential of each individual point of sale. We invest constantly in the quality of the network, working to develop retailers' professional skills and give them a leading role to play in the sales process.

Our 50,042 points of sale are split into two physical channels: branded and affiliated.

2018
Total branded channel

2.649

2018
Total affiliated channel

47.393
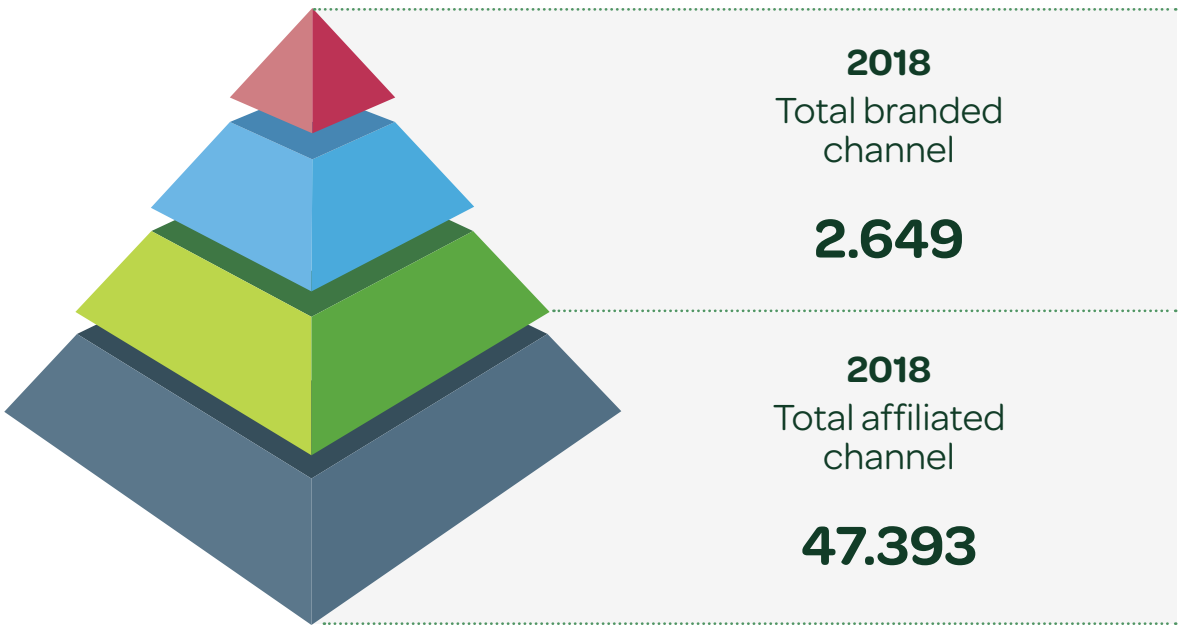
BRANDED CHANNEL

There are 2,649 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 delivers sustainable business development, because it is matched to our customers' real needs. The branded channel consists of:

Sisal Wincity. This is an innovative channel based on the "Eat, Drink and Play" model that combines gaming, food and beverage, and entertainment. Wincity outlets are located in the main Italian cities, including Milan, Rome, Turin, Brescia, Pescara, Florence Catania and Bologna.

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

Sisal Smartpoint. LLaunched in 2014, it offers an innovative entertainment experience based on the latest technology. It provides the full range of lottery products and AWP (Amusement With Prizes) machines, as well as the entire payments and services offering.

AFFILIATED CHANNEL

Our products and services are also available in 47,393 third party points of sale spread evenly across Italy, with which Sisal has built up close and longstanding business relations. Their sales of gaming and payments and services products are vital to reach a broader public.

The true strength of our relationship with the network lies in the ongoing conversation with retailers. This has proved to be a vital factor in listening to their needs and providing them with updates and training.

We carry on our conversation 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 2018 the Contact Center service achieved the following results:

- **Service Accessibility:** 93.1% of contacts managed.
- **FCS (First Call Solution):** 92.2% first call solutions for accounting, administrative and commercial information requests.
- **SLA (Service Level Agreement) with Customs and Monopolies Agencies:** 99.97% compliance for lottery game information requests.

The retailer portal

The preferential communication channel with the network is the Retailer Portal at

www.rivenditorisisal.it, available for both desktop and mobile devices. The Portal has reported constant growth over the years, with an average of over **11,500 unique hits per month in 2018**.

The platform ensures that retailers can stay connected with Sisal, even when they're on the move, and access the services they need at any time, for example to look up product information or consult accounting data for their own point of sale.

In addition, with the aim of consolidating and strengthening the relationship with Sisal, the Portal provides ways for retailers to ask for and receive the business and point of sale management assistance they need.

Terminal messages

Another direct communication tool between Sisal and retailers is the gaming terminal, which is used not only to validate bets but also to provide daily updates about product novelties, special consumer initiatives, total winnings and much more. To ensure maximum communication efficiency and not get in the way of everyday work, messages are coded according to their priority, allowing retailers to rapidly identify the most important ones.

Retail point site selection criteria

Our distribution network consists of some of the best points of sale in Italy, the result of our salesforce's concerted efforts to identify new commercial sites to add.

The selection criteria include a location in strategic, high-traffic areas and the retailer's approach to business. Points of sale represent one of the main media channels for informing consumers about product and service novelties. In the event of product launches and new initiatives, for example, we supply the entire network with special promotional materials to give the product portfolio maximum visibility and provide concrete marketing support for retailers. Our salesforce also provides network support in the form of periodic visits, which are used as an opportunity to communicate useful information, promote commercial leverage and give advice on the best way to present the promotional materials.

The retail network

	2017	2018
Sisal Wincity	24	25
Matchpoint Agencies	372	364
Horse race and sport betting corners	3.273	1.384
Sisal Smartpoint	776	876
Total branded channel	**4.445**	**2.649**
AWP and VLT only outlets	3.636	2.344
Gaming and services outlets	32.341	32.348
AWP, Gaming and servicies outlet	2.888	2.174
Services only outlets	8.010	10.527
Total affiliated channel	**43.987**	**47.393**
TOTAL	**48.432**	**50.042**

SUPPLIERS

The evolution of the gaming and services market has encouraged us to diversify our business, introducing an ongoing process to select new suppliers aligned with Sisal's values. We firmly believe that only by engaging in a direct and transparent conversation with our many commercial partners can we sustain the innovation of our products and services and generate value across the entire supply chain, at the same time as complying with the specific regulatory requirements of the gaming industry and the expectations of all our stakeholders.

THE SUPPLY CHAIN

Sisal's growth and development have always been associated with a network of strategic partnerships established with suppliers selected from the outset because they have the best specialist skills available on the market.

Our model is based on an open communication channel with suppliers and shares responsibility with them. We work 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.

Achieving this objective requires excellent relations across the entire supply chain and ever better performance from suppliers. That is why 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 Rating 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 ensures comprehensive and ongoing performance monitoring and provides 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 fulfil our commitment to building a collaborative partnership with our suppliers, in such a way as 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. We have also introduced a control system for the prevention of corruption according to standard **UNI ISO 37001:2016**.

The Group's suppliers are split into the following purchasing areas, based on the Group's main activities: 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.
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THE COMMUNITY

70 years have passed since three journalists decided to give back hope and a carefree spirit to a population surrounded by the ruins of war. This is the spirit that inspired the foundation of Sisal: the desire to make a contribution to rebuilding Italy.

Our way of doing business is deeply rooted in the Italian social fabric, as it has been from the outset, and continues to keep our conversation with local communities alive by promoting innovation, sharing and social integration. Because a company's development is sustainable if it manages to give value to people and local communities.

OUR COMMUNITY INVESTMENT MODEL

In 2017, we launched a process to identify social responsibility-related investments. For the purposes of defining areas of expenditure that are better aligned with this decision, we have performed a comparative analysis on good practices in the industry.

Il modello prevede **4 aree di intervento**:

SPORT

CULTURE AND THE ARTS

INNOVATION AND TALENT

SOCIAL SOLIDARITY

Our commitment to balanced and responsible gaming is an integral part of the Sustainability model, but its social impact and strategic importance deserve their own comments, which can be found in Chapter 3.

The Sustainability Committee, coordinated by the Marketing and Communications Director, is made up of BU and central office managers, who define and oversee the Group Sustainability model in terms of sharing and approving strategic guidelines.
In 2018, the Committee met five times.

SPORT

Since the introduction of the first play slip in 1946, Sisal's approach to sporting endeavour has always been based on pure fun, in the spirit of healthy competition and respect for the rules. This is the inspiration behind our community action guidelines.

We Playground Together

The mission of this project, launched with our support by NBA champion Danilo Gallinari, is to requalify areas used to play sports on the outskirts of cities by the end of 2020. We Playground Together was officially launched at an event in Vittorio Formentano park in Milan on September 9, 2018, with basketball champion Gallinari and a crowd of fans of all ages. The entertainment organised included minigames between boys and girls from sports clubs, competitions to shoot baskets, and skills challenges, all brought to a close by a game between Gallinari's friends and former professional players.

The project forms part of the Sport and Sustainability area that Sisal has supported from the outset, with the goal of promoting sports as a training resource and a way of encouraging socialisation. Playing fields in Italy and all over the world are places where people break down barriers and build moments of social interaction that work towards integration and social cohesion.

Liberi Nantes – More than a game

In 2015, Sisal began to support the Liberi Nantes association, **the first football team in Italy made up entirely of refugees and asylum-seekers.**

Established in 2007 and recognised by the UNHCR, it is an Italian Amateur Sports Association that offers valuable opportunities to meet people, integrate and make friends. Since 2010, Liberi Nantes has been based at the storied XXV Aprile Sports Facility in the Pietralta district of Rome, which was built in the 1960s.

Sisal's first project with the club was "Oltre il gioco" ["Beyond the game"], a joint initiative with Roma Cares, a social responsibility non-profit set up by the AS Roma football team to promote the social values of a sport based on fun and fair play, jointly with the top football team in Italy's capital city.

After the good results reported in 2017, Sisal continues to offer the Liberi Nantes Association its direct support, with contributions earmarked for 2019 too, encouraging the requalification and good operation of the sports facility as somewhere to continue to promote social innovation programmes and initiatives to requalify public areas in the outskirts of big cities.

CULTURE AND THE ARTS

The quality of Italians' leisure time is a priority for our responsible approach: our cultural initiatives strive to encourage young people to appreciate the values of equality, respect and socialisation.

Manifesta: Sisal and Italian Contemporary Art

Manifesta is a touring European biennial exhibition of Contemporary Art that was held in Palermo in 2018, with Sisal as main sponsor.

This choice was inspired initially by an interest in emerging Italian artists and a survey commissioned from IPSOS on contemporary art and its main players and influencers. On this basis, the idea was developed of establishing connections between artists across Italy, promoting the development of the network and the skills needed to give this art form more visibility and make it more competitive on international markets.

From June 16 to November 4, 2018, the Sicilian regional capital was the setting for numerous initiatives devised and organised by Sisal, including the **Sisal Art Place**, a space dedicated to visitors attending Manifesta based on a concept set in the storied Palazzo Drago.

The goal was to encourage Italian artists to network as a way of tackling system fragmentation, which makes it hard to gain visibility and recognition. This innovative patronage mechanism isn't only for young people, but supports the entire supply chain with a view to increasing the space dedicated to contemporary artistic expression.
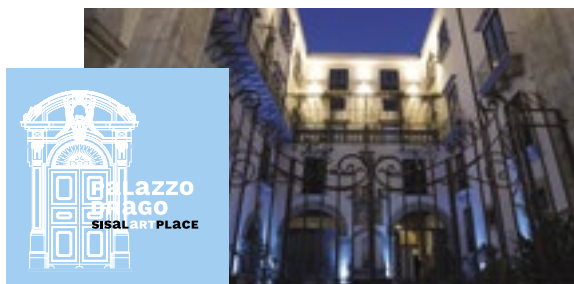
Piccolo Teatro

Our support for Piccolo Teatro di Milano dates back ten years now, offering young people an opportunity to meet cultural heavyweights. Sisal is **Special Partner to Chiostro Nina Vinchi** in Via Rovello in Milan, a storied meeting point for students, professionals and theatre lovers that hosts presentations of the works staged at the theatre, workshops, readings, cycles of themed workshops and cultural exhibitions.

It also provides the backdrop for the launch of our "A Teatro con Sisal" ["At the Theatre With Sisal"] initiative for employees to promote the culture of theatre and share their passion for the stage with their co-workers.

INNOVATION AND TALENT

Il futuro è sostenibile ed è nelle mani dei giovani, per questo l'educazione e la valorizzazione dei talenti è un punto importante per Sisal.

GoBeyond: the second edition promoted by SisalPay

The **competition designed to encourage innovation in Italy is back** after its first edition in 2014, **supporting enterprise ideas** and helping turn them into successful businesses. The 2018 event was organised jointly with UK private equity fund CVC Capital Partners in the framework of "Young Innovators", the international programme to support international entrepreneurship.

The contest was devised by SisalPay and has been given a boost by partners of the calibre of Digital Innovation Observatories of Politecnico di Milano, Google, Roland Berger, Brunswick, frog and Studio Legale Munari Cavani.

This pool of excellence has worked to create an "ecosystem" addressed not only to funding the launch of the winning start-up, but also to providing ongoing support and consulting.

Over 70 ideas were presented by aspiring young entrepreneurs in the areas of "Social Innovation" and "Citizen Services". The winner of the first category was **Wiseair**, a smart vase that acts as a distributed, hyperlocal and real time air quality monitor. The second category was won by **Plick**, the easy-to-use payment system with no IBAN, no app and no limits.

The two ideas also received excellent feedback from other sources: Plick was selected as one of the best Italian start-ups by LeVillage (a co-working space by Crédit Agricole group), while Wiseair obtained public financing through Fabriq for projects with a high social impact.

We are pleased to have helped give a boost and visibility to Italians with a positive attitude, who are driven by a creative spirit and motivated to experiment and put their reputations on the line, all distinctive features of our entrepreneurial spirit.

SOCIAL SOLIDARITY

Veronesi Foundation

Sisal continued for the seventh year running to promote the "**Pink is good**" initiative across the group's vast network, supporting scientific research in the fight against breast cancer. A total of €11,826 was raised in 2018.

Telethon

Sisal has been working in partnership with Telethlon for a remarkable 14 years now. In 2018, we offered our support for the Foundation's **#presente** initiative, which raises funds for scientific research in the fight against rare genetic disorders. A total of €13,350 was raised in 2018.

ENVIRONMENTAL IMPACT

Although environmental impact is not a critical area for our sustainability, we believe everyone has a part to play in conserving our natural resources and building a truly sustainable future.

Here at Sisal we ask all our employees and suppliers to act in ways that aspire to the correct and balanced **management of resources**. We are also 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. In 2018, our Rome site obtained ISO 14001:2015 certification of the Environmental Management System. .

ELECTRIC POWER

The consumption of electric power produces the Group's most significant environmental impact, which is why we work ceaselessly to implement effective and efficient environmental protection initiatives. After fitting our Milan site with devices that **switch the lights on and off automatically** and **LED ceiling units** for corridor lighting, we improved the system still further in 2017 by introducing self-dimming devices that adjust according to 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 optimise power consumption in the sites where it is highest. In 2018, we started monitoring the main consumption levels on an ongoing basis, with a view to identifying actions to save energy. Also in 2018, the Rome site obtained ISO 50001 certification of the Energy Management System.

HEATING AND COOLING SYSTEMS

In 2018, we completed the optimisation of 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

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.

- **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 3.1 tonnes of CO_2.
- **Car fleet modernisation.** In 2018, 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 to use resources in a sustainable way and particularly paper, which is the material we use most and is most at risk of waste. Sisal's ongoing commitment to monitoring the consumption of thermal paper is regarded as a strategic activity, as are product developments involving more environmentally friendly types of paper.

In the office

We expect our employees to act responsibly in the office and choose sustainable suppliers of paper and multi-function printer services. We put our commitment to reducing paper consumption into practice on two main fronts:

- The installation of a central server to optimise printing.
- Tendering for the supply of new more efficient printer models for installation in 2019.

In the sisal network

We are also continuously developing initiatives across the network to reduce the impact of our paper consumption.

- **Recycled paper:** in the second half of 2018, retail sites began using recycled paper. The use of this type of paper doesn't save a lot of money, but brings huge benefits in terms of reduced environmental impact: the production of each ream of recycled A4 paper saves 7.5 kg of wood, 19.3 Kwh of electricity, 107 litres of water and 1.6 kg of CO_2. Our consumption of 8,720 reams of recycled A4 paper therefore saves 65,400 kg of wood, 168,296 Kwh of electric power, 940,016 litres of water and 13,952 kg of CO_2.
- **New printer models:** we aim to improve efficiency by introducing new models with better environmental performance.

- **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

Adopting an environment-friendly attitude can be more difficult when the impact and risks of not doing are not immediately apparent. For waste to be collected correctly from retail points and offices, employees must be involved in the process at a cultural rather than merely a practical level. That is why Sisal implements accountability initiatives at all levels.

Separate recycling containers are provided, for example, in all eating areas and near printers, in the latter case with a special container for toner and used consumables.

To maximise results, in the past the Rome office has organised special training sessions for staff and the company's office cleaners, in a joint initiative with waste collection operator AMA.

ENERGY CONSUMPTION IN THE ORGANISATION				
	UDM	**2016**	**2017**	**2018**
Heating oil*	GJ	2.470	2.793	2.163
Diesel fuel	GJ	19.834	26.469	22.264
Electric power	GJ	80.280	87.120	72.405
Natural gas	GJ	4.232	4.477	4.473
Total consumption	**GJ**	**106.817**	**120.859**	**101.305**

*Milan site data

WATER CONSUMPTION

	MU	2016	2017	2018
Milan site	cubic meters	16.185	16.721	n/a*
Rome site	cubic meters	7.265	5.571	2.701
Total	cubic meters	**23.450**	**22.292**	**2.701**

GHG EMISSIONS REDUCTION

	MU	2016	2017	2018
Use of energy from renewable sources	$CO_2 \times t$	8.930	8.478	8.960,1
Use of electric cars	$CO_2 \times t$	3,5	3,5	3,1
Total	**$CO_2 \times t$**	**8.933,5**	**8.481,5**	**8.963,2**

TOTAL WEIGHT OF WASTE

	MU	2016	2017	2018
Non-hazardous waste	kg	251.200	196.909	348.664

MITIGATION OF THE ENVIRONMENTAL IMPACT OF PRODUCTS AND SERVICES

	MU	2016	2017	2018
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 shipments	Numero	467.958	441.866**	467.883

* As a result of the sale of the Milan building, consumption data are not available.
** 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 DIGITAL DIALOGUE WITH STAKEHOLDERS

We have developed numerous digital communication channels to nurture an ongoing direct conversation with all our stakeholders and our customers in particular.

MAIN ONLINE CHANNELS

SISAL.COM

The corporate website was redesigned from the ground up in 2018 to maximise brand value and the relationship with stakeholders. The site's editorial plan focuses on the issues of innovation, sustainability and the Group's commitment to creating social and cultural value. The storytelling involves video content, photo galleries and infographics that guide the user in a multimedia narrative that is innovative and consistent with Sisal's values.

An essential tool to tell the story of a company in continuous evolution, Sisal's new corporate website has for the second year running placed first in the Lundquist .trust ranking, which assesses the digital communications of unlisted companies on an annual basis.

In 2019, the new Lundquist .future survey, which measures the quality of online corporate communication based on sustainability drivers, recognised the Group's efforts in this sense, ranking it in the Bronze category.

UNASTORIANATAPERGIOCO.SISAL.COM

This is the website of the Group's Historical Archive, telling the story of over 70 years of history through documents, photographs, people and objects that have a place in all Italians' collective memory. The website, which was created to mark our 70th anniversary in business, 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

GIOCHINUMERICI.INFO

As Italian national lottery and totalizator game concessionary company, Sisal also manages the Giochinumerici. info portal and related 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.

SISAL.IT

This is the group's online gaming platform and the market leader today by number of users and product range, with an offering of over 600 online games. The Group's leading website by traffic volume, it offers storied brands like Totocalcio, SuperEnalotto and Sisal Matchpoint betting, as well as exclusive digital channel games. Sisal.it proposes an omni-channel experience rounded out by a broad offering of Apps and a set of value-added services provided by bricks & mortar retail points, where customers can pay money into their account or collect their online winnings.

SISALPAY.IT

The group's payment service brand portal acts as a showcase for the services offered in over 40,000 retail points, as well as providing users with a digital tool to manage payments online or using the app. Available 24/7, the site can be used to make top-up payments, monitor spending trends and automatically archive all receipts. Since 2018, it has also been possible to make all types of payments to the public administration.

BILL.IT

This is the innovative digital payment tool developed by SisalPay offering that offers Private and Business customers extra functionality and benefits. The website also offers the possibility of activating Bill to use as a payment method in retail points.

SISALWINCITY.IT

Relaunched in 2018, the new website provides users with updates about initiatives, events and the offering of products and services available at Wincity brick & mortar sites. The portal can also be used to register for events organised at individual sites, as well as to view weekly menus that include an offering of outstanding dishes by famous Italian chefs.

SISALSMARTPOINT.IT

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

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 in **June 2018** had an aggregate total of **over 1,370,000 fans**, confirming its position as Italy's most popular 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. In July 2018, following the publication in the Gazzetta Ufficiale of the Decreto Dignità, Facebook made the unilateral decision to block and then shut down both game and mother brand pages.

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 highly innovative character, also with a view to recruiting new talent. In **2018**, the Group's profile had more followers on LinkedIn **(over 35,000)** 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 the 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 **2018**, the Twitter channel had **50,929 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 lottery drawings, plus tutorials, TV commercials, events and brand initiatives.

3 RESPONSIBILITY IN GAMING

TOMORROW'S CONSUMERS

Francesco Tamburella

ConsumerLab Manager

Consumers want more attention and are asking for the customer experience to be upgraded by reconciling three factors: real needs to address interactively, non-invasive supporting technologies, and benefits deriving from products offered.

Enterprises that have a friendly and constructive dialogue with consumers (based on mutual trust and continual sharing of experience) are seen by the market to be more successful than those that don't.

All enterprises should facilitate the sharing of non-financial information about their business. Sustainability oriented communication is proving increasingly interesting to consumers and with its stimulating content it facilitates interaction, which is crucial to the reputation of all production activities.

The future requires wide-reaching vision with which to trigger positive loops, in which sustainability becomes a basic criterion for both industrial policy and consumers' choices, with measurable outcomes and repositioning people at the centre to eliminate inequalities and address the market's critical issues.

We must hold up enterprises that are guided by the values of sustainability; formulate proposals that integrate the experiences of consumer associations, the expertise of the scientific community and third sector independence; and then share these proposals with businesses to provide a constructive response to the changing ways consumers want to be listened to, understood, helped and satisfied.

The basic task is to respond to the change in consumers' sensibility and their evolving way of needing, desiring, dreaming and, therefore, choosing.

ConsumerLab (a study centre promoted by Markonet.it) has embraced these objectives.

It wants to create an immediate and continuous communication channel to assert the value of the future transparently and legally in the marketplace. Basing itself on the analysis of continuously collected proprietary data, it is assessing best practices and governance to be able to guide intelligent choices. This objective is complementary to the mission of the associations that protect consumers against critical situations and explain how to avoid them.

Given that businesses are capable of analysing models of consumer behaviour, we want consumers to be able, in turn, to assess the behaviour of businesses and acquire knowledge that will increasingly influence their choices.

The sustainability reports that businesses publish to communicate their non-financial activities are largely unknown to consumers: only 0.7% read them, while 82.4% don't even know they exist and 9.9% do know but don't read them! ConsumerLab is working to simplify them into informative summaries that will help spread the word of sustainability among consumers.

AWARENESS AND THE LAW

The main goal of companies operating in the Gaming industry is, as it must be, protecting players.

That is why Sisal works on a daily basis to guarantee the necessary security levels and collaborates with trade bodies and associations to identify shared solutions to effectively fight unlawfulness and gaming-related social issues, so creating a valuable cooperation platform for local communities and people.

OUR OFFERING

LOTTERY

Super Enalotto

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.

SiVinceTutto SuperEnalotto

The only game that pays out the whole jackpot on the same evening. It received a makeover in 2016 and the probability of winning was increased, with 12 numbers played to guess just six, more frequent prizes and a weekly draw, every Wednesday.

Vinci per la vita WinforLife!

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

VINCICASA WinforLife!

The first game with an extremely innovative prize: the chance to win a dream home. The top prize, in addition to the home chosen by the winner, includes an immediate prize of €200,000.

EUROJACKPOT

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

Sisal.it

This is the Group's web platform, offering over 600 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

Sisal Wincity EAT DRINK PLAY

An innovative channel based on the "Eat, Drink and Play" model. 25 points of sale in the main Italian cities, including Milan, Rome, Turin, Brescia, Pescara, Florence, Catania and Bologna.

Sisal Matchpoint

This channel offers the full range of Sisal products, with a special focus on betting (horse racing and sports) and on Virtual Races. Over 360 points of sale and more than 1,300 retail corners.

Sisal Smartpoint GIOCHI E SERVIZI CON UN TOUCH IN PIÙ

This channel, launched in 2014, offers the entire range of lottery products and AWP machines, as well as all payment services at over 876 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.

In 2010, we launched a certification process based on a third-party assessment that verified Sisal's effective commitment to the planning, development and implementation of the Responsible Gaming Programme, in compliance with the provisions of **international Responsible Gaming standards**.

In 2014, the programme was extended to the entire Sisal gaming offering and in 2017 we renewed the programme. In addition, since 2011 the Responsible Gaming Programme has obtained two important certifications from the European Lotteries Association and the World Lottery Association.

- **EUROPEAN LOTTERIES (EL)** is an independent association of state lotteries and European gaming operators committed to fighting illegal gaming and ensuring that the gaming offering is sustainable.

- • **WORLD LOTTERY ASSOCIATION (WLA)** is an organisation that represents the main gaming operators at world level. It supports the activities of certified members and requires a strong commitment to guaranteeing the highest standards of corporate responsibility, particularly with regard to the principles of Responsible Gaming.

1. STUDIES AND RESEARCH

The studies and research area covers all tools that are essential to analyse and monitor perceptions and awareness about Responsible Gaming issues. The results of these surveys are also essential to provide adequate answers to the phenomenon of problem gaming and to understand in depth how behavioural models of gamers change.

Over the years, we have contributed to and supported some major projects and studies on responsible gaming, fully aware of how understanding the size and makeup of the phenomenon, and analysing and monitoring external perceptions of the issue and public awareness about it, are essential to study effective solutions and keep the spirit of fun in gaming.

In 2018, we performed a **Mystery Inspector** investigation in collaboration with Nextest (a research center specialised in Mystery Client surveys) to monitor observance of European Lotteries' Responsible Gaming standards at brick & mortar retail points in the Sisal network. The survey revealed a positive and mature picture of the sales network in terms of Responsible Gaming and the prohibition of gaming for underage children, in line with the parameters being monitored. The results of the studies and surveys performed have contributed to identifying any risk areas and defining the priorities for action to prevent compulsive gaming behaviour and promote a balanced and moderate attitude.

2. AWARE GAME DEVELOPMENT

In compliance with European Lotteries' **European Responsible Gaming Standards**, since 2010 we have been using **GAM-GaRD**, a tool created to prepare an accurate assessment of the social risk associated with each new game before it is marketed.

GAM-GaRD is a tool created by Canadian company GamRes that can be used to examine game dynamics applied to the development of effective strategies and tools at the service of Responsible Gaming. Developed by an international team of psychologists and researchers, it analyses the game's structural characteristics (duration, maximum winnings, frequency of prize draws, etc.) and features (accessibility of gaming venues/shops, opening hours, etc.) based on parameters devised and tested by a panel of world experts.

The goal is to define **protection factors** and criteria for players and introduce useful strategies for avoiding potential risks. Sisal's entire game portfolio and all new games developed are verified by the Canadian company using the application tool. This analysis has revealed that Lottery products have a **low/medium–low risk level**.

3. HUMAN RESOURCE TRAINING

Raising the awareness of Sisal human resources and training them is a key aspect of the Responsible Gaming Programme. Sisal management and employees are trained on an ongoing basis with different targeted initiatives based on the corporate function involved.

Training takes place both in the classroom and online, involving clinical experts and psychologists specialised in the prevention and care of pathological gaming. The training sessions are brought to a close by a questionnaire to check that participants have assimilated the material.

Training activities are based on an **online platform, OpenCafè**, to which all the necessary course materials have been uploaded, in order to keep Sisal 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.

4. THE SISAL NETWORK AND RESPONSIBLE GAMING AWARENESS

Training is key not only in Sisal but in our retail network too, which we involve in the Responsible Gaming Programme to ensure it is always in the best position to promote the values of sustainability and social responsibility.

Our network represents us in local communities, which is why we plan training programmes dedicated to specific gaming and services issues, with a special focus on regulatory aspects and customer 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 put immediately into practice. Both the graphics and the content of the e-learning platform are monitored and improved 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.

5. FAIR AND AWARE COMMERCIAL COMMUNICATION

The entry into force of the Decreto Dignità (Legislative Decree no. 87, July 12, 2018, enacted with amendments by Law no. 96, August 9, 2018) prohibits industry operators from advertising games or betting with cash prizes in any form.

The impact of our communication campaigns on the public at large can be very significant. That is why commercial communications that are not responsible and fair are alien to our way of doing business.

The process of approving our communication campaigns is regulated at Group level through a strict internal verification and approval process applied to all advertising messages, such as to guarantee compliance with gaming industry regulations.

The authorisation of each new communication campaign involves two approval processes, one internal by our legal office and the other external by our consultants to ensure compliance with industry, state and self-disciplinary regulations, as well as compliance with the highest international responsible gaming standards.

In addition, before going on air, advertising messages with exposure on multiple media channels (TV, radio, outdoor, web, etc.) are examined by the Istituto di Autodisciplina Pubblicitaria (IAP - Advertising Self-Regulatory Institute) to assess their compliance with the IAP Commercial Communication Self-Regulatory Code and specifically with article 28 ter (see box/paragraph below).

During 2018, over ten campaigns were assessed by the IAP Control Committee, each containing multiple messages based on the media channel involved. All the messages were approved by the IAP with no sanctions or injunctions, even after the diffusion of specific advertising campaigns.

The 2015, 2016 and 2017 Sustainability Reports obtained "Sustainability Report Condacons OK" recognition, in the form of a special Letter to Consumers, for their fair and transparent consumer communication.

THE EVOLVING LEGAL FRAMEWORK

2012

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.

2015

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 makes an active contribution to the new legislation, which takes the form of a special article on advertising messages related to gaming.

2014

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/EU).

6. RAISING PLAYER AWARENESS

We regard our commitment to social responsibility as unequivocally linked to the protection of players with problems of gaming addiction and underage children. As a gaming industry leader, it is important for us at Sisal to plan and organise information and education initiatives about using the company's products, with a view to the ongoing promotion of a safe and balanced attitude to gaming.

One of our tools, which has also become a pillar of our whole approach, is the Ten Rules for the Responsible Player, which puts the responsible gaming model into practice with a balanced attitude that we have made our banner.

TEN RULES FOR THE RESPONSIBLE PLAYER

1. Gambling is a way for me to have fun, not to make money.
2. 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 spend amounts I can afford to lose.
3. 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.
4. Tactics are pointless, I can't predict the results and I'm aware that the probability of winning is low.
5. I don't lie about how much I spend and lose when I gamble.
6. I decide how much of my day to devote to gambling and I don't have any trouble stopping or taking breaks.
7. Gambling isn't my only leisure activity and it doesn't encroach on the time I devote to my family, friends, sports and hobbies.
8. I don't gamble after drinking or taking drugs.
9. 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.

Player awareness raising initiatives are organised at various levels to ensure that the message is disseminated uniformly across the entire territory, reaching the public, all our customers and potential players through the bricks & mortar distribution network and digital channels.

2017

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 the promotion of gaming, in such a way as to ensure 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.

2016

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 regulated the advertisement of games with cash prizes, the programme that contains them, and the scheduled broadcast time.

2018

The entry into force of the so-called Decreto Dignità (Decree Law no. 87, July 12, 2018, enacted with amendments by Law no. 96, August 8, 2018) establishes not only specific new obligations for industry players regarding the wording of notices for underage children and the prohibition of any form of advertising about games or betting with cash prizes on any broad-based media distribution channel, but also the sponsorship of events, activities, programmes, products or services and all other forms of communicating promotional content, without prejudice to current advertising contracts until their expiry and in any case no later than July 14, 2019.

LOCAL AREA INITIATIVES

Our relationship with consumers is direct and unfiltered, because the bricks & mortar distribution network puts them in contact with our guiding principles for social responsibility: our points of sale play a key role in providing information and raising awareness about a safe and balanced attitude to gaming.

Our priority here at Sisal is to make sure retail points have **the full range of communication tools** about responsible gaming, in addition to accessible information about **gaming materials, customer displays** (the player-facing terminal screen) and **store dressing materials**.

The gaming materials present in retail points contain the features and playing rules, but also useful information to learn more about the product, including links to our digital channels.

Appearing in a prominent position on all forms of communication, including betting slips, are the **prohibition of gaming for underage children, the notice about the risks of addiction, and information about the probability of winning**.

These concepts are summed up in the statement "Gaming is prohibited for minors and may cause addiction", accompanied in all communication opportunities by the mandatory logos of the I**talian Customs and Monopolies Agency, "Legal and Responsible Gaming", "Gioca il Giusto"** and **"+18"**.

Lottery game materials also have a table indicating the probability of winning in the various categories.

DIGITAL CHANNEL INITIATIVES

The most effective way to convey educational messages is to give them a playful and ironic twist. In order to promote the Responsible Gaming Programme messages we have therefore produced a **web series** that promotes an aware approach to gaming, using simple, immediate language. The episodes are inspired by the "**Ten Rules of the Responsible Player**", containing 10 behavioural rules that promote an aware approach to gaming.

Mr. Smart, the star of the 10 episodes in the series, experiences firsthand the consequences of dichotomous situations in which on the one hand he adopts an aware and balanced approach, and on the other an irresponsible one. Users are also personally involved because they are asked to answer Mr. Smart's question about their attitude, and then receive feedback on their answer. The direct user interaction makes it possible to actively engage with the player, encouraging them to think about their approach to gaming and inspiring responsible behaviour.

Digital is a highly effective tool and users are spending more and more time on the web and digital devices. We believe it is essential to dedicate a section on all our sites to responsible gaming, called "Gioca il Giusto", in order to promote the basic concepts of responsible gaming and offer support to potentially problem players:

- The "**Ten Rules of the Responsible Player**" and "Useful Advice for Responsible Players" to develop an aware and informed 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 offer suggestions.
- The player support service contact page containing the freephone number and assistance service contact details.

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

Online gaming has experienced sharp growth in recent years, with some sources talking about a 13% rise in 2018 on the previous year. We too offer our players the opportunity to play online with Sisal's web portals and digital applications, using cutting-edge technology to offer gaming opportunities that are secure, prohibited for underage children and always conducive to a responsible and balanced style of gaming.

With the goal of guaranteeing safe gaming, we develop tools **to tackle the fraudulent use of personal data and credit cards and prevent potential money laundering operations**, guaranteeing a very high level of safety for our websites.

Controls include an **account statement**, with all credit and debit transactions over the last three months, available in the "My Account" section of the player's personal area, and **a set of self-limitation and temporary/ permanent self-suspension tools**.

Data security

Over the years, we have introduced cutting edge technology to protect our customers against 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.

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.

8. HELP FOR PROBLEM PLAYERS

Orientation and support: we are committed to offering a specialist service to give expert advice to players who have exceeded their limits.

Support for problem players involves various different services:

- **The totally free online treatment service provided by FeDerSerD** (the Italian Federation of Addiction Department and Service Operators) and funded entirely by us since January 1, 2019 is available on the website **www.gioca-responsabile.it**. With the support of experienced therapists, courses of treatment are available based on individual needs. Sisal and FeDerSerD are partners in providing support for people who have developed psychological, relational and legal problems connected with compulsive gambling.

- **Italian national freephone number for gambling-related issues (TVNGA)** at the Istituto Superiore di Sanità: a team of professionals provides anonymous advice and orientation for people who have developed problems caused by compulsive gambling (psychological, relational, legal), as well as for their family members and friends involved.

Italian national freephone number

800.558.822
landlines and mobiles
Monday to Friday
10am to 4pm

New tools to prevent problem gaming behaviour

We have developed software linked to the Sisal.it website with the aim of **intercepting and preventing** problem gaming behaviour. The system uses **predictive identification** to track and analyse the movements of players online and compare them with historical and transactional data across our **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. In 2018, the software identified 2% of players as potentially at risk.**

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 gambling offering.

THE RULE OF LAW IN GAMING

PREVENTION OF AND THE FIGHT AGAINST ILLEGAL GAMING

Illegal gambling, 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 illegal gambling 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. Two issues are regarded as being most in need of attention, both focused on **research and protection**: while on the one hand we are active in promoting research about the impact on society and the healthcare system of national, regional and municipal legislation regulating games with cash prizes, on the other we work actively to **protect vulnerable people**, by upgrading prevention and control tools and introducing methods of dissuasion and limitation for gaming products.

THE FIGHT AGAINST ILLEGAL GAMBLING

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

- The study and analysis of the so-called "parallel gambling 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 gambling also takes the form of training: we are building and spreading the culture and 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 a bet that we'd like to win in the fight against illegal gambling.

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 sports 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.

We have given our support, in the form of communication initiatives, to the parliamentary approval process of the **Magglingen Convention**, which introduces crimes in relation to sports fraud, unlawful gaming or betting, and gambling by means of prohibited machines. The process will be completed in 2019.

ONLINE UNIVERSAL SELF-SUSPENSION

After several years of work and the efforts of Sisal, in April 2018 the innovative **universal self-suspension** tool was introduced in the online gaming segment, offering players a simple way to request temporary or permanent self-suspension by the Self-Suspension Register.

The tool's purpose is to ensure that people have a more aware and responsible gaming experience than in the past. It represents an evolution of the self-suspension function that was previously enforced in individual retail points, whereas now it is managed centrally by the SOGEI system based on players' tax codes, guaranteeing that all players who apply really are kept out of all legal gaming sites.

4 INNOVATIVE SERVICES FOR THE PUBLIC

DIGITALIZING THE PUBLIC ADMINISTRATION AT THE SERVICE OF CITIZENS

Giuseppe Virgone

Team for the Digital Transformation of Government

Italy is near the bottom of the DESI Index that tracks the situation on digitalization across Europe, but in the 2019 edition it has moved up a place (from 19th to 18th) in the section on digital public services, rising 8.8 points (to a total of 58.7) compared to the European average, which grew 5 points (to a total of 62.9). If we were 8 points below the European average in the 2018 DESI, we've now cut the gap in half to 4.2. This means that the work done by the Digital Transformation Team, which has attempted to upgrade the country's public service platforms, is beginning to bear fruit. We still have a long way to go of course, but governments in Italy are starting to see digitalization as a priority and trying to ensure continuity in digital policy. The Digital Team is a clear demonstration of this.

The main challenge in the world of public services is to get the state to directly reach citizens with its services and not vice versa. Digital development means managing to provide innovative, easy-to-use services that cater comprehensively for citizens' needs and habits online. In this, technology is offering a big opportunity to reach people at any time, directly on their smartphones, and in an effective, intuitive and personalized way.

Businesses that provide digital solutions now have a great opportunity to expand their services exponentially thanks to the integration and personalization that technology brings, also in the public services sector. The other side of the coin is that management of innovative services requires unfailing attention and responsibility in crucial areas like data security, privacy protection, and accessibility. Thanks to their broad-based presence across the country, companies like Sisal have enormous experience in different contexts and understand how people use services. This experience is a resource that also brings with it great responsibility in the process of Italy's digitalization, that of being the first to accompany people in their choice of and increasing interaction with digital services. This difficult task can be completed with effective, intuitive and simple-to-use digital solutions based on people's real needs. This is the best recipe for digital transformation.

SISALPAY

nnovating to grow is a deeply-felt value in Sisal. Digital transformation is a source of inspiration for diversifying the offering and business sustainability. Our entrepreneurial spirit finds new stimuli in this evolution to offer new solutions.

We have engaged from the outset with Digital Transformation in payments and services, in such a way as to create innovative solutions for the public.

THE DISTINCTIVE OFFERING

SisalPay is our commercial payments and services brand and represents a strategic component of our offering, accounting for more than half the turnover of the Group as a whole.

We have a place in Italian people's lives, helping them simplify their everyday tasks and accepting the challenge of the Digital Transformation precisely to be able to provide a concrete response to citizens' needs.

Since 2011, in its capacity of payments and services provider authorised by the Bank of Italy to operate as Payment Institute, Sisal acts as a privileged point of contact between citizens, businesses and the public administration, offering a reliable, secure and certified way to manage everyday payments.

The SisalPay offering today includes over 500 payment services, resulting from partnerships with over 100 top Italian and international companies, leading banking industry operators and payment services and, not least, the Public Administration.

The range of services on offer can be split into various macro areas, with total turnover in 2018 of over €10 billion:

- **Payments and services:** utilities, bills, payments to the PA (road tax, school fees and lunch money, taxes, Inail insurance premiums), consumer credit, train and bus tickets.
- **Payment cards:** prepaid credit card top-up services.
- **Top-ups:** prepaid phone cards, international phone cards and Pay TV.

SisalPay's "hybrid-digital" model combines the online consumer experience with the practicality and accessibility of a close-knit bricks and mortar network across Italy, representing added value for all consumers, who can now make small payments at any time during the day by going to one of the numerous SisalPay points, conveniently at home using sisalpay.it, and on the go thanks to the new SisalPay app.

The combination of digital technology and physical points of sale has proven to be a good fit for the situation in Italy, representing on the one hand an innovation of consumption models and on the other an important opportunity for businesses and the Public Administration to close the gap with citizens and consumers.

OVER
40.000*
RETAIL POINTS

ABOUT
200 MLN
TRANSACTIONS HANDLED A YEAR

ABOUT
500
PAYMENT SERVICES

OVER
100
PARTNERS
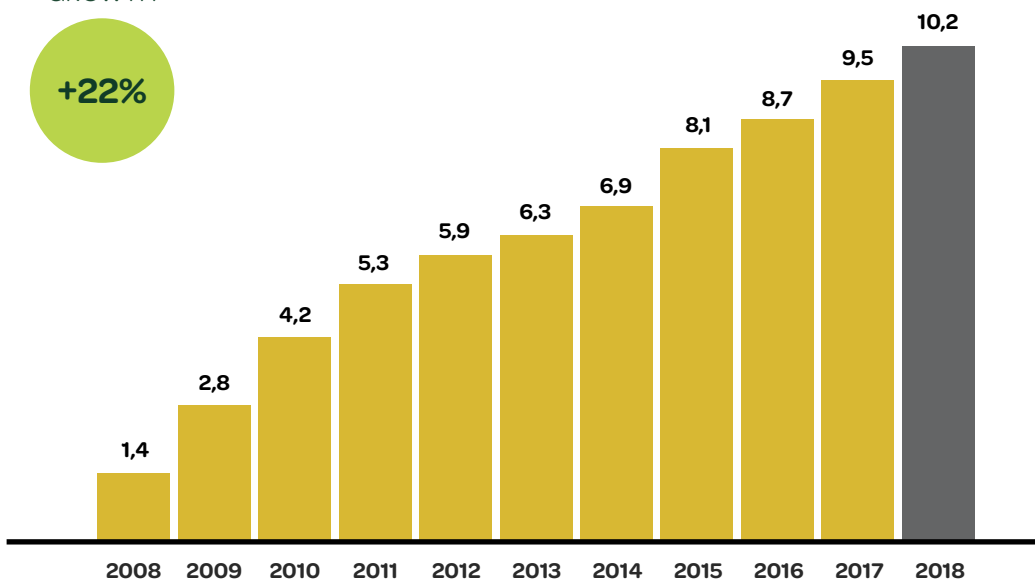
*Punti vendita abilitati SisalPay

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, as 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 and its turnover accounts for 54% of total Sisal Group billings.

SISALPAY TURNOVER
(€bn 2008 - 2018)

AVERAGE ANNUAL GROWTH

+22%

Year	Value
2008	1,4
2009	2,8
2010	4,2
2011	5,3
2012	5,9
2013	6,3
2014	6,9
2015	8,1
2016	8,7
2017	9,5
2018	10,2

PROXIMITY BANKING NETWORK

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

We provide System Italy with an advanced technology infrastructure made up of **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, as well as of **over 10,300 "Service Only"** points of sale for payments and services, equipped with an innovative compact terminal featuring Made in Italy design and technology.

The next frontier is the digital transformation 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.

We renew the technical infrastructure and hardware constantly to evolve our network: in 2018, we invested over €20m to implement new technology and advanced services that are even better aligned with people's needs.

PROMOTING DIGITAL CULTURE

SisalPay is aligned with the digital transformation, accompanying the gradual change in consumers' habits with an extended offering that aims to satisfy emerging needs.

This strategy enables SisalPay to differentiate itself from other channel operators and generate value for retail customers, retain SisalPay customers, extend the customer base, intercept users who are already digital and, finally, better understand their customer base and profile it for relational marketing activities.

THE NEW SISALPAY APP

We provide our customers not only with the sisalpay.it website, but also our new app, which satisfies the growing need expressed by consumers for more integration between Retail and Online channels. The app is an easy-to-use free tool and an ecosystem of digital services that round out the online offering with solutions developed specifically for Retail customers.

The main functions of the new app are split into three sections:

- **Receipt archive:** used to archive a digital copy of receipts for payments made in SisalPay retail points for 10 years.
- **Quick top-up:** top-ups made directly from the app using a QR code, to complete the transaction faster in retail points and save the most frequently used top-up credentials.
- **Shoot and pay:** makes it possible to pay bills, fines, taxes and road tax in the time it takes to snap a photo of the bill with your mobile device.

These are all services that make managing expenses simpler for consumers and everyday operations easier for retailers. This solution represents the start of our digital transformation process, with the aim of extending the offering available through the app and so improving the omni-channel experience too.

To encourage digital transformation, we have established a series of partnerships with universities, incubators and acceleration programmes.

Magic Wand, the accelerator program for Fintech and Insurtech startups launched by Italian business incubator "Digital Magics", to intercept the most promising startups with a view to developing cooperation opportunities and assessing new investment options.

Talent Garden
to promote open innovation strategies

Politecnico di Milano and Bocconi University to promote new research in the area of payments and services.

BILL: THE DIGITAL REVOLUTION

In an Italy where payment card use is on the rise (4.2bn transactions in 2018 or +16% vs 2017*) and there has been an explosion in mobile payments (15.6m transactions or +520% vs 2017*), SisalPay has leveraged one of the country's most extensive e-cash acceptance networks to achieve a volume of e-cash payment transactions that represents 25% of the total, with over 9.3 million cashless transactions and turnover of about €1.1bn.

Double-digit growth year on year makes a significant contribution to Italy's development and the fulfilment of the Digital Agenda. Consistently with this direction embarked on in 2014, we have further encouraged the development of digital payments by launching **Bill, the new digital payment system that has the ambition of becoming the virtual wallet used by all Italians**.

Secure, convenient and fast, with Bill you can:

- Pay directly with your phone at participating stores.
- Easily send money to contacts (peer-to-peer).
- Top-up your phone card from inside the app with a couple of taps.
-

Bill is completely free for consumers, as well as offering an extremely simple charge model for affiliates and at a lower cost than traditional cashless systems on the market.

With the aim of continuing to show Italians the way towards innovative new payment experiences, SisalPay has from the outset held up a model that effectively combines digital and bricks & mortar components. This characteristic is confirmed by Bill, the first digital payment platform that lets you top-up your wallet at SisalPay points, also using cash, and represents the first digital proximity banking model in Italy.

Bill is the new payment app that is part and parcel of the company's digital evolution, supporting the growing need for smart, secure payment solutions. This is a crucial element in a strategy that will ensure the development over time of new value-added solutions, functions and services to guide the market's digital future at the service of customers and merchants.

*Mobile Payment & Commerce Monitoring Unit, Politecnico di Milano, 2019

SISALPAY AND ITS COMMITMENT TO THE PUBLIC ADMINISTRATION

Over the years, Sisal Group has demonstrated on multiple occasions that it knows that the way to tackle the challenges raised by the country's digital evolution is by providing practical answers to consumers' needs. By innovating and adapting to change, it has successfully introduced community-oriented models and services that are now culturally approved and accepted by millions of consumers.

Fully aware that the payments sector acts as a link between the public and the institutions, Sisal Group has chosen to work alongside the Public Administration as technology innovation partner in the framework of a digital transformation project for the Public Administration, managed in Italy by AgID (Agency for Digital Italy).

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 of sale, 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.

Then, in September 2017, Sisal Group put in a bid for the tender called by ACI Informatica to identify PSPs interested in providing collection services for local ACI offices across the country. Today Sisal Group provides the collection service for Road Tax and PagoPA Notifications for over 1,000 Provincial Automobile Clubs and ACI Delegations (about 87% of the entire ACI Network).

NOTE ON METHODOLOGY

Sisal's commitment to reporting on Corporate Social Responsibility issues continues this year with the publication of the **tenth edition of the Sustainability 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.

The 2018 Sustainability Report has been prepared based on **GRI Standards: Core option.**

The Sustainability Report is **prepared annually.**

All the data, initiatives and projects refer to the period from J**anuary 1, 2018** to **December 31, 2018** and relate to companies fully consolidated in the **Group Consolidated Financial Statements** (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.), unless otherwise specified below or in the text. The economic data presented in the Sustainability Report are in line with the information set out in the Group Consolidated Financial Statements.

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 "**Stakeholder engagement and 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, where possible, the figures for the previous two reporting periods are given for the purposes of comparison, with the aim of providing more details and highlighting the main trends and changes.

No significant changes to boundary and scope have been made in this document and there are no restatements of the information provided in previous reports, with the exception of training hours and turnover, for which we have used a different calculation method.

The content of the Sustainability 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.

The Sustainability Report is submitted for a limited audit by independent auditor PwC. The audit report describing the principles applied in detail, the activities performed and the relative conclusions is provided as an Annex. Finally, this document was approved by the Board of Directors of Sisal Group S.p.A. on September 10, 2019.

[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 FOR "IN ACCORDANCE" – CORE OPTION

GENERAL STANDARD DISCLOSURES		
1. ORGANIZATIONAL PROFILE		
GRI Standard	**Disclosures**	**Page**
GRI 102: General Disclosures	102-1 Name of the organization	Sisal Group (p. 19)
	102-2 Activities, brands, products, and services	Our gaming offering (p. 61) SisalPay's distinctive offering (p. 73-77)
	102-3 Location of headquarters	Contact details (p. 91)
	102-4 Location of operations	The Company operates only in Italy
	102-5 Ownership and legal form	Sisal Group (p. 20)
	102-6 Markets served	Sisal Group (p. 19) Markets (p. 27-28)
	102-7 Scale of the organization	Highlights (p. 8) Sisal Group (p. 19-20) Main financial results (p. 29-30) Our numbers (p. 41-44) The Sisal network (p. 46-47)
	102-8 Information on employees and other workers	Our numbers (p. 41-44)
	102-9 Supply chain	The supply chain (p. 48)
	102-10 Significant changes to the organization and its supply chain	Sisal Group (p. 19-20) Main financial results (p. 29 -30)
	102-11 Precautionary principle or approach	The internal control and risk management system (p. 22)
	102-12 External initiatives	Certifications (p. 23-25)
	102-13 Membership of associations	The main Associations the Company works with in specific areas are: •EL (European Lotteries); •WLA (World Lottery Association); •SGI (Sistema Gioco Italia); •IAP (Istituto di Autodisciplina Pubblicitaria); •AIIP (Associazione Italiana Istituti di Pagamento).

	2. STRATEGY AND ANALYSIS	
GRI 102: General Disclosures	102-14 Statement from senior decision-maker	Letter to stakeholders (p. 4-5)
	3. ETHICS AND INTEGRITY	
GRI 102: General Disclosures	102-16 Values, principles, standards, and norms of behaviour	Our identity (p. 9)
	4. GOVERNANCE	
GRI 102: General Disclosures	102-18 Governance structure	Sisal Group (p. 20)
	5. STAKEHOLDER ENGAGEMENT	
GRI 102: General Disclosures	102-40 List of stakeholder groups	Materiality and engagement (p. 11)
	102-41 Collective bargaining agreements	All employees are covered by trade union agreements
	102-42 Identifying and selecting stakeholders	Materiality and engagement (p. 10-12)
	102-43 Approach to stakeholder engagement	Materiality and engagement (p. 10-12)
	102-44 Key topics and concerns raised	Materiality and engagement (p. 10-12)
	6. REPORTING PRACTICES	
GRI 102: General Disclosures	102-45 Entities included in the consolidated financial statements	A note on methodology (p. 78)
	102-46 Defining report content and topic Boundaries	Materiality and engagement (p. 10-12) A note on methodology (p. 78)
	102-47 List of material topics	Materiality and engagement (p. 10)
	102-48 Restatements of information	A note on methodology (p. 78)
	102-49 Changes in reporting	A note on methodology (p. 78)
	102-50 Reporting period	A note on methodology (p. 78)
	102-51 Date of most recent report	A note on methodology (p. 78)
	102-52 Reporting cycle	A note on methodology (p. 78)
	102-53 Contact point for questions regarding the report	Contact details (p. 91)
	102-45 Entities included in the consolidated financial statements	A note on methodology (p. 78)
	102-46 Defining report content and topic Boundaries	GRI Content Index (79-88)
	102-47 List of material topics	A note on methodology (p. 78)

OTHER MATERIAL ASPECTS – NOT GRI	
RESPONSIBLE GAMING	
Performance indicators	Page
Type of initiatives activated during the year to promote knowledge about gaming-related problems	Consumer protection (p. 63)
Method of diffusion and frequency of communications about the Company's responsible gaming program	Consumer protection (p. 63)
Type of information material distributed in points of sale	Consumer protection (p. 66)
Number of new games on which a risk assessment has been performed out of the total number of new games produced by the Company	Consumer protection (p. 63)
Number of new games to obtain GameGard certification out of the total number of new games produced by the Company	Consumer protection (p. 63)
Type of information available on the online gaming platforms	Consumer protection (p. 66)
Type of mechanisms provided to contain gaming-related risks	Consumer protection (p. 65-68)
Codes of practices/Standards applied by the Company to regulate gaming communication/advertising	Consumer protection (p. 64-65)
Number and type of Institutions/Organisations the Company works with to provide assistance/management for gaming-related pathologies	Consumer protection (p. 67-68)
Type of services offered for the containment of gaming-related pathologies	Consumer protection (p. 67-68)
Method of access for players to the services offered by the Institutions/Organisations the Company works with to provide assistance/management for gaming-related pathologies	Consumer protection (p. 67-68)
Method of informing PoS personnel about the gaming-related pathology assistance/management services offered by the Company	Consumer protection (p. 67-68)
Type of information about responsible gaming provided by the Company	Consumer protection (p. 66)
Method of distributing information about responsible gaming	Consumer protection (p. 66)
Responsible gaming certifications obtained by the Company	Certifications (p. 23)

INNOVATION	
Performance indicators	Page
Type of new games/services developed during the year	Proximity banking network (p. 74)

THE FIGHT AGAINST FRAUD	
Specific monitoring activities during the year for the purposes of fraud prevention	The rule of law in gaming (p. 68)

CENTRALITÀ DELLA RETE	
Number and type of retail points	The Sisal network (p. 46-47)
Retail point selection criteria used	The Sisal network (p. 47)
Number and type of information and training activities organized for retail points	The Sisal network (p. 47)
Retail point monitoring activities	The Sisal network (p. 47)

SPECIFIC STANDARD DISCLOSURE – OTHER RELEVANT ASPECTS

GRI Standard	Disclosures	Page	Omissions
ECONOMICS			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Business responsibility (p.26)	
	103-2 The management approach and its components	Business responsibility (p.26)	
	103-3 Evaluation of the management approach	Business responsibility (p.26)	
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	Value creation and distribution (p.31-32)	
	201-4 Financial assistance received from government	Value creation and distribution (p.32)	
ANTI-CORRUPTION			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Certifications (p. 23-25)	
	103-2 The management approach and its components	Certifications (p. 23-25)	
	103-3 Evaluation of the management approach	Certifications (p. 23-25)	
GRI 205: Anti-corruption	205-2 Communication and training activities on anti-corruption policy and procedures	Certifications (p. 23-25)	
ANTI-COMPETITIVE BEHAVIOUR			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Business responsibility (p.26)	
	103-2 The management approach and its components	Business responsibility (p.26)	
	103-3 Evaluation of the management approach	Business responsibility (p.26)	
GRI 206: Anti-Competitive Behaviour	206-1 Communication and training activities on anti-corruption policy and procedures	*The Group was not the subject of legal action in relation to unfair competition, antitrust regulations and monopoly practices in 2018*	

ENVIRONMENT			
RAW MATERIALS			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Certifications (p. 25) Environmental impact (p. 53)	
	103-2 The management approach and its components	Certifications (p. 25) Environmental impact (p. 53)	
	103-3 Evaluation of the management approach	Certifications (p. 25) Environmental impact (p. 53)	
GRI 301: Raw materials	301-1 Raw materials used by weight or volume	Environmental impact (p.53-54)	
ENERGY			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Certifications (p. 25) Environmental impact (p. 53)	
	103-2 The management approach and its components	Certifications (p. 25) Environmental impact (p. 53)	
	103-3 Evaluation of the management approach	Certifications (p. 25) Environmental impact (p. 53)	
GRI 302: Energy	302-1 Energy consumption within the organization	Environmental impact (p.53-54)	
WATER			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Certifications (p. 25) Environmental impact (p. 53)	
	103-2 The management approach and its components	Certifications (p. 25) Environmental impact (p. 53)	
	103-3 Evaluation of the management approach	Certifications (p. 25) Environmental impact (p. 53)	
GRI 303: Water	303-1 Water withdrawal by source	Environmental impact (p. 53)	*Information not available: breakdown of water withdrawal by source*

EMISSIONS			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Certifications (p. 25) Environmental impact (p. 53)	
	103-2 The management approach and its components	Certifications (p. 25) Environmental impact (p. 53)	
	103-3 Evaluation of the management approach	Certifications (p. 25) Environmental impact (p. 53)	
GRI 305: Emissions	305-5 Reduction of GHG emissions	Environmental impact (p. 55)	
EFFLUENTS AND WASTE			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Certifications (p. 25) Environmental impact (p. 53)	
	103-2 The management approach and its components	Certifications (p. 25) Environmental impact (p. 53)	
	103-3 Evaluation of the management approach	Certifications (p. 25) Environmental impact (p. 53)	
GRI 306: Effluents and Waste	306-2 Waste by type and disposal method	Environmental impact (p. 55)	*Information not available:* • *Total weight of hazardous waste produced.* • *Breakdown of hazardous and non-hazardous waste by method of disposal.*
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Certifications (p. 25) Environmental impact (p. 53)	
	103-2 The management approach and its components	Certifications (p. 25) Environmental impact (p. 53)	
	103-3 Evaluation of the management approach	Certifications (p. 25) Environmental impact (p. 53)	
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	There were no instances in 2018 of non-compliance with environmental laws and regulations.	

	SOCIAL		
	EMPLOYMENT		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Internal and external stakeholders (p. 36) Our people (p. 37)	
	103-2 The management approach and its components	Internal and external stakeholders (p. 36) Our people (p. 37)	
	103-3 Evaluation of the management approach	Internal and external stakeholders (p. 36) Our people (p. 37)	
GRI 401: Employment	401-1 New employee hires and employee turnover	Our numbers (p. 43)	
	OCCUPATIONAL HEALTH AND SAFETY		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Certifications (p.24) Internal and external stakeholders (p. 36)	
	103-2 The management approach and its components	Certifications (p.24) Internal and external stakeholders (p. 36)	
	103-3 Evaluation of the management approach	Certifications (p.24) Internal and external stakeholders (p. 36)	
GRI 403: Occupational health and safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Our people (p.45)	*Information not available:* • *Injury rate and occupational disease rate.* • *Lost day rate.* • *Absentee rate.* • *Number of fatalities.* • *Number of accidents by type.*
	403-4 Health and safety topics covered in formal agreements with trade unions	Our people (p.45)	
	EDUCATION AND TRAINING		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Internal and external stakeholders (p. 36) Our people (p. 37)	
	103-2 The management approach and its components	Internal and external stakeholders (p. 36) Our people (p. 37)	
	103-3 Evaluation of the management approach	Internal and external stakeholders (p. 36) Our people (p. 37)	

GRI 404: **Education and** **training**	404-1 Average hours of training per year per employee	Our people (p. 44)	
	404-2 Programs for upgrading employee skills and transition assistance programs	Our people (p. 39 - 40)	
	404-3 Percentage of employees receiving regular performance and career development reviews	100% of employees	
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103: **Management** **Approach**	103-1 Explanation of the material topic and its Boundaries	Internal and external stakeholders (p. 36) Our people (p. 37)	
	103-2 The management approach and its components	Internal and external stakeholders (p. 36) Our people (p. 37)	
	103-3 Evaluation of the management approach	Internal and external stakeholders (p. 36) Our people (p. 37)	
GRI 405: **Diversity and** **Equal** **Opportunity**	405-1 Diversity of governance bodies and employees	Sisal Group (p.20) Our numbers (p.41-42)	
LOCAL COMMUNITIES			
GRI 103: **Management** **Approach**	103-1 Explanation of the material topic and its Boundaries	Internal and external stakeholders (p. 36) The community (p. 49)	
	103-2 The management approach and its components	Internal and external stakeholders (p. 36) The community (p. 49)	
	103-3 Evaluation of the management approach	Internal and external stakeholders (p. 36) The community (p. 49)	
GRI 413: **Local** **Communities**	413-1 Operations undertaken with the involvement of the local community, impact assessments and development programs	The community (p. 50-52)	*Information not available: percentage of activities for which engagement actions have been implemented*

CUSTOMER PRIVACY			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Certifications (p.24)	
	103-2 The management approach and its components	Certifications (p.24)	
	103-3 Evaluation of the management approach	Certifications (p.24)	
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	The Group did not receive any sanctions in 2018 for losses of customer data.	
COMPLIANCE			
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	Business responsibility (p.26)	
	103-2 The management approach and its components	Business responsibility (p.26)	
	103-3 Evaluation of the management approach	Business responsibility (p.26)	
GRI 419: Compliance	419-1 Non-compliance with social and economic laws and regulations	The Group did not receive any sanctions in 2018 for non-compliance with social and economic laws or regulations	

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SISAL GROUP SPA

RELAZIONE DI REVISIONE LIMITATA SUL BILANCIO DI
SOSTENIBILITÀ DEL GRUPPO SISAL AL 31 DICEMBRE 2018

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Relazione di revisione limitata sul Bilancio di Sostenibilità

Al Consiglio di Amministrazione di Sisal Group S.p.A.

Abbiamo svolto un esame limitato ("*limited assurance engagement*") del Bilancio di Sostenibilità (di seguito il "Bilancio") di Sisal Group S.p.A. e sue controllate (di seguito il "Gruppo") per l'esercizio chiuso al 31 dicembre 2018.

Responsabilità degli Amministratori per il Bilancio di Sostenibilità

Gli Amministratori sono responsabili per la redazione del Bilancio in conformità ai *Global Reporting Initiative Sustainability Reporting Standards* (di seguito "GRI Standards") definiti nel 2016 dal *GRI – Global Reporting Initiative*, indicati nel paragrafo "Nota metodologica" del Bilancio, e per quella parte del controllo interno che essi ritengono necessaria al fine di consentire la redazione di un bilancio di sostenibilità che non contenga errori significativi, anche dovuti a frodi o a comportamenti o eventi non intenzionali. Gli Amministratori sono altresì responsabili per la definizione degli obiettivi del Gruppo in relazione alla performance di sostenibilità e alla rendicontazione dei risultati conseguiti, nonché per l'identificazione degli stakeholder e degli aspetti significativi da rendicontare.

La nostra responsabilità

È nostra la responsabilità della redazione della presente relazione sulla base delle procedure svolte. Il nostro lavoro è stato svolto secondo i criteri indicati nel principio "*International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information – Revised*" ("ISAE 3000"), emanato dall'International Auditing and Assurance Standards Board per gli incarichi che consistono in un esame limitato. Tale principio richiede il rispetto dei principi etici applicabili, compresi quelli in materia di indipendenza, nonché la pianificazione e lo svolgimento del nostro lavoro al fine di acquisire una sicurezza limitata che il Bilancio non contenga errori significativi. Tali procedure hanno compreso colloqui, prevalentemente con il personale della società responsabile per la predisposizione delle informazioni presentate nel Bilancio, analisi di documenti, ricalcoli ed altre procedure volte all'acquisizione di evidenze ritenute utili.

Siamo indipendenti in conformità ai principi in materia di etica e di indipendenza del *Code of Ethics for Professional Accountants* emesso dall'International *Ethics Standards Board for Accountants*, basato su principi fondamentali di integrità, obiettività, competenza e diligenza professionale, riservatezza e comportamento professionale. La nostra società applica l'*International Standard on Quality Control 1 (ISQC Italia 1)* e, di conseguenza, mantiene un sistema di controllo qualità che include direttive e procedure documentate sulla conformità ai principi etici, ai principi professionali e alle disposizioni di legge e dei regolamenti applicabili.

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Le procedure svolte hanno riguardato il rispetto dei principi per la definizione del contenuto e della qualità del Bilancio, nei quali si articolano i *"GRI Standards"*, e sono riepilogate di seguito:

- comparazione tra i dati e le informazioni di carattere economico-finanziario riportati nel capitolo "Il profilo di Sisal" del Bilancio e i dati e le informazioni inclusi nel Bilancio Consolidato del Gruppo al 31 dicembre 2018, sul quale PricewaterhouseCoopers S.p.A. ha emesso la relazione ai sensi dell'art. 14 del D.Lgs 27 gennaio 2010, n° 39, in data 26 aprile 2019;

- analisi, tramite interviste, del sistema di governo e del processo di gestione dei temi connessi allo sviluppo sostenibile inerenti la strategia e l'operatività del Gruppo;

- analisi del processo di definizione degli aspetti significativi rendicontati nel Bilancio, con riferimento alle modalità di identificazione in termini di loro priorità per le diverse categorie di stakeholder e alla validazione interna delle risultanze del processo;

- analisi delle modalità di funzionamento dei processi che sottendono alla generazione, rilevazione e gestione dei dati quantitativi inclusi nel Bilancio. In particolare, abbiamo svolto:

  - interviste e discussioni con il personale di Sisal S.p.A., Sisal Group S.p.A. e Sisal Entertainment S.p.A. al fine di raccogliere informazioni circa il sistema informativo, contabile e di reporting in essere per la predisposizione del Bilancio, nonché circa i processi e le procedure che supportano la raccolta, l'aggregazione, l'elaborazione e la trasmissione dei dati e delle informazioni alla funzione responsabile della predisposizione del Bilancio;

  - analisi a campione della documentazione di supporto alla predisposizione del Bilancio, al fine di ottenere evidenza dei processi in atto, della loro adeguatezza per il corretto trattamento dei dati e delle informazioni in relazione agli obiettivi descritti nel Bilancio;

- analisi della conformità e della coerenza interna delle informazioni qualitative riportate nel Bilancio, rispetto alle linee guida identificate nel paragrafo "Responsabilità degli Amministratori per il Bilancio di Sostenibilità" della presente relazione;

- analisi del processo di coinvolgimento degli stakeholder, con riferimento alle modalità utilizzate, mediante l'analisi dei verbali riassuntivi o dell'eventuale altra documentazione esistente circa gli aspetti salienti emersi dal confronto con gli stessi;

- ottenimento della lettera di attestazione, sottoscritta dal legale rappresentante di Sisal Group S.p.A., sulla conformità del Bilancio alle linee guida indicate nel paragrafo "Responsabilità degli Amministratori per il Bilancio di Sostenibilità", nonché sull'attendibilità e completezza delle informazioni e dei dati in esso contenuti.

Il nostro esame ha comportato un'estensione di lavoro inferiore a quello da svolgere per un esame completo secondo l'ISAE 3000 (*"reasonable assurance engagement"*) e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti e le circostanze significativi che potrebbero essere identificati con lo svolgimento di tale esame.
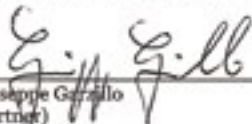
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Conclusione

Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il Bilancio di Sostenibilità del Gruppo Sisal al 31 dicembre 2018 non sia stato redatto, in tutti gli aspetti significativi, in conformità ai GRI-Sustainability Reporting Standards definiti nel 2016, come descritto nel paragrafo "Nota metodologica" del Bilancio.

Altri aspetti

Con riferimento all'esercizio precedente chiuso al 31 dicembre 2017, i dati e le informazioni riportate a fini comparativi all'interno del Bilancio di Sostenibilità non sono state sottoposte a revisione.

PricewaterhouseCoopers Advisory S.p.A.

Giuseppe Garzillo
(Partner)

Milano, 13 settembre 2019

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