

Sustainability

/sus-tain-a-bil-i-ty/

People, environment and economy moving together for our wellbeing and collective growth.

Report 2019

**/Sisal
Responsible
culture/**



Sustainability Report 2019

Contents

- 4 Letter to stakeholders
- 5 2019 highlights
- 6 Sisal's story

Who we are

/Identity/

- 11 Mission, vision and values
- 12 Our offering

/Commitment/

- 17 Engagement and materiality
- 19 Materiality chart
- 20 Sisal's commitment to the SDGs
- 21 Our strategic approach to sustainability

/Organisation/

- 25 Our organisation
- 27 Governance system
- 27 Internal structure
- 29 Internal control and risk management
- 30 Anti-money laundering function

/Value/

- 33 The value of our business
- 35 Suppliers

Responsibility

/Gaming/

- 39 Responsible gaming
- 40 Education in balanced and aware gaming
- 42 Protecting players
- 44 Prevention of under-age gaming
- 44 Responsible gaming certification
- 45 Rule of law in gaming: prevention of and the fight against illegal gaming
- 46 The Sisal network: having fun responsibly

/People/

- 51 Sisal's people
- 52 Engagement
- 53 Development and training
- 55 Diversity and inclusion
- 56 Wellbeing, health and safety
- 57 Our numbers

/Community/

- 63 Commitment to communities
- 64 Sport
- 65 Innovation and talents
- 65 The network: social solidarity

/Planet/

- 67 Caring about the environment
- 67 Managing environmental impacts
- 70 Sisal and paper

- 74 Note on methodology
- 75 GRI Content index
- 81 Limited audit report on Sustainability Report

Letter to stakeholders

2019 Highlights

A NEW SISAL

Stakeholders,

2019 was a year of great change for our Company, with the completion of the demerger of the payments business and the start-up of international operations.

Our success in the process of diversifying the payments business over the last 10 years has led to the setting up of a Newco formed by SisalPay, Sisal's payment services brand, and Banca 5, Gruppo Intesa Sanpaolo's proximity bank, which offers collection and payment services and banking products. The separation of the two businesses will enable Sisal to focus all its resources on its gaming business and accelerate along its development path based on the three strategic pillars of Responsibility, Digital Innovation and Internationalisation.

Responsibility has been rooted in Sisal right from the outset in 1946. Over the years we have expressed this founding value in programmes for the benefit of our consumers, our people, the communities in which we operate and the planet.

Protecting consumers is our prime responsibility, the biggest challenge for our business and the central focus of our corporate purpose. Over the years we have built a whole programme of balanced and responsible gaming that has enabled us to maintain the highest international responsible gaming standards set by European Lotteries (EL) and the World Lottery Association (WLA). The central importance of this theme led us to launch a strategic review of our programme, building on our experience and expertise to promote a sustainable business model based on informing players, making them aware of gaming-related risks and safeguarding the more vulnerable categories.

We consider **people** as our most important resource. This is also why we constantly invest in their growth, the development of their skills and their wellbeing. We cultivate a culture of diversity, an essential resource for designing creative and innovative solutions. And with our project Wise - Women In Sisal Experience, we promote gender equality. Further, our voluntary work platform, Will, makes it possible to help the third sector by dedicating part of our working hours to the associations we identify with.

We are well aware of the **social role of our business**. That is why we are committed to supporting and promoting innovation, sharing and social integration. In 2019, for the second year running, we worked on GoBeyond, a project of ours to support startups that develop innovative ideas in the social sphere. Lastly, we promote **environmental sustainability** for a cleaner and greener world, with energy saving initiatives and measures to reduce emissions and safeguard natural resources, especially paper.

Digital innovation is another pillar in our strategy and in 2019 we obtained some very positive results in our online business, achieving a position of leadership in the Italian market. In the coming years we will be stepping up our investments in digital innovation, so we have decided to strengthen the organisational structures dedicated to technological development and online business. In 2020, we are bucking the trend in employment levels and will be taking on over 200 people to upgrade the mobile experience and exploit the opportunities offered by artificial intelligence.

2019 was also the year in which the Company's **internationalisation** process generated new business and new opportunities for development and geographical diversification. On January 1, 2019 we started up our gaming business in Morocco. Later in the year we began online business in Spain and were awarded a lottery management concession in Turkey.



Francesco Durante
CEO, Sisal

In an increasingly global market, our internationalisation process is becoming even more strategic and setting us new challenges. We will have to consider the needs and special features of the places where we operate in order to manage our various markets more effectively, while at the same time staying true to our values, our identity and our origins.

I am proud to be at the head of a company that has reacted so responsibly to the Covid-19 pandemic emergency. In facing this crisis, we have safeguarded the health of everyone who works with us and helped support initiatives in favour of Italy's Civil Protection Agency and other organisations in the third sector, also by involving our retail networks, while also guaranteeing the continuity of our business and strategic projects.

The pandemic has had profound and irreversible effects on our way of life, on how we think and work. The healthcare emergency and the crisis still afflicting the entire planet have made us rethink our values and personal and collective priorities, global and local trends, work instruments and models, and life in general, thus changing the reality of the world we were familiar with.

The changes we are seeing strengthen our determination to pursue our long-term growth strategy based on responsibility, in the conviction that only management inspired by a clear and strong corporate purpose will enable us to achieve sustainable growth and generate shared value for all our stakeholders.



over
6,8 million
customers



+600.000
players on online
platform Sisal.it



over
39.000
points of sale



9,8
billion
turnover
(+11% vs 2018)



+800
online games



over
40.000
Facebook fans



over
39.000
followers
on LinkedIn



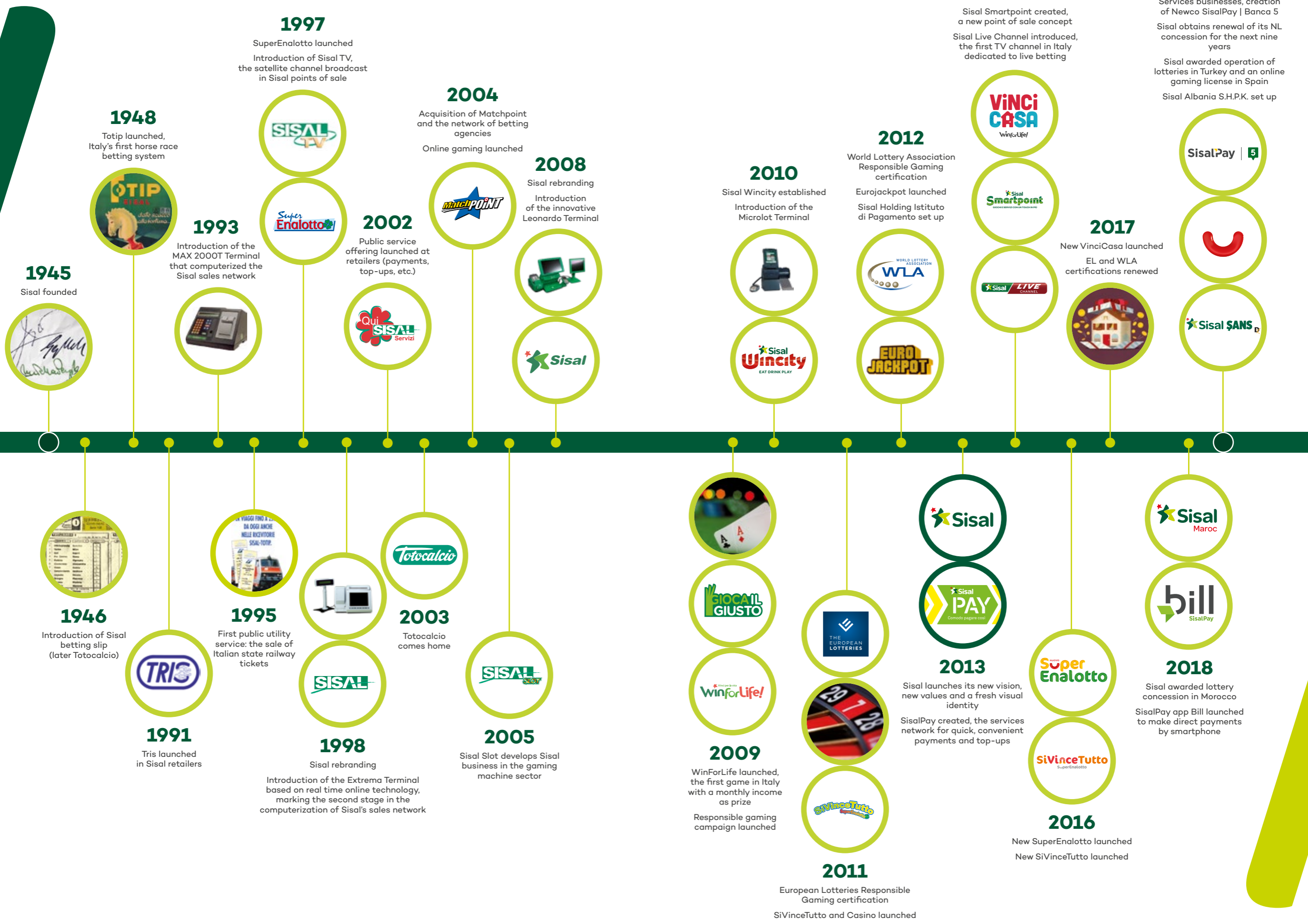
1.848
employees*



40%
women

*Figure for all Sisal companies, including those in Morocco and Albania

Sisal's story



1. Who we are



Identity

/i·den·ti·ty/

Personality. Set of characteristics that have always identified who we are.

We at Sisal believe in identity, by definition.

Because our roots also define who we are and who we'll be in the future.

Just as for over 70 years our mission has been to offer the best possible entertainment in a responsible and sustainable way.

We perpetuate our founding values through innovation that drives the country's evolution.

**/Sisal
Responsible
culture/**

Mission, vision and values

It was just 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 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 betting slip** that came to be known as Totocalcio. The result was the **first Italian company to operate in the gaming market under government concession**.

Since 1946, Sisal has accompanied Italy's evolution with its innovations in the world of gaming, offering expertise and generating trust through constant dialogue with all its stakeholders.

Mission

/ To provide the best offering of entertainment, responsibly and sustainably over time

Vision

/ To make people's lives more enjoyable

Values

- / **We play as a team**
Each of us gives their 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 company that believes in research invests in its future

Our offering

LOTTERIES



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



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



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



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.



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.

ONLINE GAMING



This is Sisal's web platform, offering over 800 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.



An innovative channel based on the "Eat, Drink and Play" model combining gaming, food and entertainment. 30 points of sale in the main Italian cities, including Milan, Rome, Turin, Brescia, Pescara, Florence, Catania and Bologna.



This channel offers the full range of Sisal products, with a special focus on betting (horse racing and sports) and Virtual Races. Over 390 points of sale and more than 1,300 retail corners.



Launched in 2014, this channel offers customers a unique and distinctive experience driven by technology and run by highly professional staff.

RETAIL GAMING

INTERNATIONAL DEVELOPMENT

Foreign markets where we have gaming operations

Leveraging our lottery management record, wide-reaching know-how developed over the years, our constant stream of **product innovations** and the **centrality of consumers**, we have been able to diversify our business in **international markets too**.

SPAIN

Portfolio:
Online Betting, online Casino and Slot

Effective date (and duration):
July 16, 2019 (10 years)



TURKEY SISAL ŞANS

Portfolio (retail/online):
Numeric Games, Passive Lotteries,
Instant Games

Effective date (and duration):
August 1, 2020 (10 years)



MOROCCO SISAL LOTERIE MAROC

Portfolio:
Numeric Games (retail and online),
Instant Games, Virtual Races, VLTs

Effective date (and duration):
January 1, 2019 (10 years)



Commitment

/com·mit·ment/

Unconditional application of our energy to perform an individual or collective task.

**We at Sisal believe
in commitment,
by definition.**

Because we too can and want to contribute to achieving global goals.

We maintain a dialogue with stakeholders, identifying the most important sustainability issues with them and providing concrete support with projects and initiatives.

**/Sisal
Responsible
culture/**

Engagement and materiality

Dialogue with our stakeholders is one of the key stages in the definition of strategic sustainability priorities, as it enables us to focus our attention and **energy** on topics relevant to the development of business in line not only with our needs but also with the **expectations** of all categories of stakeholders that interface with Sisal every day.

STAKEHOLDER ENGAGEMENT

The first step in the process of defining sustainability priorities is to decide what themes are relevant to the business. Starting with analysis of internal sources (corporate documents, comparative information on main competitors, etc.) and the work performed over the years by the Sustainability Committee, we identified **18 sustainability topics deemed important** to Sisal, grouped in **seven areas of interest**.

Area	Sustainability topics
Responsible Gaming	/ Consumer protection
People	/ Diversity / Professional development and talent recognition / Welfare and work/life balance / Health and safety in the workplace
Supply Chain	/ Central role of the sales network / Sustainable supply chain management
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

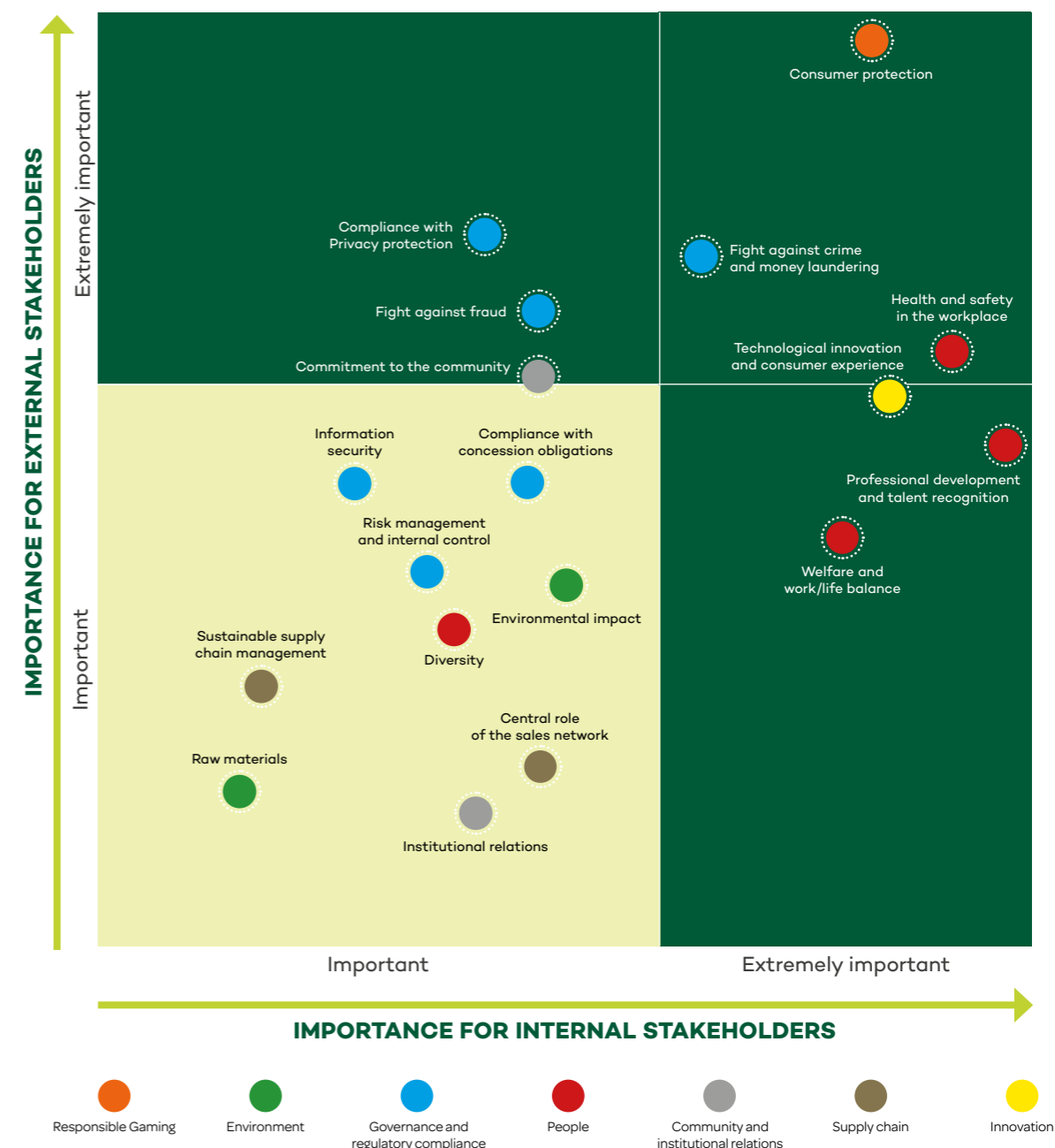
Identification of topics was followed by **stakeholder mapping**, which identifies all the subjects that in various ways influence and are at the same time influenced by the company's choices. **Eight stakeholder categories** were identified and then involved in a structured **engagement process** to understand what topics our stakeholders think it is important to monitor.

Since we don't have the same type or intensity of relations with all stakeholder categories, we have adopted differentiated engagement methods. For example, for both employees and customers we used an **online questionnaire**, which ensures widespread, rapid coverage and the security of anonymity. Other categories of external stakeholders, on the other hand, were engaged personally in **telephone interviews** with exponents of such categories, which enabled us to gather key detailed information for the definition of our priorities.



Materiality chart

The results of external stakeholder engagement and judgements expressed by employees are plotted in the materiality chart, in which the horizontal axis reveals the priorities expressed by internal stakeholders (employees), while the vertical axis shows those indicated by external stakeholders.



Looking at the results in the chart, we see **nine topics considered extremely important** (green zone), while the other nine are considered less priority but in any case important for Sisal. The **“Consumer protection”** topic, for example, is the most important overall for both internal and external stakeholders, as is the **“Health and safety in the workplace”** topic (above all because of the current Covid-19 global health emergency). Another topic where internal and external stakeholders tend to converge is **professional development and talent recognition**, seen as strategic aspects of future business development. All aspects of **governance** are deemed important, especially the **fight against crime and money laundering**, while **innovation**, despite the recent organisational transformation, remains an important topic, mainly for internal stakeholders. Lastly, regarding **environmental impact**, the topic has become more important than last year, especially for internal stakeholders.

In general, all the topics addressed are relevant to the **four pillars of the Sustainability Model (WHAT)** and the **management and planning instruments (HOW)**, so they are subject to regular reporting and will be dealt with in the other sections of this document.

Sisal's commitment to the SDGs

The **Sustainable Development Goals** are 17 objectives promulgated by the United Nations under its Agenda 2030 for Sustainable Development. They are global commitments to which everyone is called on to make a contribution.

We too at Sisal can and want to make our own contribution to the fulfilment of these global goals. By analysing the Global Agenda in relation to the seven material areas of sustainability, we identified **eight SDGs** to which we contribute through our projects and initiatives. As seen in the table below, each area may be involved in more than one Global Goal, showing the numerous impacts that our business has to manage in its commitment to responsible growth.

	Health and wellbeing	Quality education	Gender equality	Decent work and economic growth	Industry, innovation and infrastructure	Responsible consumption and production	Safeguarding biodiversity	Peace, justice and strong institutions
Responsible gaming								
People								
Community and institutional								
Environment								
Innovation								
Supply chain								
Governance								

Our strategic approach to sustainability

Sisal's sustainability model is the compass by which we navigate towards our sustainability goals, so that every initiative and action undertaken is always aligned with our sustainability commitment.

In 2019, a year of significant organisational change, we decided to plot a **sustainability roadmap** in line with national and international best practices. One of the main steps in this was rationalising the model to align it with strategic requirements.

The Model is in three parts.



Our sustainability commitment, which informs all Sisal's diverse initiatives. This goal is at the heart of Sisal's entire business.



The four sustainability pillars represent the areas on which Sisal is focusing its action. They cover the various topics identified during the engagement of our main stakeholders and address the eight SDGs deemed significant for the business and to which Sisal can make a concrete contribution. Each pillar is organised in turn in specific areas of intervention, for each of which there is a strategy with specific objectives and planning, in addition to reporting on the main results.



Our sustainability tools, with which we plan the various strategies and implement the initiatives involved. This includes making sure that our actions are always aligned with our sustainability objectives and planning future developments. The tools we use are:

the sustainability governance system, consisting of the Sustainability Committee and the Control and Sustainability Committee;

certifications (ISO Quality and Responsible Gaming);

reporting and materiality, in terms of stakeholder engagement and definition of strategic priorities, as well as adoption of the main SDGs and third-party quality assurance of the Sustainability Report.

The sustainability tools **HOW** and four pillars **WHAT** are detailed in the following sections, with results in 2019 and the specific initiatives implemented.

WHY

To generate wellbeing for all internal and external stakeholders by ensuring sustainable growth in the long term and balancing economic, social and environmental sustainability.



Organisation

/organ-isa-tion/

Activity systematically addressing the functional and efficiency requirements of a business.

We at Sisal believe in organisation, by definition.

Our company has a forward-looking governance system that ensures we are increasingly international, open, competitive and agents of innovation for our country.

/Sisal Responsible culture/

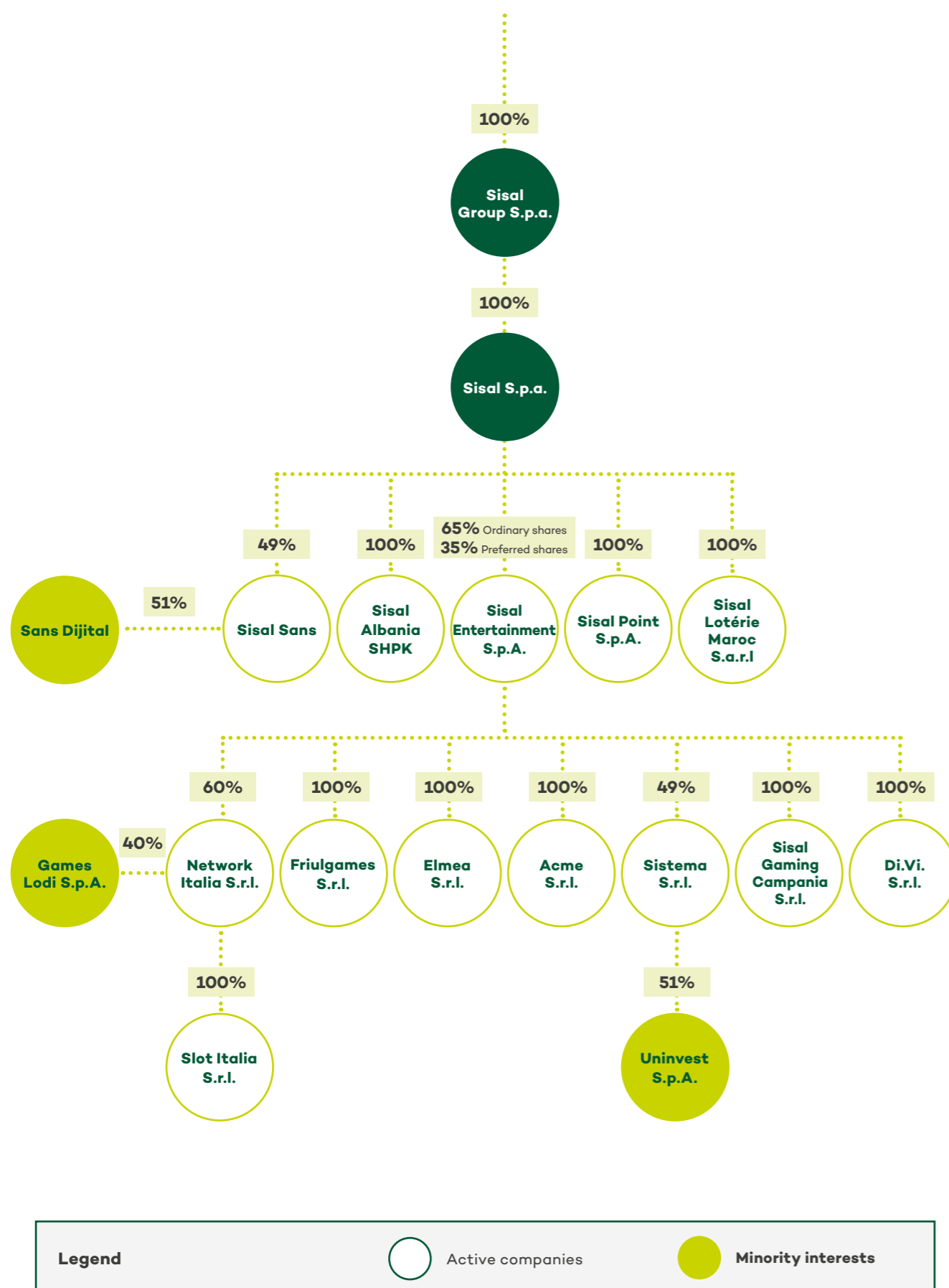
Our organisation

Sisal Group is wholly owned by CVC Capital Partners following the merger by incorporation of Schumann Investments S.A in 2016. CVC Capital Partners is a world-leading UK-based private equity and investment consulting firm with consolidated experience in the **gaming industry**, amongst other areas. Sisal Group S.p.A. and its subsidiaries operate in the gaming industry, primarily under government concessions granted by the Italian Customs and Monopolies Agency. Specific responsibilities are as follows:



Governance system

SCHUMANN INVESTMENTS S.A.



Board of Directors

The company is managed by a Board of Directors made up of 11 members appointed by the Shareholders' Meeting:

- / Aurelio Regina, Chair
- / Francesco Durante, CEO
- / Emilio Petrone, Director
- / Giampiero Mazza, Director
- / Paola Bonomo, Director
- / Matteo Caroli, Director
- / Umberto Delzanno, Director
- / Giorgio De Palma, Director
- / Andrea Ferrante, Director
- / Lucia Morselli, Director
- / Massimiliano Mascolo, Director

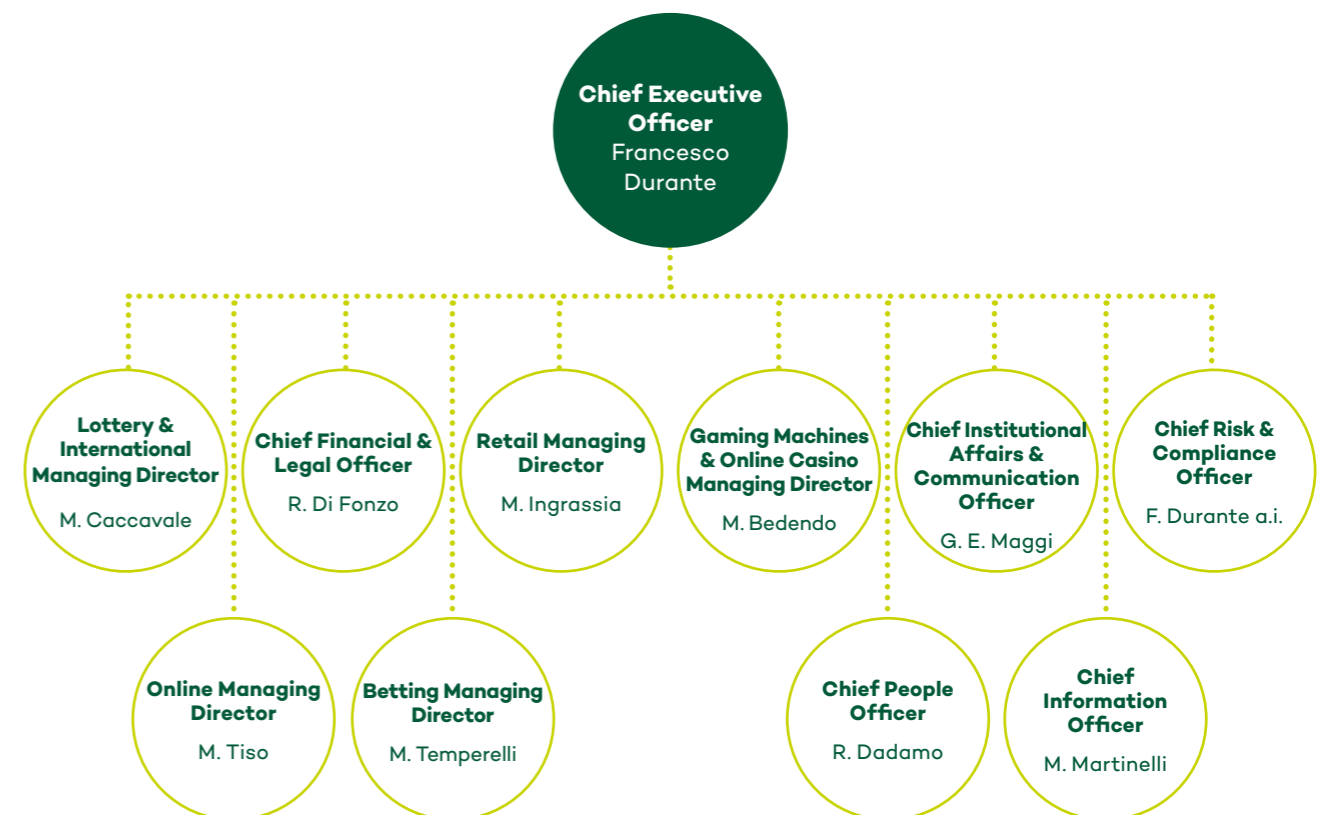
Appointments and Remuneration Committee

Members: Paola Bonomo (Chair), Lucia Morselli and Giampiero Mazza.

Control and Sustainability Committee

Members: Matteo Caroli (Chair), Lucia Morselli and Paola Bonomo.

Our internal structure



Internal Sustainability Committee

This is an executive committee formed by the CEO and the Managing Directors/Chief Officers of Sisal's various Businesses, Markets and Departments and co-ordinated by the Chief Institutional Affairs and Communication Officer. It defines and controls Sisal's Sustainability model in terms of discussion and approval of strategic guidelines.

Sisal's internal organisation revolves around central functions ensuring operating consistency and effectiveness, three Business Units, each with a focus on specific Sisal products, and three Market areas.

Gaming Machines and Online Casino Business

This Business Unit manages physical channel entertainment machines (AWPs and VLTs) and online gaming (slot machines, table games and instant games) via Sisal's national and international portals and mobile apps.

Betting Business

This Business Unit manages fixed-odds betting, traditional horse racing and sports prediction competitions for both the Retail and Online markets, both nationally and internationally.

Lottery Business

This Business unit manages the development of national lottery (NL) products distributed by Sisal's points of sale in two channels (branded and generalist), online portals and third-party operated portals connected to the proprietary national lottery platform. The Team also follows the development and implementation of the MySisal services platform dedicated to the NL points of sale network.

International Market

This market manages Sisal's expansion on international markets by participating in competitive bidding (in the Lottery segment for example) or acquiring licenses (e.g. for online gaming). We are active in Morocco, Turkey and Spain.

Online Market

This market manages online gaming sales via Sisal's portals and mobile apps. It is also responsible for communication and the gaming experience offered to consumers.

Retail Market

This Market manages processes, services and activities geared to the development and support of all Sisal sales channels in the Italian physical market (Directly-operated and Partner, Branded, Specialist and Generalist distribution network), as well as those of the Subsidiaries.

Internal control and risk management

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 strategy consistently with our corporate purpose and vision. Specifically, our internal control system is structured to allow us 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.

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 internally, 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 and Managing Directors/Chief Officers of Sisal's various Businesses, Markets and functional departments sit. The Committee periodically presents the BoD with a summary of the risk management activities performed.

ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/01

Sisal has an Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, which establishes the liability 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:

- / Code of Ethics
- / Internal protocols, procedures and countermeasures to prevent the risk of crime
- / Supervisory Board
- / Map of powers conferred
- / 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 of suspected offences. 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 appropriate to the parties involved and the level of risk of the area they work in. Our Organisational Model is designed for quick updates to align it with revisions and extensions of the types of offence and areas provided for in Legislative Decree 231.

CODE OF ETHICS

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 proper 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, the environment and the whistleblowing process, all factors which are key assets for Sisal's success.

Anti-money laundering function

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.

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, we formalised the company's anti-money laundering activities by creating a **specific organisational function** 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;
- / adopt a money laundering risk profiling system based on player and point of sale operating parameters;
- / flag any suspicious transactions to the Financial Information Unit;
- / establish internal control measures and ensure adequate employee training.

Main activities in the gaming sector in 2019

- / ongoing analysis of findings generated by risk indicators and vetting activities;
- / anti-money laundering training (e-learning) for the retail network and Sisal staff;
- / management of requests for information from the authorities in connection with anti-money laundering measures.

Value

/val·ue/

*Enrichment, understood as development and growth.
Ability to generate value, also for the common good.*

We at Sisal believe in value, by definition.

That's why we've been working for over 70 years to generate economic and social value.

Our intention is to produce profits that contribute to the wellbeing of the communities and territories where we operate and provide concrete support for projects and ideas that can make a difference.

**/Sisal
Responsible
culture/**

The value of our business

Our objective of generating wellbeing for all our stakeholders, ensuring **sustainable growth in the long-term**, cannot be achieved without **creating shared value**, not only social but also economic.

OUR MARKET

Sisal operates in the games for cash prizes market regulated by the Italian Economy and Finance Ministry (MEF) through the Italian Customs and Monopolies Agency (ADM). In 2019, the Gaming Market in Italy reported a gross value of over €110bn, with annual growth (CAGR) of 4.9%.

Two factors were responsible for this trend:

- / the substantial increase in payout, topping €91bn in 2019, which is 82.4% of total revenues and up 3.7% on 2018; this indicator is also positive in the medium-term, showing a CAGR of 5.8%;
- / strong growth in the online market, with turnover at €36.4bn (gross), a CAGR of 19.8% and a 33% share of total revenue. In 2019, this market grew 15.8% on the previous year, while its ratio of payout to total revenue was 94.9%.

Payout

Other important Gaming Market indicators are the real level of Public Spending (difference between Total Gross Revenue and Payout), substantially stable over the years, and **Taxation**. 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 certain lucky draw games and rising to a maximum in online games. The period saw a positive trend in both Public Spending 1.2% and taxation, with a CAGR of 3.5%.

Main gaming market economic indicators

	UdM	2016	2017	2018	2019	CAGR* 2016/2019
Pay out	€ mln	76.955	82.762	87.876	91.096	5,8%
Real public spending	€ mln	18.776	18.991	18.987	19.446	1,2%
Tax revenues	€ mln	10.284	10.300	10.400	11.400	3,5%

*CAGR: Compounded Average Growth Rate over last 3 years

Market segments

Analysing the various segments of the Gaming Market, it's clear that growth is being driven by the positive trend in both **Offline Betting** (with a CAGR of 11.1%), due to the growing number of operators offering the product, as well as to the offering itself (increasingly varied and appealing), and in the **Online Gaming segment** (CAGR: 19.8%).

Gaming Market revenues by segment

UdM	2016	2017	2018	2019	CAGR* 2016/2019	
Offline Lotteries and Bingo	€ mln	20.062	19.484	20.154	20.487	0,7%
Offline Betting and SPC*	€ mln	5.086	6.250	6.514	6.977	11,1%
AWP**	€ mln	49.427	49.001	48.753	46.673	-1,9%
Online Gaming	€ mln	21.157	27.018	31.442	36.405	19,8%
Total Gaming Market	€ mln	95.732	101.753	106.863	110.542	4,9%

*SPC: Sports Prediction Contests
**AWP: Amusement With Prize machines

MAIN FINANCIAL RESULTS

In 2019, Sisal posted overall revenue of around €9.8bn, up 10.9% on the previous year. **Operating income** amounted to around €653m, up on the figure for 2018, the increase reflecting the **positive trend** due mainly to the performance of lotteries, online gaming and fixed-odds sports betting.

Sisal's contribution to Italian tax revenue

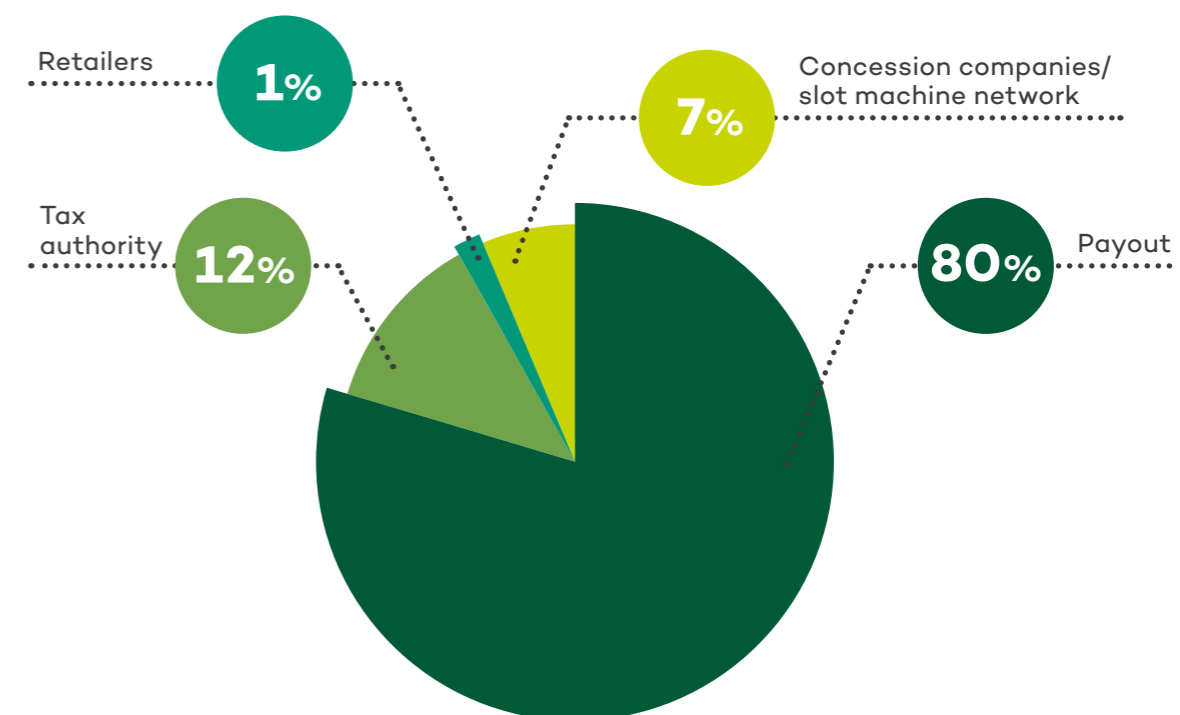
The gaming market in Italy makes a substantial contribution to the country's public finances through taxation, even though in recent years, as a result of macroeconomic and industry trends, tax revenue has tended to stabilise after a period of significant growth in the second half of the first decade of the new millennium. In more detail, in 2019 total tax revenue from gaming stood at about €10.8bn, with an average growth rate over the last four years of around 1.8%, but up by around 8% on the figure for 2018.

Of this €10.8bn, around €1.2bn refers to Sisal gaming revenue, and of that around €0.5bn to lottery products (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 €0.6 billion relates to entertainment machine revenue.

Each week, Sisal collects cash flows generated by business 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 2019, cash flows deriving from Sisal Group's gaming business break down as follows.

- / **Revenue:** around €9.8bn
- / **Total winnings payable:** around €7.8bn (around 80% of revenue, in line with 2018)
- / **Fees paid to retail networks:** around €0.1bn, in line with 2018
- / **Fees paid to Group concession companies:** about €0.6bn (revenues from electronic gaming machines include remuneration remitted to the relative supply chain)
- / **Taxes:** about €1.2bn (about 12% of revenue, compared to around 9.8% for the market as a whole).

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



Suppliers

Sisal's growth and development have always drawn on a network of **strategic partnerships** with numerous **suppliers** selected because they have the best specialist skills available on the market and are in line with our values and objectives: the creation of value and fostering of wellbeing for all our stakeholders.

To this end, we develop **direct and transparent dialogue** with all our suppliers and engage in continuous collaboration and **sharing of responsibility**, in order to manage and minimise business risks and to improve in terms of efficiency and innovation, both in products offered and our internal operating models.

We have a total of **1025 suppliers**, representing a total supply contract value of **€ 118.3 bn**.

Under our **Quality Management System**, we apply a stringent supplier **assessment and qualification** process that requires partners to stay aligned with the requirements of new legislation in the gaming industry and with our stakeholders' expectations. Suppliers are assessed on the basis of their compliance with the provisions of contracts and orders, as well as by **monitoring** variance between service levels stipulated by **Service Level Agreements (SLAs)** and service levels actually delivered. SLA controls and assessment of other elements, such as delivery times and conformity to specifications, are used for supplier analysis and a twice-yearly updating of the **Vendor Rating Index (VRI)**, which records suppliers' overall performance and flags areas for 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 **strong 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 always satisfied in terms of quality, cost and prompt delivery. We have also introduced control systems for the prevention of corruption according to standard UNI ISO 37001:2016.

Our suppliers

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 and Beverage, Sisal Television.

2. Responsibility



Gaming

/gaming/

Playful activity, recreational time.

Synonymous with amusement, leisure, entertainment.

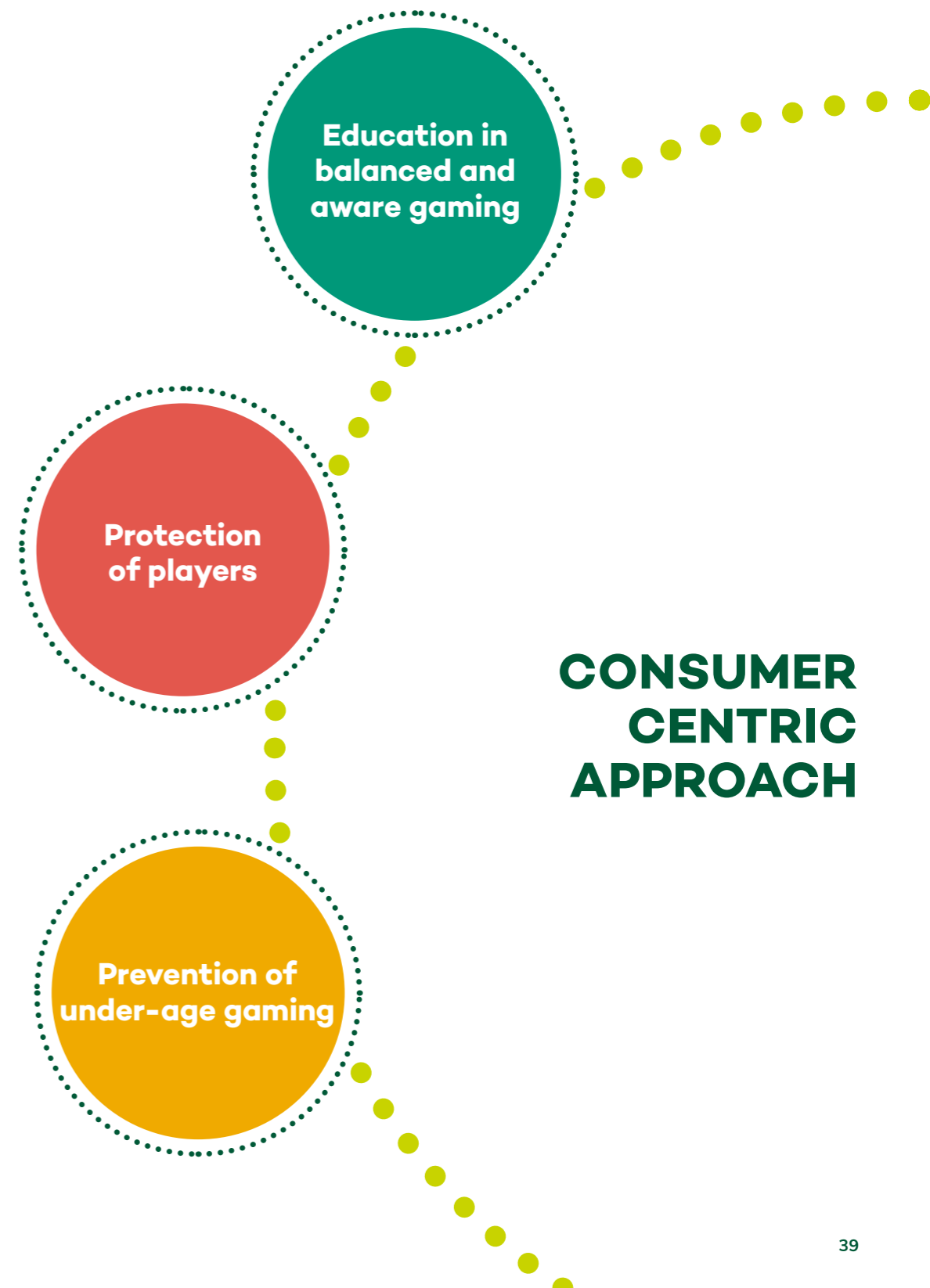
We at Sisal believe in gaming, by definition.

That's why we've always worked hard to preserve its true meaning, engaging not only with players, but also with our employees, customers and the institutions, to promote a shared culture of safe and responsible gaming.

**/Sisal
Responsible
culture/**

Responsible gaming

Caring about, respecting and safeguarding consumers are the guiding principles of our sustainability commitment. Our Responsible Gaming Programme is a central pillar of our customer protection strategy, particularly for the most vulnerable members of society: it involves information initiatives, the prevention of problem gaming, education about a responsible approach to gaming, and help dealing with critical gaming-related issues.



Education in balanced and aware gaming

Education in balanced and aware gaming

Guarantee maximum protection for players with information and education in safe, aware and balanced gaming.

PLAYER AWARENESS

Our biggest responsibility is to spread a **culture of balanced gaming with no room for excess**, based on protecting players and under-age and vulnerable categories.

It's important for us at Sisal to plan and provide **information and education on the use of our products**, and constantly promote safe and balanced gaming behaviour.

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 and mortar distribution network and digital channels.

ONLINE GAMING

We offer our players the opportunity to play online with Sisal's web portals and digital applications, using cutting-edge technology to guarantee gaming that's secure, prohibited for underage children and always conducive to a responsible and balanced style of gaming.

The gaming experience on our platforms is assured by:

- / tools to tackle **fraudulent use** of personal data and credit cards and prevent potential money laundering operations, guaranteeing a very high level of safety for our websites;
- / tools for **monitoring** an account's credit and debit transactions over the last three months, available in the "My Account" section of the player's personal area;
- / a set of **self-limitation and temporary/permanent self-suspension** tools for players;
- / the "**Ten rules for the Responsible Player**" and "**Useful tips for Responsible Gaming**", designed to foster an aware and informed approach to gaming;
- / the **self-assessment test**, "What sort of player are you?" (developed with support from experts), designed for real-time verification of your approach to gaming and to collect users' suggestions;
- / **guidance on problems** available on the Italian national free-phone number and an innovative online treatment service with support from clinical experts.

To promote the messages of the Responsible Gaming Programme we developed **MR SMART**, a web series using simple and immediate language to promote an informed approach to gaming.

The episodes are based on the "Ten rules for the Responsible Player", which foster an aware approach to gaming. Mr Smart, the protagonist in the 10 episodes, experiences contrasting situations in which he approaches gaming in an informed and balanced way on the one hand, and irresponsibly on the other, with all the consequences. Users too are involved, as they're called on to answer the questions Mr. Smart asks about his own behaviour and then get feedback on what they decide. This direct interaction stimulates players to think about their approach to gaming and therefore inspires responsible behaviour.

POINT OF SALE NETWORK

Our point of sale network plays a **vital role in providing information and promoting safe and balanced 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 screens) and store dressing materials. The gaming materials present in retail points contain not only the features and rules of play, 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 minors, 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 Italian 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.

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 all employees are trained on an ongoing basis both in the classroom and online**. Clinical experts and psychologists specialised in the prevention and treatment of pathological gaming are involved in the production of training materials. 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 are uploaded to **keep Sisal employees constantly 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 discourages excess and is geared to protecting vulnerable consumers.

SISAL'S INFORMED AND AWARE NETWORK

Our network is involved in the Responsible Gaming Programme to ensure it is **always in the best position to promote our sustainability values** and **a culture of balanced gaming free from excesses**. 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.

FAIR AND AWARE COMMUNICATION

With the entry into force of Legislative Decree no. 87, July 12, 2018 (the *Decreto Dignità*, enacted with amendments by Law no. 96, August 9, 2018), industry operators were prohibited from advertising games or betting with cash prizes in any form. In accordance with current law, Sisal limits itself to informative communication and has always, even before the above-mentioned legislation, abided by stringent rules of self-discipline. That is why commercial communications that are not transparent, responsible and fair are alien to our way of doing business.

The process of approving our communication campaigns has always been 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 – merely informative since the introduction of the aforementioned decree and applying the criteria of transparency, relevance and moderation – involves two approval processes, one internal by our legal office and the other external by our consultants to ensure compliance both with industry, state and self-disciplinary regulations and with the highest international responsible gaming standards, as well as being examined by the Istituto di Autodisciplina Pubblicitaria (IAP – Advertising Self-Regulatory Institute).

In line with the principles of transparency and moderation, we carry out continual screening and monitoring of our communication activities.

Protecting players



Ensure transparency and safety for players in all gaming channels and provide support, protection and guidance for vulnerable players.

STUDIES AND RESEARCH

We conduct and support research and studies to **analyse and monitor perceptions and sensibilities on Responsible Gaming issues**. The results of these surveys are essential to **provide adequate answers** to the phenomenon of problem gaming and to understand in depth how **behavioural models of gamers change**.

In collaboration with the research organisation Emotional Marketing, we ran a research project on perceptions of gaming and responsibility in gaming and the expectations of sample interviewees.

Our approach was based on a qualitative method (focus groups and interviews) and a psycholinguistic analysis of a target of non-players and occasional players, including Sisal stakeholders. Responsibility in gaming and responsible gaming are topics considered important by both stakeholders and public opinion and in line with a concept of “Ideal Gaming” capable of satisfying a need that’s strongly felt these days. The survey enabled us not only to map the target’s perceptions but also to gather background information useful for identifying projects addressing the main expectations we found.

In 2019, we performed a **Mystery Inspector** investigation in collaboration with Nextest (a research centre specialised in Mystery Client surveys) to monitor observance of European Lotteries’ Responsible Gaming standards at brick and 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.

AWARE GAME DEVELOPMENT

Since 2010 we have been monitoring the risk factor of our games using **GAM-GaRD**, a tool providing an accurate **assessment of the social risk associated with each new game** before it is marketed. Created by Canadian company GamRes, it can be used to examine game dynamics applied to the development of effective strategies and tools at the service of Responsible Gaming and underlying communication strategies. 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 to 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**.

HELP FOR PROBLEM PLAYERS

We are committed to offering a **specialist service to give expert advice to players who have exceeded their limits**. Support for problem players involves two different services:

- / The **totally free online treatment service provided by FeDerSerD** (Italian Federation of Addiction Department and Service Operators) and funded entirely by Sisal 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 provide anonymous **advice and guidance** for people who have developed problems caused by compulsive gaming, as well as for their families. Freephone number 800.558.822 from fixed and mobile phones, from Monday to Friday, 10am to 4pm.

Prevention of underage gaming



Spread a gaming culture addressed to an adult public. The biggest responsibility is compliance with the total ban on underage gaming.

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. To complete the registration process and enable us to verify the data entered, the applicant is asked to submit a copy of an identity document of the person who filled out the form within 30 days. Failure to meet this deadline entails automatic suspension of the account. We have also introduced **parental control information notices** on our websites, so that parents can prevent their children from visiting gaming websites.

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 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 the product offering.

Thanks to the joint efforts of Sisal and the institutions, in April 2018 the innovative **universal self-suspension tool** was introduced in the online gaming segment, offering players a simple way to apply to the Self-Suspension Register for temporary or permanent self-suspension. 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.**

Responsible gaming certification

Every three years since 2010, our Responsible Gaming Programme has been submitted to an independent certification process to verify Sisal's effective commitment to the **planning, development and implementation of the highest international Responsible Gaming standards** (see section "Our certifications")

Those international standards are:

- / EUROPEAN LOTTERIES (EL)** 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)** 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.

The Sisal network: having fun responsibly

Our **distribution network** covers the whole of Italy and plays a **strategic role** not only for Sisal but also for local stakeholders. It represents as a channel of preferential **dialogue with the country** and is an **integral part of our commitment to promoting a model of responsible gaming**.

The **ubiquity** of our points of sale ensures the production of a quality offering for our customers. We are well aware that constant investment in the development of our people's technical and professional know-how and relational skills cultivates our credibility and reputation, so that we are in a position to promote the rule of law and security in gaming and also to work on territory-specific sustainability initiatives.

With its **differentiated and personalised commercial offering**, our gaming sector network is growing continually, with 39,056 points of sale in 2019, split into two physical channels: branded and affiliated.

BRANDED CHANNEL

Direct contact and communication with customers give us a better understanding of their **needs and expectations**, allowing us to develop a retail strategy to support sustainable business development. To this end we have **2,750 points of sale** across the country that are directly identifiable with the company's proprietary brands.



Top of the range in Sisal's retail network, Sisal Wincity is an **innovative concept** based on the "Eat, Drink and Play" model that combines **gaming, food and beverage** and **entertainment** in a relaxing yet functional environment where consumers can have fun with the most innovative products on the market and enjoy the excellence of Italian cuisine. We have **30 Wincity points of sale** in major Italian cities including Milan, Rome, Turin, Brescia, Pescara, Florence, Catania and Bologna.



This is the brand dedicated to **horse racing and sports betting** and to **virtual races**. Matchpoint's **392 points of sale** offer the full range of Sisal products in a high-tech ambience and with a strong focus on customers' needs.

The brand also has **1,375 Matchpoint Corners** for betting on horse racing (Punti Gioco Ippici - PGI) and other sports (Punti Gioco Sportivi - PGS).



Launched in 2014, this channel offers customers a unique and distinctive experience driven by technology and run by highly professional staff. In Smartpoint's **953 smart and informal points of sale**, customers can choose between **Lottery products** and the most popular **amusement machines**.

AFFILIATED CHANNEL

Our products are also available in **36,306 third party points of sale** across the whole of the country, with which we have built up **longstanding business relations**. The channel includes points of sale like bars, tobacconists and newsagents, enabling us to reach a vast consumer base.

At Sisal we work hard to develop and maintain **constant dialogue** with retailers, so we can understand their needs and provide them with **updates and support**, also including specific **training** opportunities. There are three channels for this dialogue with the Network: the **Contact Center**, the retailer **Portal** and **terminal messaging**.



A **dedicated service** with controlled access to ensure full confidentiality. Staffed by a network of experts who receive regular training.



The preferential communication channel with the network is the Retailer Portal at www.retailerssisal.it, available for both desktop and mobile devices. The platform enables retailers to stay **constantly connected** with Sisal, even when they're on the move, and access the services they need at any time. Via the Portal they can look up **product information** or consult **accounting data** for their point of sale, or request and receive business and point of sale management assistance.



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.

We constantly **monitor the performance** of our network to identify any need for corrective action to support the business or any outstanding cases to reward. This monitoring is carried out in two main ways: **data analysis** by our business analysis teams to find variance with respect to expected results, and **visits or phone calls** by the sales force, who actively support retailers and help them make up any gaps.

DIGITAL DIALOGUE WITH STAKEHOLDERS

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

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 Sisal's commitment to creating social and cultural value. The storytelling involves text and video content, photo galleries and infographics that guide the user in a multimedia narrative centred on our key values.

An essential tool to tell the story of a company in continuous evolution, the corporate website helped Sisal top the annual Lundquist.trust ranking (which assesses the digital communications of unlisted companies) two years in a row.

In 2019, the new Lundquist.future survey, which measures the quality of online corporate communication based on sustainability drivers, recognised Sisal's efforts in this area, 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, personalities, places 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 and Identita 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, Sivincetutto.it and Playsix.it. The portal provides comprehensive information about lottery drawings, how to play, sales channels and initiatives 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 800 online games. Sisal's biggest website by traffic volume, it offers storied brands like Totocalcio, SuperEnalotto and Sisal Matchpoint betting, as well as exclusive digital channel games. It also provides an omni-channel experience rounded out by a broad offering of apps and a set of value-added services available in brick and mortar retail points, where customers can pay money into their account or collect their online winnings.

SISALWINCITY.IT

Relaunched in 2018, this website provides users with updates about initiatives, events and the offering of products and services available at Wincity brick and 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.



FACEBOOK

Sisal Group's corporate Facebook page (<https://www.facebook.com/sisal>) has nearly 40,000 fans who can interact with a range of content telling the story of our Corporate Social Responsibility initiatives, activities involving employees and events promoted by the Group, as well as giving them the chance to look back over the milestones in our over 70-year history.



LINKEDIN

Sisal Group's LinkedIn profile (<https://www.linkedin.com/company/sisal-group/>) shines a light on the Company's management and employees, describing the initiatives in which they play an important role. This profile is also its preferred channel for talking about corporate welfare activities and Sisal's highly innovative approach, also with a view to recruiting new talent. In 2019, the Group's profile had more followers on LinkedIn (over 39,000) than any other Italian brand in the industry.



TWITTER

We use our corporate Twitter channel (@Sisal_Group) to publish corporate content (including interviews with top management and acknowledgements received by managers), to talk with the media and network influencers, as well as to livestream Group events, like the presentation of the Sustainability Report and major brand launches. In 2019, Sisal Group's Twitter channel had 9,312 followers.



YOUTUBE

We have two YouTube channels:

- / a Sisal Group corporate channel (www.youtube.com/user/grupposisal) 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.

Sisal's people

People

/peo·ple/

Individuals belonging to a group, united by shared ideals and principles.

We at Sisal believe in people, by definition.

Because they are the beating heart of our company. We have always encouraged collaboration and dialogue, interacting every day not only with our employees, but also with customers, partners and the institutions, to create relationships based on transparency that work for the wellbeing and growth of everyone.

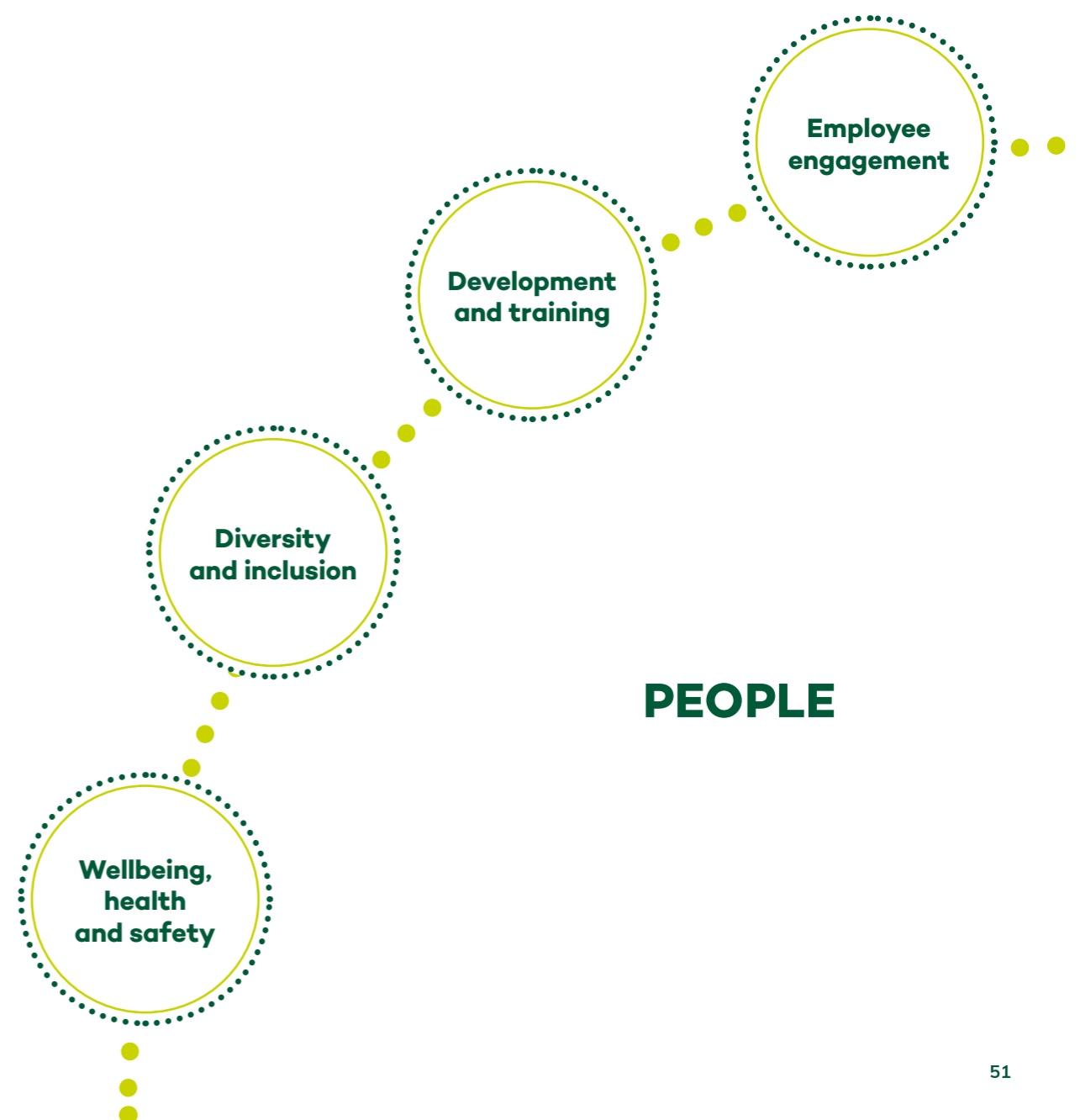
/Sisal
Responsible
culture/



People at Sisal strive to preserve and develop the **spirit** at the heart of the **company's identity**, which embraces **expertise, the ability to innovate and creativity**. These same qualities characterised our three founders, journalists and "explorers" capable of **looking into the future** in a period of extreme uncertainty but also huge opportunity – like the end of a war – to revitalise Italian sport and contribute to the reconstruction of its facilities through the invention of Totocalcio.

Our employees are above all our main stakeholders and **key resources** as our business evolves into the future with new methods of learning, working and innovation. That is why at Sisal we **support** our employees in the pursuit of their **chosen objectives** and guide the business's transformation by promoting an **organisational culture** geared to technological and human development. We also produce digital programmes and processes serving **life-long learning, reskilling and inclusion**, being committed to fostering self-learning and **employability** for our people in line with our values and business objectives.

In this context, our Human Resources Office plays a fundamental role in developing our People Strategy, based on four main areas of strategic importance in the management and development of our people, from the building of a corporate mindset to ongoing **updating** through ad hoc learning programmes and initiatives for everyone, from the creation of a **collaborative environment** for employees to guaranteeing high standards of health and safety.



Engagement

We cultivate projects to create and implement **innovative and efficient work instruments** that constantly improve employees' experience and foster the engagement of our people at all levels.

ENGAGEMENT AND CO-DESIGN

Our approach to people management is based on three key principles:

- / listening
- / engagement
- / co-design

Listening to people in the company on an ongoing basis is key to understanding their needs: structured surveys, instant surveys and workshops are therefore our preferred path, enabling us to identify differing **needs**, devise solutions and define **together** initiatives that can be implemented.

The **inter-functional teams** we prefer work on cross-company projects and rely on the **synergy of diverse competences and professional skills** to rapidly achieve significant results. This attitude, in an environment where ideas are freely exchanged, brings benefits not only in terms of business goals but also **corporate wellness**. Working on shared projects, even outside our habitual professional roles, makes it possible to develop a **collaborative approach** and create situations that can stimulate people's career choices. 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**.

NEW INTRANET

We are working on the design and implementation of a new company intranet, a **digital workplace** that will be an instrument for communication and collaboration between colleagues in different countries.

In 2019, we completed the design and produced a first prototype, which will be developed and implemented between 2020 and 2021.

/ around 50 people involved in co-design interviews and workshops

Its main purpose is to enable all employees to access **constantly updated company data, information and other content** at any time, from anywhere and using all possible devices. It will also **support operations** in branch offices and points of sale, as well as providing an updated overview of all projects and teams to facilitate collaboration between them.

Development and training

The social and economic complexity of life today, technological innovation and the speed of change all have a big impact on workers as they inevitably affect organisational models and development and training plans.

Sisal too, now more than ever, is engaged in this **process of technological and digital transformation** that impacts working methods and professional roles across its entire organisation.

That is why we organise projects to support **employability** – enabling all our people to develop their talent and remain active and useful in a constantly evolving labour market – and programme **opportunities** for different **generations** and genders, to stimulate their spirit of enterprise and increase their capacity to deal with change.

For example, **100% of our employees** are regularly given an **assessment** of their professional performance and development prospects.

MANAGEMENT ACADEMY

Sisal's Management Academy provides **training courses, webinars and other** events enabling managers to develop their **soft skills**. Its main initiatives include:

- / programmes on the definition and development of **new competences** to actively engage in the **digitalisation** process and in the use of **new technologies**;
- / courses on **people management** and negotiating techniques;
- / **public speaking** courses;
- / **coaching** programmes;
- / participation in **major events**, such as the Ambrosetti Management Forum or the World Business Forum Milano 2019.

SKILLGYM

Sisal's Skillgym is where our people develop and "train" their soft skills.

A training course based on three classroom sessions alternating with assessments and self-training, it is designed to support our people in developing the main skills required by the market, such as adaptability, flexibility, openness to innovation, collaboration, sharing and customer orientation, in order to improve employability. In 2019, the course was run five times, involving 103 people.

In 2020, Skillgym training will become virtual thanks to the introduction of interactive webinars and self-learning exercises, support from web coaches, sharing of learnings within the various virtual classes and tests to assess improvement.

**Nine editions
and 174
participants
since 2018**

DIGITAL SKILLGYM

- / Training course designed to help employees keep up with digital transformation and develop the new digital skills required by the market. It consists of two classroom days alternating with virtual activities on new digital soft skills. **Gamification** spices up the learning process and there's an assessment phase at the end of the course to test effective acquisition of the skills.

OPENCAFÉ YOUNG

OpenCafé Young is a course for all Sisal **interns** focusing on **digital skills, soft skills** and **personal branding**. It's designed to help develop such skills in a corporate context and boost **motivation** and **performance** at the same time. The project also helps these young employees to explore certain topics, gaining knowledge that will help them stay active and in demand on the labour market.

The entire initiative is characterised by original and interactive training methods designed to stimulate **creativity** and the development of a **digital mindset**. The training days also include theory, individual exercises and group work.

OPENCAFÉ MAROCCO

/ The contents of the OpenCafé platform in English and French have been extended to new colleagues in our company in Morocco. The aim here is to enable them to achieve full **integration** in Sisal and its culture and, more in general, to widen our training horizons and enable new colleagues in other nations to develop their skills autonomously using the online platform.

EDUCATION GUIDANCE

This year, in partnership with the platform **Jointly**, we launched an innovative education guidance course for **parents** at Sisal and their **children**. This offers parents advice on how to effectively **support** their children in **educational choices** and provide tools helping kids to make well informed choices about their studies and future careers.

The course lasts four months and is accessed via a **dedicated online platform** that can be used at any time and for as much time as is available to the individual.

/ 2 different paths depending on children's ages: **Junior and Diploma**

DIGITAL PARENTS

In partnership with the platform **Jointly**, Digital Parents is a course designed to support Sisal parents and their children in the development of **digital skills** for informed and healthy use of digital technology and instruments.

The course lasts three months and is accessed via a dedicated online platform that can be used at any time and for as much time as is available to the individual.

Diversity and inclusion

WELFARE & TALENTS

Promoting **diversity** in an organisation means taking account of every individual and their **uniqueness**, their contribution and the opportunities they bring. 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. These generational differences offer extraordinary opportunities for evolving and responding effectively to the needs of the business.

That's why we launched Welfare & Talents, a project that **celebrates "ageless" talent** and **explodes myths** about over-50 workers by shining a light on the value-added they bring to the company. In January 2019, following a survey conducted with Valore D, we organised a one-day workshop with 70 over-50 colleagues to listen to their needs. This workshop gave rise to:

- / **16** over 50 **Ambassador**, to disseminate their particular knowledge of the company and contribute to its development;
- / **GiornalOver**, a monthly newsletter for over-50 employees;
- / **Q&A Live** (Milano-Roma), a meeting with the HR management team on healthcare insurance and prevention packages.

/ **140** average openings of our GiornalOver newsletter

WISE: WOMEN IN SISAL EXPERIENCE

In October 2019, a cycle of **focus groups** was held in Milan to explore themes that emerged from the 2018 Great Place to Work Survey, in collaboration with **WiseGrowth**.

Our employees were invited to participate and gather information useful for planning together Sisal's commitment on the theme of **gender equality**.

/ **40** Sisal employees involved in 4 focus groups

Wellbeing, health and safety

TOGETHER FOR PREVENTION

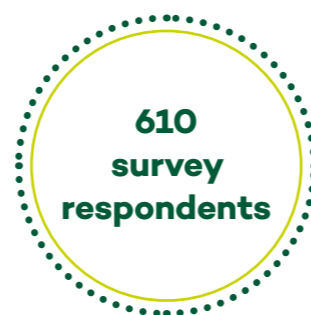
On November 20 and December 2, 2019, a number of our women employees went to meetings on the theme of **breast cancer prevention** in Milan and Rome.

Doctors and nutritionists spoke about primary and secondary prevention, promoting a healthy lifestyle and early diagnosis, the aim being to raise awareness of this type of cancer in the company.

WELL-BEING

We are firmly committed to promoting the **wellbeing of our employees**. To this end, we launched Well-Being, a project that aims to spread a **culture of physical and mental wellbeing**. There are two main activities:

- / promotion of a survey of physical and mental wellbeing for all Sisal employees in order to understand their needs;
- / **Gympass collaboration**, with the stipulation of a contract to enable all our employees to play various sports under a flexible subscription plan that can be extended to include one family member.



SISAL PLAY CUP

- / Sisal Play Cup is a **five-a-side football tournament** - the idea of one of our employees - launched in March 2019. The first competition involved 16 teams and around 150 colleagues across the Milan and Peschiera offices, a promising start for future editions. To enable everyone to follow it in real time, the organisers created an **official tournament website** and an Instagram channel with a fixtures calendar, results, and the voices and faces of the participants. The final was played at the sports ground in Cimiano (Milan) in June 2019.
- / The initiative is an effective **tool for both teambuilding and employee engagement**, as well as for **employer branding**.

SMART WORKING - VOLTA

Launched in 2016, the **Volta project** is designed to **improve organisational effectiveness and flexibility through trust and responsibility**, as well as to privilege work by objectives, favour the work/life balance and develop people's engagement and motivation.

Thanks to this project we won the 2016 **Smart Working Award** (organised by Osservatorio Smart Working, School of Management, Politecnico di Milano) for our best practice in agile working, communication and engagement of the target group.

In 2019, we launched the **Go Volta** project to extend Smart Working at Sisal. We did so because we understood that it is an approach requiring a radical change of mentality and involves the transition from working practices structured in terms of activities and procedures to one organised on the basis of goals and projects. This encourages managers to co-construct a work relationship in which trust and responsibility are the key words defining professional relations.

In 2019, 40 senior Smart Workers were engaged in the production of content and tutoring work addressing 70 new Smart Workers, as well as in the development of technical tools for colleagues. The objective is to introduce Smart Working evenly across Sisal departments and reach an average of four days a month for each Smart Worker.

Key Smartworking figures in 2019:

- / 81% of eligible population
- / 3,7 days a month (average)

HEALTH AND SAFETY

The wellbeing of our people also depends on our commitment to workplace health and safety. That is why we promote virtuous conduct and have strict controls in place to ensure full compliance with legal provisions. We have a team dedicated to **healthcare supervision** and to the **prevention** of and protection against accident and injury, co-ordinated by the central HSE function. Health and safety **training** is guaranteed for all employees, whatever their jobs, and there are emergency management teams in all workplaces.

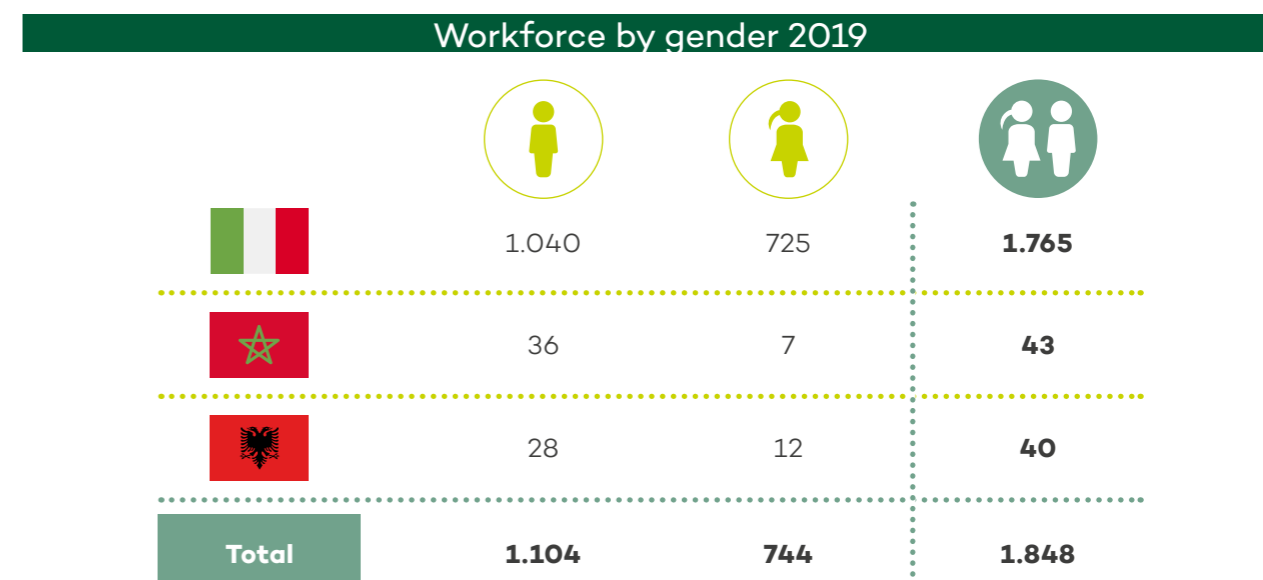
- / Two **automatic defibrillators** have been purchased and installed at the Milan and Rome sites and a total of **18 workers** have been trained to use them.
- / In 2018, we obtained OHSAS 18001 "Occupational Health and Safety" certification for the Rome site.

Our numbers

*As indicated in the section "Note on methodology", data refer solely to 2019, as this is the first year of reporting for Sisal S.p.A.

Workforce

At the end of 2019, Sisal's workforce numbered 1,848 employees, concentrated prevalently in Italy (96%). Women make up 40% of the entire workforce.



71% of the workforce in Italy are in the 30 to 50-year age bracket, while 82% are white collars. 97% of employees are under open-ended contracts.

Workforce by age 2019

	30 <	30/50	> 50	Total
	240	1.258	267	1.765
	12	28	3	43
	36	4	0	40
Total	288	1.290	270	1.848

Workforce by gender and category 2019

	Male	Female	Total
	40	30	70
Apprentices	813	635	1.448
White collars	67	16	83
Blue collars	90	36	126
Line managers	30	8	38
Managers	1.040	725	1.765
Total			

Workforce under open-ended contract 2019

	Full time	Part time	Total
	927	481	1.721
	36	7	43
	28	12	40
Total	991	500	1.804

Turnover

In 2019, 204 new employees were taken on in Italy, 19 in Morocco and 40 in Albania (100% of the workforce). In Italy, over half the new entries are in the 30-50 age bracket.

Total turnover in Italy in 2019 was 13% for men and 15% for women. In Morocco and Albania, turnover was 17% and 11%, respectively, for men, and 14% and 0% for women.

New recruits 2019

	Male	% of total	Female	% of total	Total
	122	12%	82	11%	204
	16	44%	3	43%	19
	28	100%	12	100%	40
Total	166		97		263

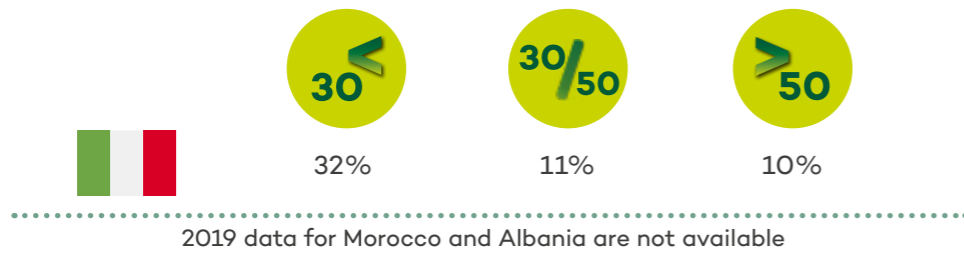
New recruits by age 2019

	30 <	% of total	30/50	% of total	> 50	% of total	Total
	85	35%	109	9%	10	4%	204
	6	50%	12	43%	1	33%	19
	36	100%	4	100%	0	-	40
Total	127		125		11		263

Turnover by gender 2019

	Male	Female
	13%	15%
	17%	14%
	11%	0%

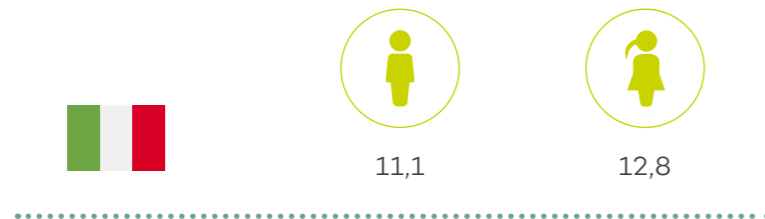
Turnover by age 2019



Training

In 2019, in Italy, an average of 11 training hours were provided for men and around 13 hours for women. The category that received most training was line managers (26 training hours on average).

Average training hours



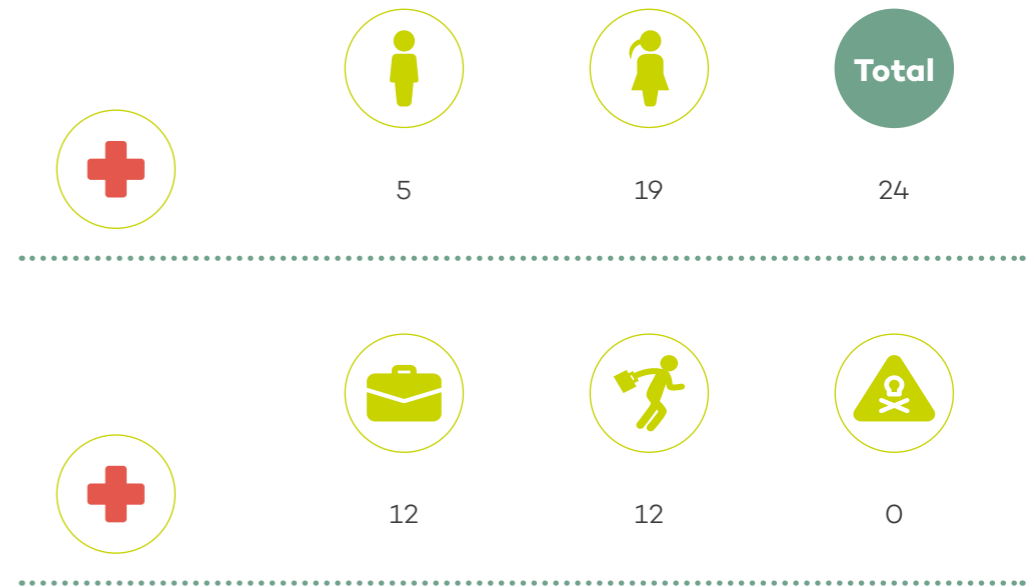
AVERAGE TRAINING HOURS BY CATEGORY (excluding compulsory training)

Apprentices	52
White collars	9,4
Blue collars	0,9
Line managers	25,9
Managers	18,4

Health and safety

In 2019, there were a total of 24 accidents (five men and 19 women) distributed evenly across work and commuting. There were no fatalities.

Accidents 2019



Total number of trade union agreements on HSE issues

Total number of agreements with trade unions	1
Total number of agreements with trade unions that cover/include Health and Safety issues	1
Percentage of agreements that cover/include Health and Safety issues	100%

Community

/com·mun·it·y/

Relations, positive force that unites people, establishing a relationship of proximity and connection.

We at Sisal believe in community, by definition.

At the heart of our way of doing business there has always been an active commitment to maintaining dialogue with local communities to support innovation, develop talent and consolidate our bonds with sport through distinctive projects serving communal wellbeing.

/Sisal
Responsible
culture/

Commitment to communities



Our company was formed over 70 years ago by three founding partners who wanted to give **hope and a carefree spirit** to a population ravaged by war, to mend **relationships between people** and contribute to the country's **rebirth**. That's why at the heart of our way of doing business is our commitment to maintaining **constant dialogue with local areas**, geared to supporting and promoting **innovation, sharing** and **social integration**. These are the values that have always guided us in our relationships with local communities, which is perfectly in line with our goal of **generating wellbeing** for all our stakeholders by ensuring sustainable growth in the long term.

With the entry into force of the so-called "Dignity" Decree (2018) prohibiting promotional activities in the cash prize gaming sector, our investment strategy in the community shifted from a simple partnership-based approach towards a **proactive commitment** to addressing society's needs by means of **distinctive projects that can be replicated across the country**.

With this new approach to investing in communities, in 2019, we defined a new model centred on Sisal's strong links with sport and our constant commitment to innovation and promoting young talents.

The new model is based on **three areas of action**, for each of which we developed specific projects and initiatives:



Sport

The main initiatives in 2019 are described in the following paragraphs.

We playground together: alongside Danilo Gallinari

Since its first year, we have been supporting NBA champion Danilo Gallinari's **We Playground Together**, a project that promotes **sport as a driver of socialisation, physical wellbeing and urban requalification**, spreading these values and **making sport accessible to everyone**, as is perfectly in line with Sisal's heritage.

In 2019, this three-year project involved the **redevelopment** of the Milan-Bicocca area, with the construction of a playground in "Collina dei ciliegi" park in Viale Sarca. In its second year, the collaboration with Sisal was stepped up thanks to **greater involvement by people from the company**, who used Sisal's voluntary work platform "Will" to help complete a **basketball court** and a **five-a-side football pitch**, working on the seating and protection nets for the sports areas. The volunteers and other employees who signed up for the initiative were also given the opportunity to "try out" the playgrounds by organising mini tournaments and tests of skill under the watchful eye of Danilo Gallinari. After the inauguration and ribbon cutting (attended by local Sport Counsellor Roberta Guarnieri), our NBA champion took part in the customary game with friends, to the delight of the public.



Support for the Piccolo Teatro

The **central importance of people and their leisure time** is one of our corporate responsibility priorities. For 11 years now we have been supporting Milan's Piccolo Teatro by offering **opportunities for young people 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 provided 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.



Will: voluntary work at Sisal

Willpower, altruism and the desire to devote time to others are the inspiration behind Will, Sisal's voluntary work project, launched in 2017 by a group of employees to donate working hours to non-profit organisations and associations in need. This marked the start of the Will project, with an internal survey on the attitude of employees to voluntary work and this new project. The results were positive to say the least: 79.6% of the 825 interviewees said they were willing to take part in the initiative immediately.

Building on this response, we started collaborating with MilanoAltruista, a voluntary work platform established in 2010 with the aim of putting aspiring voluntary workers in contact with the associations in the Milan area that need them.



Thanks to this partnership, we entered our first collaboration agreements with voluntary associations and created Will, the portal through which our employees can choose among numerous activities and also recommend a non-profit organisation they already know or work with. Employees can spend four paid working hours a month, autonomously, on such activities. In this initial phase, the service is limited to colleagues in the Milan offices, but we are planning to extend it to Rome as well.

Will is a project we believe very firmly in and we're proud of our colleagues' positive response, which is why we're working to widen the scope of projects and associations to suggest to all those who decide to devote time and energy to the community.

Innovation and talents

Innovation is central to Sisal's commitment not only to communities and local areas but also, more in general, to the development of a responsible business. We decided to address this particular goal by **promoting young people's ideas and talents**, encouraging their **spirit of enterprise, and creating value for communities** in the process.

GoBeyond goes beyond: third edition

This project **supports the start-up "ecosystem"** by helping enterprise ideas turn into successful businesses. In 2019 too, the contest was promoted jointly with CVC Capital Partners, one of the world's largest private equity funds.

As in the previous two editions, the contest hosted start-ups in two areas of business: **"Citizen Services"** and **"Social Innovation"**. The seeding process throughout the entire call for ideas was a full-fledged innovation tour. To gather the **best ideas to be found in Italy**, we engaged with major Italian universities (including Cattolica University in Milan, La Sapienza University in Rome and Bari University) and some of the country's main **innovation platforms** (e.g. DigithON and Heroes meet in Maratea). At the close of the call for candidates, the results went well beyond expectations, with over **120 ideas from all over Italy**.

The prize-giving event was held at Fondazione Giangiacomo Feltrinelli and attended by **Paola Pisano, Minister for technological innovation and digitalisation**. The €20,000 prize and advisory package went to **Adam's hand**, the world's first completely adaptive bionic prosthesis, and **Corax**, a smart device for preventing infection in young children suffering burns.



The network: social solidarity

Fondazione Veronesi

Sisal continued for the eighth 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 €13,585 was raised in 2019.

Telethon

Sisal has been working in partnership with Telethon for 15 years now. In 2019, 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 €17,019 was raised in 2019.



Planet

/pla-net/

Universal heritage to be conserved,
protected and safeguarded.

We at Sisal believe in respect for the planet, by definition.

That's why we save energy to keep on reducing consumption, waste and environmental impact, year after year. We have never wavered in our commitment, implementing increasingly functional solutions that contribute to building a sustainable future.

/Sisal
Responsible
culture/

Caring about the environment



Although environmental impact is not a critical area for our sustainability commitment, we believe everyone has a part to play in **conserving our natural ecosystem** and building a **sustainable future**. We at Sisal continue to promote behaviours and attitudes aspiring to **correct and balanced management of resources** among all our employees and suppliers and constantly monitor and improve our processes and products, with a special focus on initiatives to **save energy** and **reduce emissions, pollution and paper consumption**.

Managing environmental impact

*As indicated in the section "Note on methodology", data refer solely to 2019, as this is the first year of reporting for Sisal S.p.A.

In the workplace too we adopt solutions and strategies privileging the **use of renewable energy**, the development of **sustainable mobility** and the **reduction of consumption levels** and waste.

Since 2001, we have had a **Quality Management System certified** to ISO 9001:2015, thanks to which we not only maintain high standards of sustainable management in the company, but also manage to foster a different idea of quality, in which **caring for the environment** plays a central role. In 2018, our Rome site obtained ISO 14001:2015 certification of its **Environmental Management System**.

Electric power

The **consumption of electric power** represents a significant environmental impact for Sisal, which is why we work ceaselessly to implement **energy efficiency** initiatives. After fitting our Milan site with devices that switch the lights on and off automatically and LED ceiling units for corridor lighting, in 2017 we introduced devices that self-adjust according to how much natural light there is and 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. In the same year, the Rome site obtained ISO 50001 certification of its Energy Management System.

Energy consumption in the organisation [GRI 302-1]

	Units	2019
Heating oil*	GJ	2.734
Diesel fuel	GJ	7.241
Electric power	GJ	71.967
Natural gas	GJ	3.366
Total consumption	GJ	85.308

*Data refer to the Milan site

Emissions

Our pollution emissions are attributable to **power consumption in buildings, logistics processes and employee transport**. In each of these areas, we have launched initiatives to reduce their impact on the atmosphere.

Regarding **energy consumption in buildings**, in 2018 we upgraded the heating/air conditioning system at our Rome site and it now regulates the temperature automatically according to whether or not anyone is in the room. The intelligent Building Management System has also been improved so that indoor temperature is now adjusted as a function of the outdoor temperature. These solutions have a positive impact not only on consumption, but also on the wellbeing of employees and guests.

Another strong focus, lastly, is on the **sustainability of employee transport**. Here, we replaced over 100 vehicles in our corporate fleet with more recent models offering lower consumption, involving the selection of suppliers able to provide vehicles with better performance and lower pollutant emissions. Of these, electric cars are the most used by employees for work trips within a range of 150 km.

GHG emissions reduction [GRI 305-5]

	Units	2019
Energy from renewable sources	t of CO2	8.780
Electric cars*	t of CO2	3,3
Total	t of CO2	

*calculated on the basis of a diesel car emitting 160 g of CO2 per kilometre

Carpooling

A **company carpooling** project is being planned with the aim of **reducing CO2 emissions** per single employee travelling by car. We selected the **JOBJOB** platform, which enables colleagues to **share home-to-work transport**. This initiative will also deliver economic savings for users, as it will cut travel costs in addition to consumption levels.

Water

Sisal has a fleet of **over 300 vehicles**, maintenance of which also includes periodical washing. After thorough market analysis, we identified a start-up offering an at-home car and motorbike washing service using products that are **waterless** and 100% ecological, meaning the service can operate on public roads without leaving any waste. To date, **142 car washes** have been carried out using this service, with a **saving** of around **7,100 litres of water**.

Water consumption [GRI 303-1]

	Units	2019
Milan site	M3	n/a*
Rome site	M3	2.701**
Total	M3	2.701

* Due to the sale of the Milan building, no consumption data are available
 ** Estimated value due to incomplete billing data

Waste

Adopting an environment-friendly attitude can be more difficult when the impact and risks are not immediately or fully 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 and equips all our sites with the tools necessary for **reducing waste to a minimum**. For example, **separate recycling containers** are provided in all eating areas and near printers, in the latter case with a special container for toner and used consumables. In 2019, notices were issued providing further **information** on correct waste disposal and identifying the new waste bins with colour coding and symbols.

Total weight of waste [GRI 306-2]

	Units	2019
Hazardous waste	kg	11.744
Non-hazardous waste	kg	282.132

Plastic free

At the end of 2019, a "plastic free" initiative was organised under the "Sisal for the environment" project (by our HR and CSR functions). Over 2,500 personalised water bottles were distributed to employees and suppliers and paper and wooden stirrers for hot drinks have now replaced plastic ones in all refreshment points in our Milan and Rome offices. Further, PET water bottles have been replaced by eco-compostable ones. These measures have had a very significant effect in terms of reducing plastic waste in our offices. The initiative was also the object of a communication campaign to raise people's awareness of the impact of excessive use of plastic.

Paper at Sisal

To ensure our gaming is also responsible towards the environment, 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 a strategic activity, as are **product developments involving ecological paper** and **digitalisation of products and processes**.

In the office

We expect our employees to **behave responsibly** and only select **suppliers** of paper and multi-function printer services who can prove they are **sustainable**. We put our commitment to reducing paper consumption into practice on two main fronts: installation of a central server to **optimise printing** and tendering for the supply of **new and more efficient printer models**.

In 2019, following the tender, we installed new-generation multi-function printers in our offices, **minimising paper and ink wastage** and significantly reducing the rate of printer failures compared to previous years. And via our central platform we pre-set a number of options to optimise consumption levels, including default printing in black and white and on both sides, so achieving further savings of paper and ink. The central server also enables us to **monitor consumption by individual users** and generate reporting on spending over time. For 2020, we are planning further initiatives to **raise awareness** of the environmental impact of printing and intend to increase the percentage of recycled paper for printing that doesn't require particularly high graphic quality.

"**Edicola Digitale**" (Digital Newsagent) is an initiative in collaboration with our press office to encourage people to use **online** media rather than traditional printed daily newspapers. This has had a positive effect on both paper consumption in our offices and the amount of archive space dedicated to printed publications.

In the Sisal network

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

- / **use of recycled paper in retail sites:** this 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 CO2;
- / **introduction of new printer models:** the use of printers with high environmental performance improves our **network's overall efficiency in terms of paper and ink consumption**;
- / **FSC certification® for all our suppliers:** since our retail network uses large amounts of thermal paper, we require all our suppliers of gaming materials to be certified;
- / **Stock Store Programme:** introduced in 2013, this programme 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.

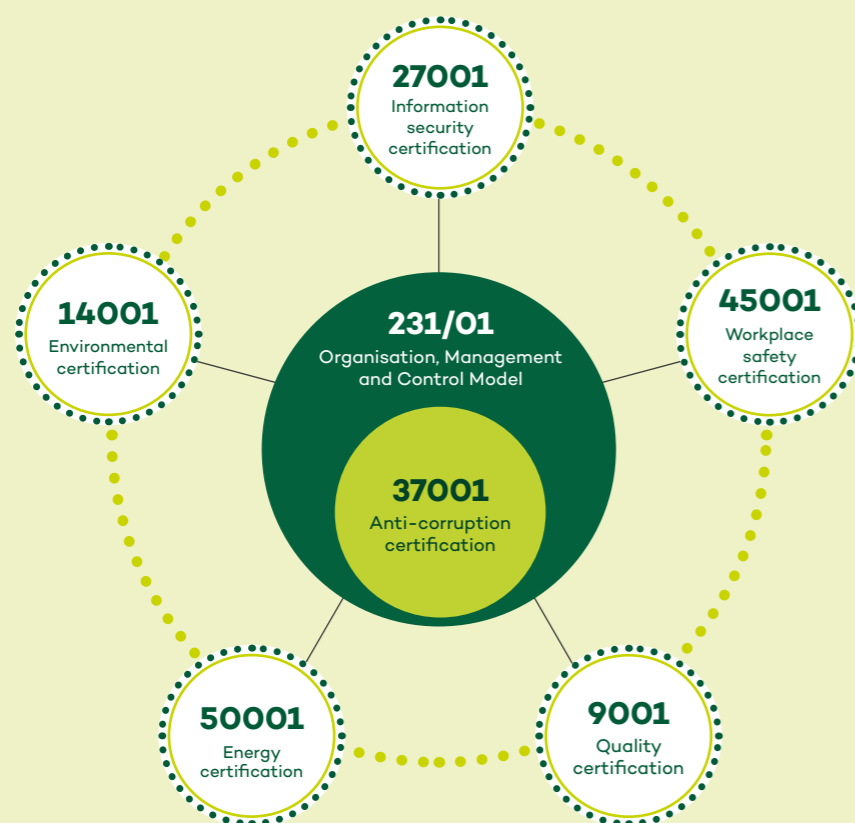
Mitigation of the environmental impacts of products and services

	Units	2019
Number of FSC certified gaming materials suppliers out of the total	%	100%
Use of energy from renewable sources	%	Certified "100% Clean Energy"
Total shipments	Number	407.030

OUR CERTIFICATIONS

In order to guarantee and formalise our commitment to **safeguarding our customers** and creating value for all our stakeholders, as well as offering 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, Corruption Prevention, Information Security, Workplace Health and Safety, and Environment and Energy**.

Integrated management system



Responsible Gaming Programme

Perimeter: **Sisal S.p.A.**

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 Sisal 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.

Quality Management System (UNI EN ISO 9001)

Perimeter: **Sisal S.p.A., Sisal Entertainment S.p.A., ACME S.r.l., Elmea S.r.l., FriulGames S.r.l., DiVI S.r.l.**

For the purposes of promoting customer centricity, we extended the perimeter of ISO9001 processes with an impact on **customer satisfaction**, which we believe can only be achieved through sustainability in the **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.

Corruption Prevention Management System (UNI ISO 37001)

Perimeter: **Sisal S.p.A., Sisal Entertainment S.p.A.**

We promote a **culture of lawfulness and crime risk prevention** to ensure full compliance with regulations, protect Sisal's assets and contribute to achieving its 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 a management system designed to mitigate the risk of acts of corruption being committed (whether active or passive, attempted or committed, public or private). The system employs **specific instruments** that have been upgraded (like due diligence) or newly introduced to satisfy legal requirements (such as the Corruption Prevention Conformity function). All this testifies to and strengthens 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.

Information and Cyber Security Management System (UNI CEI EN ISO/IEC 27001)

Perimeter: **Sisal S.p.A., Sisal Entertainment S.p.A.**

We have been certifying all our **customer data protection** activity since 2013 because the security and reliability of our Information and Personal Data Security Management System need to be under the strictest possible control. This is to ensure the **integrity and confidentiality** of our **data channels** in a world where the risk of security system **breaches** is constantly rising. We have also 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.

In the area of **Cyber Security**, the **Chief Information Security Officer (CISO)** provides strategic vision and defines the information asset protection programme in such a way as to drive the ongoing improvement of processes to mitigate the cyber security risks 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:

- / **WLA-SCS** - the certification issued by World Lottery Association in compliance with specific gaming sector and international lottery standards (Perimeter: Sisal S.p.A.)
- / **ISO 27001**, the international standard that defines the requisites of the Information Security Management System (Perimeter: Sisal S.p.A.)
- / **ISS SGAD** (Information Systems Security - Sistema di Gioco di Abilita a Distanza), 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 (UNI ISO 45001)

Perimeter: **Sisal S.p.A.**

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**. In line with this commitment, Sisal's Rome offices were certified in compliance with standard OHSAS 18001. The transition to international standard ISO 45001 was made in January 2019.

Environmental Management System (UNI EN ISO 14001)

Perimeter: **Sisal S.p.A.**

We have introduced an Environmental Management System that goes beyond compliance with legal requirements and we also use it to develop projects and initiatives to improve our corporate culture and **awareness of environmental challenges**. This is only the start of a longer, structured process in which ISO 14001 certification at our Rome site is a further incentive to increase our commitment to **safeguarding natural resources and preventing pollution**.

Energy Management System (UNI CEI EN ISO 50001)

Perimeter: **Sisal S.p.A.**

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 at the Rome site in compliance with standard ISO 50001.

Note on methodology

The **Sustainability Report** is the most important tool that Sisal uses to inform all its stakeholders about the many social, environmental and economic responsibility activities in which it engages on an ongoing basis.

The 2019 Sustainability Report was prepared in accordance with the **2016 GRI Standards: Core option** and will be issued annually.

Reporting perimeter and process

Following the restructuring of Sisal Group at the end of 2019, in which the Gaming and Services businesses were split between Sisal S.p.A. and SisalPay S.p.A. (with the resulting changes in company officers), this document is the **first Sustainability Report issued by Sisal S.p.A.**

All data, initiatives and projects refer to the period from **January 1, 2019 to December 31, 2019** and therefore refer to **Sisal S.p.A.** and its subsidiaries except for the following cases:

/ economic data relating to the gaming business are taken from Sisal Group's consolidated financial statements as of 31.12.2019;

/ environmental data refer to the Sisal Group perimeter because it was not possible to disaggregate the data of individual companies;

/ data relating to training and health and safety indicators refer to the Italian perimeter only (Sisal Group S.p.A., Sisal S.p.A., Sisal Point S.p.A., Sisal Entertainment S.p.A.).

The function responsible for drafting this document is Corporate Social Responsibility and Reputation.

Reporting and materiality principles

The content of the Sustainability Report was 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 detailed in the "**Stakeholder engagement and materiality analysis**" section. The material topics identified were then compared and combined with the Sustainable Development Goals (SDGs) as described in the section entitled "**Sisal's commitment to the SDGs**".

In addition to the materiality principle, the Sustainability Report 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 Sisal 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. Lastly, data refer to 2019 only, this being the first year of reporting for Sisal S.p.A.

The contents of the Sustainability Report are supplemented during the year with additional information published in the Sustainability section of the website www.sisal.com.

The Sustainability Report was submitted for a **limited audit by independent auditor PwC**. The audit report describing in detail the principles applied, activities performed, and relative conclusions is provided as an Annex. Finally, this document was approved by the Board of Directors of Sisal S.p.A. on September 10, 2020.

GRI Content index

GENERAL STANDARD DISCLOSURES

ORGANISATIONAL PROFILE		
Standard	Disclosures	Page
102-1	Name of the organisation	Our organisation 25
102-2	Activities, brands, products, and services	Our offering 12 - 13
102-3	Location of headquarters	Contact details 85
102-4	Location of operations	International developmen 14 - 15 Our organisation 25
102-5	Ownership	Our organisation 26
102-6	Markets served	Internal structure 27 Our market 33
102-7	Scale of the organisation	Highlights 5 Our organisation 25 - 26 Main financial results 34 - 35 The Sisal network: having fun responsibly 46 - 47 Our numbers 57 - 61
102-8	Information on employees and other workers	Our numbers 57 - 61
102-9	Supply chain	Suppliers 35
102-10	Significant changes to the organisation and its supply chain	Letter to stakeholders 4 International development 14 - 15 Note on methodology 74
102-11	Precautionary principle or approach	Internal control and risk management 29
102-12	External initiatives	Our certifications 72 - 73
102-13	Membership of associations	The main Associations the Company works with in specific areas are: / European Lotteries (EL) / World Lottery Association (WLA) / Sistema Gioco Italia (SGI) / Istituto di Autodisciplina Pubblicitaria (IAP) / Associazione Prestatori di Servizi di Pagamento (APSP)
STRATEGY AND ANALYSIS		
102-14	Statement from senior decision-maker	Letter to stakeholders 4

ETHICS AND INTEGRITY		
102-16	Principles, values and norms of behaviour	Mission, vision and values 11
GOVERNANCE		
102-18	Governance structure	Governance system 27
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Stakeholder engagement 18
102-41	Collective bargaining agreements	All Italian employees are covered by trade union agreements. There is no collective agreement for Morocco and Albania.
102-42	Identifying and selecting stakeholders	Stakeholder engagement 18
102-43	Approach to stakeholder engagement	Stakeholder engagement 18
102-44	Key topics and concerns raised	Stakeholder engagement 17 - 18
REPORTING PRACTICES		
102-45	Entities included in the consolidated financial statements	Note on methodology 74
102-46	Defining report content and topic boundaries	Stakeholder engagement 19 Note on methodology 74
102-47	List of material topics	Materiality chart 19
102-48	Restatements of information	Note on methodology 74
102-49	Changes in reporting	Note on methodology 74
102-50	Reporting period	Note on methodology 74
102-51	Date of most recent report	Note on methodology 74
102-52	Reporting cycle	Note on methodology 74
102-53	Contact point for questions regarding the report	Contact details 85
102-54	Choice of option "in accordance" with GR1 Standards	Note on methodology 74
102-55	GRI Content Index	GRI Content Index 75-80
102-56	External assurance	Note on methodology 74

SPECIFIC STANDARD DISCLOSURE – MATERIAL ASPECTS

SOCIAL			
OCCUPATIONAL HEALTH AND SAFETY			
Standard	Performance indicators	Section/Page	Omissions
103-1 103-2 103-3	Management approach	Our certifications 72-73 Our people 51	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Our numbers 57-61	Information not available: / Injury rate and occupational disease rate; / Lost day rate; / Absentee rate
403-4	Health and safety topics covered in formal agreements with trade unions	Our numbers 57-61	
EDUCATION AND TRAINING			
103-1 103-2 103-3	Management approach	Our people 51 Development and training 53	
404-1	Average hours of training per year per employee	Our numbers 57-61	
404-2	Programs for upgrading employee skills and transition assistance programs	Our numbers 57-61	
404-3	Percentage of employees receiving regular performance and career development reviews	Development and training 53-54	
LOCAL COMMUNITIES			
103-1 103-2 103-3	Management approach	Commitment to communities 63	
413-1	Operations undertaken with the involvement of the local community, impact assessments and development programs	Commitment to communities 63-65	Information not available: / percentage of activities for which engagement actions have been implemented; / impact assessments
COMPLIANCE			
103-1 103-2 103-3	Management approach	Internal control and risk management 29	
419-1	Non-compliance with social and economic laws and regulations	The Group did not receive any sanctions in 2019 for non-compliance with social and economic laws or regulations	
CUSTOMER PRIVACY			
103-1 103-2 103-3	Management approach	Our certifications 72-73	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	The Group did not receive any sanctions in 2019 for losses of customer data	

OTHER MATERIAL ASPECTS – NON GRI

RESPONSIBLE GAMING	
Performance indicators	Section/Page
Type of initiatives activated during the year to promote knowledge about gaming-related problems	Education in balanced and aware gaming 40-42
Method of diffusion and frequency of communications about the Company's responsible gaming program	Education in balanced and aware gaming 40-42
Type of information material distributed in points of sale	Education in balanced and aware gaming 40-42
Number of new games on which a risk assessment has been performed out of the total number of new games produced by the Company	Protecting players 42-43
Number of new games to obtain GameGard certification out of the total number of new games produced by the Company	Protecting players 42-43
Type of information available on the online gaming platforms	Education in balanced and aware gaming 40-42
Type of mechanisms provided to contain gaming-related risks	Protecting players 42-43
Codes of practices/Standards applied by the Company to regulate gaming communication/advertising	Education in balanced and aware gaming 40-42
Number and type of Institutions/Organisations the Company works with to provide assistance/management for gaming-related pathologies	Protecting players 42-43
Type of services offered for the containment of gaming-related pathologies	Education in balanced and aware gaming 42-43
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	Protecting players 42-43
Method of informing PoS personnel about the gaming-related pathology assistance/management services offered by the Company	Education in balanced and aware gaming 40-42
Type of information about responsible gaming provided by the Company	Education in balanced and aware gaming 40-42
Method of distributing information about responsible gaming	Education in balanced and aware gaming 40-42
Responsible gaming certifications obtained by the Company	Responsible gaming certification 44
INNOVATION	
Type of new games/services developed during the year	
THE FIGHT AGAINST FRAUD	
Specific monitoring activities during the year for the purposes of fraud prevention	The rule of law in gaming 30

SPECIFIC STANDARD DISCLOSURE – OTHER RELEVANT ASPECTS

ECONOMICS			
ANTI-CORRUPTION			
Standard	Performance indicators	Section/page	Omissions
103-1 103-2 103-3	Management approach	Our certifications 72-73	
205-2	Communication and training activities on anti-corruption policy and procedures	Our certifications 72-73	
ANTI-COMPETITIVE BEHAVIOUR			
103-1 103-2 103-3	Management approach	Our market 33	
206-1	Total number of legal actions relating to unfair competition	The Group was not involved in legal action relating to unfair competition, antitrust regulations or monopoly practices in 2019	
ENVIRONMENT			
RAW MATERIALS			
103-1 103-2 103-3	Management approach	Our certifications 72-73 Caring for the environment 67	
301-1	Raw materials used by weight or volume	Paper at Sisal 70	
ENERGY			
103-1 103-2 103-3	Management approach	Our certifications 72-73 Caring for the environment 67	
302-1	Energy consumption within the organization	Managing environmental impact 67-69	
WATER			
103-1 103-2 103-3	Management approach	Our certifications 72-73 Caring for the environment 67	
303-1	Total water withdrawal by source	Managing environmental impact 67-69	Information not available: breakdown of water withdrawal by source
MISSIONS			
103-1 103-2 103-3	Management approach	Our certifications 72-73 Caring for the environment 67	
305-5	Reduction of direct GHG emissions	Managing environmental impact 67-69	

Limited audit report on Sustainability Report

EFFLUENTS AND WASTE			
103-1 103-2 103-3	Management approach	Our certifications 72-73 Caring for the environment 67	
306-2	Waste by type and disposal method	Managing environmental impact 67-69	Information not available: / Breakdown of hazardous and non-hazardous waste by method of disposal

SOCIAL			
EMPLOYMENT			
103-1 103-2 103-3	Management approach	Our people 51	
401-1	New employee hires and employee turnover	Our numbers 57-61	

DIVERSITY AND EQUAL OPPORTUNITIES			
103-1 103-2 103-3	Management approach	Our people 51	
405-1	Diversity indicators in management and employees	Governance system 27 Our numbers 57-61	



SISAL SPA

LIMITED ASSURANCE ENGAGEMENT ON THE 2019 SUSTAINABILITY REPORT

SPECIFIC STANDARD DISCLOSURE – OTHER NON-GRI MATERIAL ASPECTS

CENTRALITY OF NETWORK	
Performance indicators	Section/Page
Number and type of points of sale	The Sisal network: having fun responsibly 46-47
Criteria used to select points of sale	The Sisal network: having fun responsibly 46-47
Number and type of information/training activities addressing points of sale	The Sisal network: having fun responsibly 46-47
Point of sale monitoring activities	The Sisal network: having fun responsibly 46-47



Limited Assurance Engagement on the 2019 Sustainability Report

To the Board of Directors of Sisal SpA

We have been appointed to carry out a limited assurance engagement on the Sustainability Report of Sisal SpA and its subsidiaries (hereinafter the “Group” or “Sisal Group”) for the year ended 31 December 2019.

Responsibility of the Directors for the Sustainability Report

The Directors of Sisal SpA are responsible for the preparation of the Report in accordance with the “Global Reporting Initiative Sustainability Reporting Standards” defined by GRI – Global Reporting Initiative, (“GRI Standards”), as indicated in the paragraph “Note on methodology” of the Sustainability Report.

The Directors are also responsible for the implementation of the internal controls that they consider necessary to prepare a Sustainability Report that is free from material misstatement, whether due to fraud or unintentional conduct or events.

Moreover, the Directors are responsible for defining the sustainability performance targets of the Group, as well as for identifying the stakeholders and the significant aspects to be reported.

Our Independence and Quality Control

We are independent in accordance with the principles of ethical and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional conduct.

Our company adopts the International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.



Our responsibility

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the Report with the requirements of the GRI Standards. We conducted our engagement in accordance with “International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information” (hereafter “ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the Report is free from material misstatement.

The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement performed in accordance with ISAE 3000 Revised (“reasonable assurance engagement”) and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the Report, analysis of documents, recalculations and other verification procedures.

In particular, we performed the following procedures:

- 1) analysis of the process aimed at defining the significant reporting areas to be disclosed in the Sustainability Report, with regard to the methods for their identification, in terms of priority for the various stakeholders, as well as the internal validation of the process findings;
- 2) understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the Sustainability Report. In particular, we held meetings and interviews with the management of Sisal SpA and Sisal Entertainment SpA and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the Sustainability Report.

Moreover, for material information, considering the activities and characteristics of the Group:

- at Sisal SpA level:
 - a) with reference to the qualitative information included in the Sustainability Report, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for Sisal Entertainment SpA, which was selected on the basis of its activities and its contribution to the performance indicators at a consolidated level, we exchanged information



with management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Sisal SpA as of 31 December 2019 has not been prepared, in all material respects, in compliance with the GRI Standards as disclosed in the paragraph “Note on methodology” of the Report.

Milan, 24 September 2020

PricewaterhouseCoopers Advisory SpA

Signed by

Giuseppe Garzillo
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the English translation of the Sustainability Report 2019 of Sisal SpA.

CONTACTS

Registered Office
SISAL S.P.A.
Via Alessio di Tocqueville, 13
20154 Milano, Italia
Tel. +39 02.8868534

Rome site
Viale Sacco e Vanzetti, 89
00155 Roma, Italia
Tel. +39 06.439781

For information about this document:
infoCSR@sisal.it

https://twitter.com/Sisal_Group
<https://www.linkedin.com/company/sisal-group/>
<https://www.youtube.com/user/grupposisal>
<https://www.facebook.com/grupposisal>

www.sisal.com



