Sisal
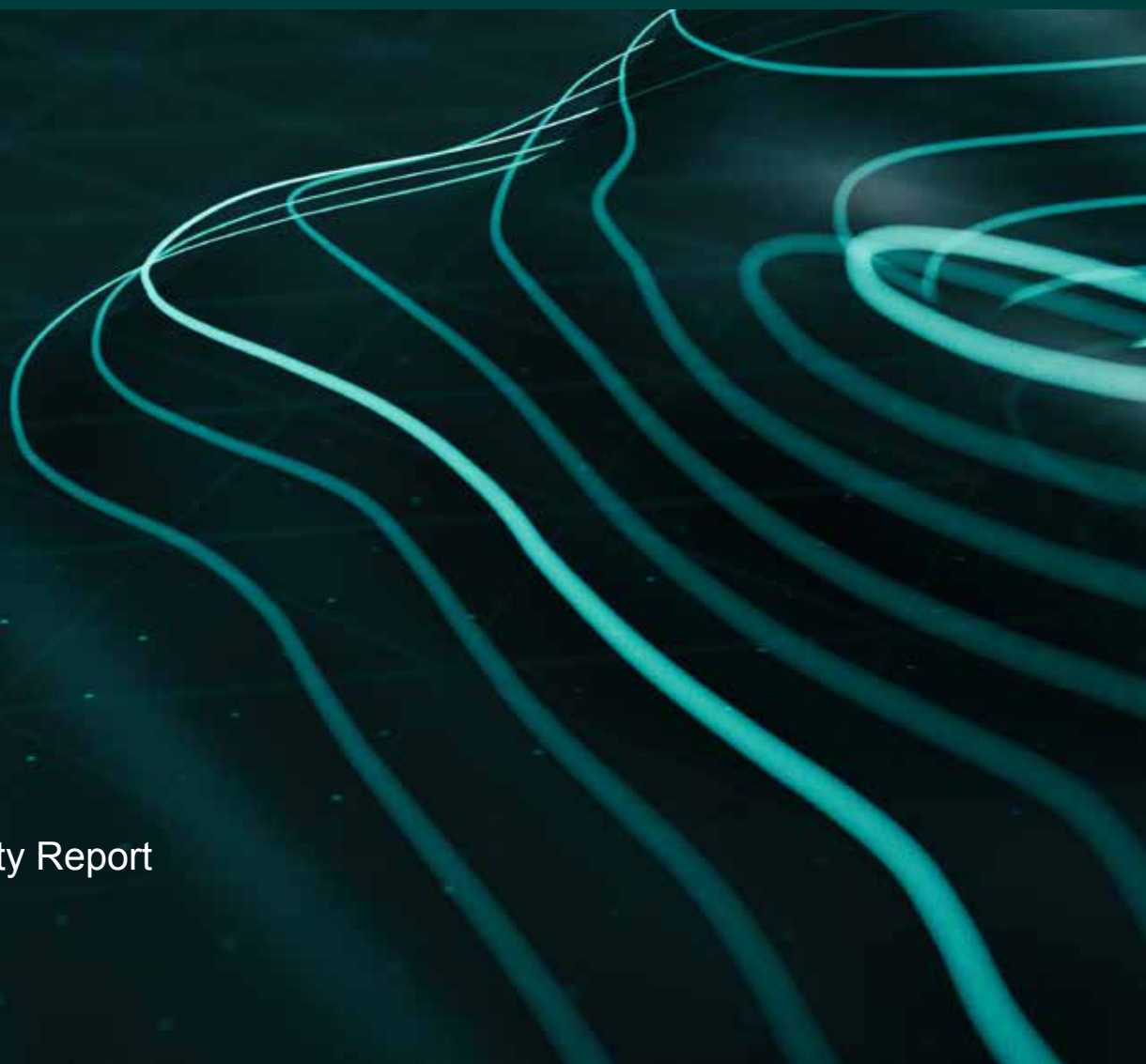
Building a more responsible *future*

Sustainability Report
2022

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Letter to stakeholders

Dear Stakeholders,

With the return to normality we have rediscovered our daily social interactions, work in the office and travel around the world. People's expectations of companies continue to evolve and we want to provide the best possible response to these changes, continuing to put innovation at the centre of our strategic vision and making it the driver of our future growth.

2022 was a very positive year for Sisal, with the consolidation of our leadership in the digital marketplace, our being awarded two new concessions in Morocco and Tunisia, and important results towards achieving our 2030 sustainability agenda. It was also a year of significant investment in people and skills, with a thousand new colleagues who began a new professional experience in Sisal and will join us on our growth trajectory. And in August we became part of Flutter Group, the world's largest online gaming and betting operator, which represents a great opportunity for continued growth as part of global teams and strategies.

We continue along our growth journey fully aware that the world we work in is increasingly geared towards digital development, and in which technologies like Web3, Artificial Intelligence, Big Data and virtual and augmented reality are progressively defining the new frontiers in the evolution of the gaming industry as well, with the aim of creating ever more personalised and engaging experiences.

In this period of great change, sustainability is an increasingly integral part of our business and our long-term growth strategy to ensure that Sisal is ever more:

→ a leader in responsible gaming

→ an exemplary employer of choice

→ an innovative and sustainable company

The evolution of our Responsible Gaming model has been given a powerful boost by innovation. In 2022, we developed a predictive algorithm to prevent unsustainable gambling behaviour based on intensive research and the use of artificial intelligence. We are convinced that the promotion of a culture which puts the emphasis on fun and avoids excess is key to our sustainability strategy, and that is why the entire company structure is proactively involved in identifying tools and actions capable of raising protection and safety standards for consumers.

Our focus on people is also reflected in our response to one of the main challenges we face as a company: managing continuous change and ensuring that everyone can realise their full potential. From the outset, people have been the key asset for Sisal's evolution and success, and we have always been committed to developing initiatives that en-

sure our colleagues have the skills to work in an increasingly competitive labour market. In the framework of our commitment to DE&I, we have a long track record of launching initiatives that promote the value of diversity and create a more welcoming and inclusive working environment.

For over 75 years now, Sisal has been building solid relationships with local communities and engaging in active dialogue with our stakeholders to understand and answer their needs. Our strategy to create a positive impact addresses two main areas: Community Engagement through WeDo, Sisal's solidarity programme that develops powerful projects and relationships in support of good causes and in response to emergency situations, partnering with associations and non-profit organisations; Social Innovation with GoBeyond, the responsible innovation platform that sustains and empowers the start-up ecosystem, promoting expertise and a culture of impact.

Our sustainability agenda also includes efforts to reduce our environmental impact. For this reason, starting with performance measurement in all the countries where we operate, we have launched an action plan with the aim of protecting the environment and reducing the consumption of natural resources, so that Sisal is an increasingly sustainable and innovative company.

We are constantly innovating our commitment to sustainability because we understand that issues such as protecting consumers and their personal data, research and innovation, inclusion, and the management of environmental impact can have a positive knock-on effect outside the business, as well as an impact on our ability to create economic value.

Innovation is not only a technological or business lever, but also a driver of responsibility, with companies asked to focus on the structural evolution that will affect society and to anticipate change. The future that awaits us will be greener, more inclu-

sive and more digital; a future in which companies, regardless of the industries they work in, must find converging interests to share not only with customers and stakeholders, but also with Institutions in order to provide the answers that people need today.

Today, more strongly than ever, we feel the responsibility of the social role we play and are enthusiastic about the opportunity to tackle important challenges. I am sure that with the contribution of everyone who works and will work in Sisal, we will be able to build this increasingly responsible future.

Francesco Durante
Sisal Chief Executive Officer

Sisal overview

2022 in numbers

Global offering

over

49,000
points of sale worldwide
with Sisal products

30 million
players worldwide

over

1 million
online players in Italy

483,000
Average Monthly Players
(AMP)

2.3%
online problem
players (PGSI)[1]

Economic performance

285 million
euro EBITDA
(+15% vs 2021)

850 million
euro revenue
(+25% vs 2021)

Gaming revenue

1%
20%
● Italy
● Turkey
○ Morocco
79%
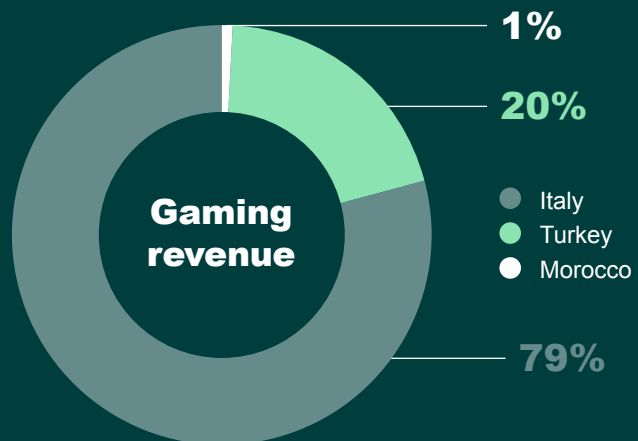
Innovation

over

70
people dedicated to
disruptive innovation

over

600
people in ICT and software
development roles

[1] The calculation methodology integrates the indications of the study by the London School of Economics and Political Science "How survey mode affects estimates of the prevalence of gambling harm: a multisurvey study", published February 15, 2022.

People and skills

2,956
total employees of which:
38% women
21% under 30
38 years average age

+996
new hires

48,397
hours of training provided

Italy: **2,071**

Spain: **12**

Morocco: **72**

Albania: **612**
Turkey: **189**
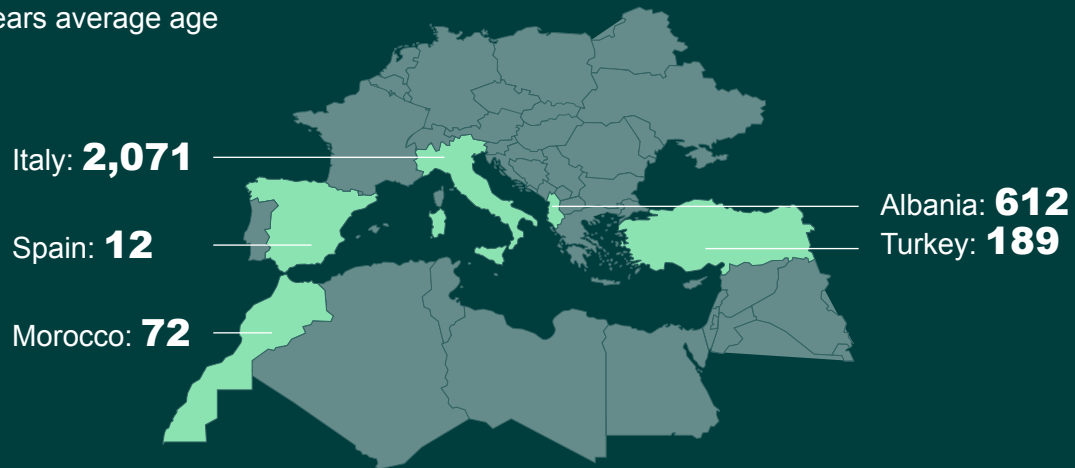
Environmental impact

-5%
GHG emissions[2]
(vs 2021)

100%
of electricity certified
from renewable
sources

100%
of data centres powered by
renewable sources in Italy
(62% at group level)

Community

over
350
startup applications in
the GoBeyond Call for
Ideas
(+45% vs 2021)

700
hours of volunteering during working hours in 2022 with
the WeDo corporate solidarity programme

Social media presence

LinkedIn
68,000
followers
(+15% vs 2021)

10.6%
engagement rate
(+6.6% vs 2021)

Instagram
3.5 million
reached on the GoBeyond
Instagram channel during the
2022 Call for Ideas

[2] Scope 1, 2 (market-based) and 3.

Our story

Timeline: 77 years of Sisal

1945
Sisal founded

1946
Introduction of Sisal betting slip (later Totocalcio)

1948
Totip launched, Italy's first horse race prediction system

1993
Introduction of the MAX 2000T terminal that computerised the Sisal sales network

1997
SuperEnalotto launched

2004
Acquisition of Matchpoint and the network of betting agencies

Online gaming launched

2005
Start of business development in the gaming machine sector

2009
Win for Life launched

Start of the first Responsible Gaming Campaign

2010
Sisal Wincity launched

2011
First European Lotteries Responsible Gaming certification

2012

First World Lottery Association Responsible Gaming certification

Eurojackpot launched

2013

SisalPay created, a broad-based network for payments and top-ups

2014

VinciCasa launched

2016

New SuperEnalotto launched

2019

Lotteries launched in Morocco

Online gaming launched in Spain

New lottery concession obtained in Italy

Demerger of Payment Services business

2020

Lotteries launched in Turkey

2021

Sisal Innovation Lab created

Global Compact joined (UNGC - United Nations Global Compact)

2022

Sisal becomes part of Flutter Entertainment

Contract awarded for two new gaming licences in Tunisia and Morocco

2022 highlights

Sisal becomes part of Flutter Group

On August 4, 2022, Flutter Entertainment, the world's largest online sports betting and gaming operator, completed its acquisition of Sisal. This began a new chapter in the history of Sisal, which from a project to revitalise Italian sport devised over 75 years ago has today become the Italian brand leader in online gaming, with a constantly expanding presence on international markets too.

25 years of SuperEnalotto, the game Italians dream about

Twenty-five years have passed since the first winning '6' in history (6 numbers guessed correctly), worth over 11.8 billion Lira, on January 17, 1998. Since then, thousands of players have won prizes and SuperEnalotto has evolved, offering a digital format as well. To celebrate the birth of one of Italy's best-known games, special versions of the betting slips and receipts have also been created.

Sisal historical Archive and Museum: a story to tell

The Corporate Cultural Responsibility project launched to share Sisal's story and guiding values, from the company's formation to the present day. The historical archive, the heart of the project, was digitised in 2022 and will be made available first to employees and then to other stakeholders during the course of 2023. This is joined by the distributed museum, created this year and located on the various floors of the new Milan headquarters.

New Milan headquarters, an emblem of innovation and sustainability

On May 24, 2022, Sisal officially opened its new headquarters in Milan, providing over 9,000 square foot meters on 13 floors and designed according to the latest standards. Located in the Bassi Business Park, a major urban redevelopment project, it features a 'green lung' in the centre of every floor offering wellness spaces in contact with nature, as well as a panoramic terrace for al fresco dining and work sessions. The design criteria adopted resulted in gold level International LEED Certification for Green Buildings and bronze level WELL certification from the International WELL Building Institute, the first ever issued in Italy.
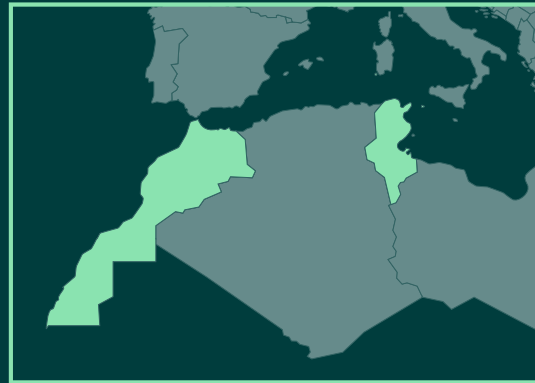
International growth: Sisal expands in Tunisia and Morocco

After Morocco (January 2019), Spain (July 2019) and Turkey (August 2020), Sisal also entered the Tunisian market after being awarded (August 2022) the contract put out to tender by Promosport for the management of lotteries, instant-win lotteries, betting and online gaming. The company also increased its presence in Morocco, where in November 2022 Sisal was awarded the management of sports betting following a tender called by Marocaine des Jeux et des Sports. This is the first real operation in partnership with Flutter.

EGR awards: a record-breaking 2022 for Sisal

Sisal confirms its leadership by winning five categories in the EGR Awards 2022, the prestigious prizes awarded to top players in the Online Gaming industry. In addition to Best Supplier of the Year (also won in 2021), Sisal was named Best Mobile Supplier, Best Casino Supplier, Best Socially Responsible Supplier and Best Diversity & Inclusion model (a new category introduced this year).

Since 1945, Sisal has accompanied Italy's evolution with its innovations in the world of gaming, offering expertise and generating trust through ongoing dialogue with all stakeholders.

Purpose	Mission	Vision
Build a more responsible future	**Offer the best Responsible Gaming experience, generating value for society and people**	**Be the leading company at international level in Responsible Gaming, driving digital innovation**

Values

Responsibility

Responsibility is central to our actions

It guides our strategy, ensuring principled, sustainable and long-term growth.

People

People are the heart of our company

We are committed to listening to, valuing and rewarding each of them so that they can contribute to achieving our corporate purpose.

Innovation

Innovation inspires our company

It stimulates creativity, supports evolution and growth, and contributes to generating lasting value.

Our organisation

Sisal Group is part of Flutter Entertainment plc, the world's largest online sports betting and gaming operator.

Flutter Entertainment has a portfolio of internationally recognised brands and is listed on the London Stock Exchange (FTSE 100 index).

Sisal S.p.A. and its subsidiaries operate in the gaming industry based on government concessions granted by ADM (Agenzia delle Dogane e dei Monopoli - Customs and Monopolies Agency) in Italy, SGLN (Société de Gestion de la Loterie Nationale) and MDJS (La Marocaine des Jeux et des Sports) in Morocco, TWF (Türkiye Wealth Fund) in Turkey.

Flutter Entertainment Holdings Ireland Ltd.

100%

Sisal S.p.A.

100%	100%	100%	100%	49%	99%
Sisal Italia S.p.A.	**Sisal Albania SHPK**	**Sisal Technology (Turkey)**	**Sisal Lotérie Maroc S.a.r.l.**	**Sisal Sans (Turkey)**	**Sisal Jeux Maroc (Morocco)**

100%	100%	49%
Sisal Juego España S.A.	**Sisal Gaming S.r.l.**	**Rete Servizi Integrati S.r.l.**
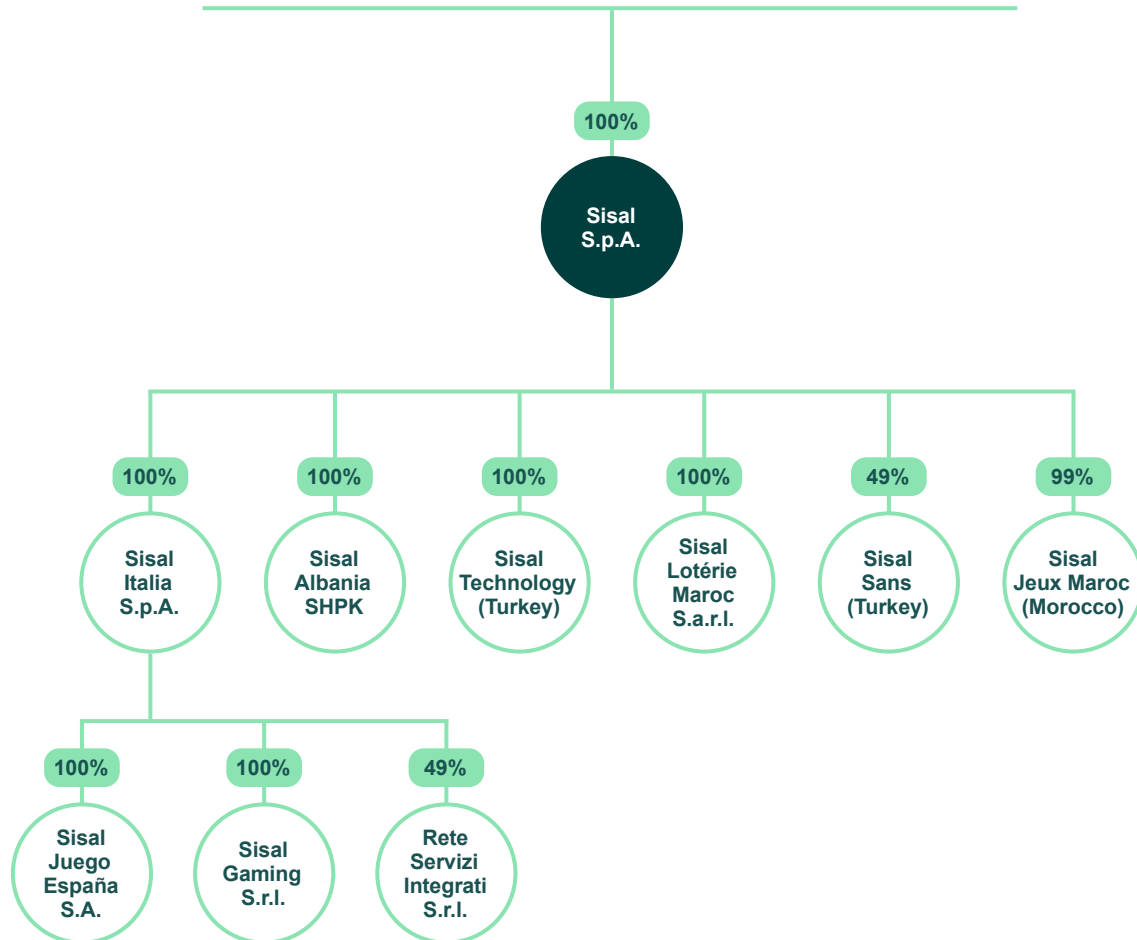
Notes: Sisal Italia S.p.A., the new legal entity resulting from the merger of Sisal Lottery Italia into Sisal Entertainment, is operational as of April 1, 2023. In addition, as part of the operation, the Retail specialised points of sale directly managed by Sisal and AWP divisions of Sisal Lottery Italia S.p.A. and Sisal Entertainment S.p.A. were transferred to Sisal Gaming, as a result of which Sisal is the concession company and provider, and Sisal Gaming the AWP manager and operator. Sisal Lottery UK Ltd., a company established in accordance with the rules of the tender for the management the UK's Fourth National Lottery Licence in the event of the contract being awarded to Sisal, was cancelled by means of the 'strike off' procedure on April 11, 2023. The Spanish online business was suspended in December 2022.

Sisal S.p.A.

→ Parent company Sisal S.p.A., with headquarters in Milan, is responsible for the direction and coordination of the subsidiary companies.

→ It is a wholly owned subsidiary of Flutter Entertainment Holdings Ireland Ltd.

Sisal Italia S.p.A.

→ With effect from April 1, 2023, Sisal Entertainment S.p.A. incorporated Sisal Lottery Italia S.p.A. and changed the company name to Sisal Italia S.p.A.

→ Wholly owned by Sisal S.p.A. and with headquarters in Milan, it performs organisation, operation and revenue collection activities relating to legal gaming machines and their direct management. The company also performs organisation, operation and revenue collection activities for prediction contests and betting, in both the physical and online channels.

→ It has been sole concession company since 1997 for SuperEnalotto, Italy's first National Lottery (NL).

→ In 2011, Sisal adopted the international Responsible Gaming standards in its Lottery Games business, obtaining European Lotteries and World Lottery Association certifications.

→ The company directly manages the activities of planning and management control, risk management, and anti-money laundering.

Sisal Gaming S.r.l.

→ A company with registered office in Milan resulting from the merger by incorporation of the companies Elmea S.r.l., DI.VI. S.r.l. and Sisal Gaming Campania S.r.l. (in 2020) and the companies Acme S.r.l. e Network Italia S.r.l. (in 2022). Wholly owned by Sisal Italia S.p.A. (previously by Sisal Entertainment S.p.A.), it performs activities relating (i) to the rental and management of AWP (Amusement With Prizes) machines in compliance with article 110, sub section 6, letter a) of the Italian Public Safety Consolidation Act (T.U.L.P.S.) and (ii) to the development, production and assembly of AWP machines and gaming software, in compliance with article 110, sub section 6, letter a) of the Italian Public Safety Consolidation Act (T.U.L.P.S.).

→ The transfer of the business units relating to the direct management of the Sisal Lottery Italia and Sisal Entertainment points of sale and the transfer from Sisal Entertainment to Sisal Gaming of the business unit relating to the management of AWPs took effect from 1 April 2023.

Sisal Lotérie Maroc S.a.r.l.

→ With headquarters in Casablanca, Morocco, it was established in May 2018 and is wholly owned by Sisal S.p.A. In March 2018, Sisal was awarded the ten-year contract to manage fixed-odds lotteries and totalizator systems, virtual races, and instant win games (both electronic and paper-based) in Morocco on behalf of Société de Gestion de Loterie National (SGLN).

→ Sisal Lotérie Maroc S.a.r.l. performs organisation, operation and revenue collection activities in relation to legal gaming in both the physical and online channels.

Sisal Jeux Maroc S.a.s.

→ Based in Casablanca, Morocco, and incorporated on December 26, 2022, it is 99% owned by Sisal S.p.A. and 1% owned by Paddy Power Holdings Limited. In November 2022, Sisal was awarded the ten-year contract to manage betting on all sports competitions including virtual events (excluding horse and hare racing) on behalf of Marocaine des Jeux et des Sports (MDJS) in Morocco. Sisal Jeux Maroc S.a.s. handles activities related to the management of sports betting in Morocco, in both the physical and online channels.

Sisal Sans (Turkey)

→ In September 2019 the joint venture, established in partnership with the Turkish Group Demirören, won the tender called by Türkiye Wealth Fund (TWF) to award the ten-year Turkish National Lottery concession. The concession entails the management and development of a system of games on behalf of TWF. In more detail, since May 2020 the new company set up by Sisal and Şans Digital has been managing and developing a portfolio of lotteries, instant-win lotteries and online games.

Sisal Albania SHPK

→ With headquarters in Tirana and wholly owned by Sisal S.p.A., it performs activities relating to the concept, creation, development and implementation of software applications, IT systems and platforms on behalf of the Group. In addition to being a cornerstone for the Group's technological development, it represents a multifunctional Service Center for Customer Operations, administrative services and transaction processing.

Sisal Technology (Turkey)

→ Based in Istanbul and wholly owned by Sisal S.p.A., it develops IT solutions mainly for the company's business in Turkey. It is also the leading Sisal group competence centre for the development of on-line games and games for VLT (Video Lottery Terminals) gaming terminals.

Sisal's product offering

Sisal has a broad and diversified portfolio of products in Italy, Morocco and Turkey, in both online and retail channels.

Lottery

Sisal has the exclusive concession company for National Totalizer Number Games (NTNG) in Italy, with a broad portfolio of successful brands, including the storied SuperEnalotto, WinBox, Win for Life, VinciCasa, and many more. Sisal is also founding partner of EuroJackpot, the only lottery game in Italy with a jackpot pooled across 18 European countries. Sisal's Morocco and Turkey branches also manage both lotteries and instant games locally.

Betting

Sisal operates in the betting sector with a broad portfolio ranging from sports betting and horse racing to virtual sports competitions, as well as having exclusive products in Italy such as Scomesse on Demand and Tipster.

Gaming

Sisal runs amusement machines (AWPs and VLTs) in the physical channel and online gaming (slot machines, table games and instant games) at national and international level through Sisal's proprietary portals and mobile apps.

The distribution network in Italy

The nationwide distribution network represents a channel of preferential **dialogue with local areas** and plays a **strategic role** for Sisal and local stakeholders in promoting our **Responsible Gaming** approach. The **ubiquity** of our points of sale (PoS) contributes to the high quality of our offering to customers. Constant investment in the development of our people's technical and professional know-how and relational skills cultivates our credibility, helping us promote the rule of law and safety in gaming and pursue nationwide sustainability initiatives. It also contributes to the **growth of the online customer base from an omnichannel perspective**, thanks to top-ups in points of sale, to online customer caring (provided by the staff of directly managed retail points), and to the development of the omnichannel loyalty programme.

more than
37,600
branded and affiliated
Points of Sale in Italy

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 over **1,500 points of sale** across the country that are immediately identifiable with the company's proprietary brands.

The top of the range in the distribution network, Sisal Wincity is an innovative concept based on the "Eat, Drink and Play" model, which combines gaming, food and beverage, and entertainment. There are **39 Wincity stores** in major Italian cities including Milan, Rome, Turin, Brescia, Pescara, Florence, Catania and Bologna, three of which have restaurants.

390 points of sale offering the full range of Sisal products, with the main focus on horse race and sports betting, in a high-tech ambience specially designed to satisfy customers' needs. They are joined by **over 1,000 Matchpoint Corners for betting on horse racing (*Punti Gioco Ippici* - PGI) and other sports (*Punti Gioco Sportivi* - PGS)**.

Affiliated channel

Our products are also available in over **36,000 third-party points of sale** across the entire country, with which we have built up **longstanding business relations**. The channel includes bars, tobacconists, newsagents and dedicated AWP rooms, whose ubiquity enables us to reach a vast consumer base.

We work hard to develop and maintain **constant dialogue** with retailers, partners and their staff, in order to understand their needs and provide them with **updates and support**, including specific **training opportunities**. There are different channels for this dialogue with the network: the **Contact Centre**, the **retailer Portal**, and e-mails and **terminal messaging**.

We also 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 identify variance with respect to expected results, and **visits** by the sales force, who actively support retailers and help them make up any gaps.

Network digitisation

Both with a view to improving the quality and safety of the services offered, and to make our stores increasingly sustainable, we promote the digitisation of our network and related activities.
In particular, in 2022, 71% of bets were managed via technological devices, such as TG Self, Bookers, dedicated apps. We have also equipped some of our points of sale with "payers" which allow the payment of winnings without going through the cashier. This solution, where present, made it possible to manage 70% of the winnings, thus relieving the store staff and speeding up operations, with an improvement in the customer experience. Lastly, in terms of store sustainability, promotional material in paper format in Sisal stores has been reduced by 80% in recent years, in favor of digital communication solutions. In 2023, the process of digitising contracts will also continue through a new module relating to transfers and new openings, with the aim of further reducing paper consumption in the network.

Online platform

Sisal's platform offers **over 1,500 online games** (Sports, Virtual and Horse Race Betting; 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.

Betting

Quick Games

Lottery

Bingo

Poker

Gaming cards

Casinò, Casinò Live and Slot machines

International development

Building on the company's strength in **lottery and gaming management**, solid expertise gained from over 75 years of experience, and an approach that focuses on **product innovation** and the **central role of the consumer**, Sisal has embarked on a **process of internationalisation** to develop business opportunities and assert its leadership in new markets, by bidding in tenders (in Lotteries, for example) and through the acquisition of licences (in online gaming, for example).

The internationalisation roadmap is underpinned by a broad-based **consumer protection strategy**, unique in the gaming industry, and by **digital innovation** as a lever for growth and maintaining leadership in reference markets.

In 2018, we launched a **multi-year strategy** to build ever stronger international credibility, both to compete on the various markets and to extend our

footprint. This draws on our technological expertise and ability to ensure the effective transition and management of ongoing operations in the various countries. Our long-term vision is based on a gradual approach to international development, in such a way as to integrate both the need to build a sustainable growth path and to adapt our organisational structure.

In 2022, the groundwork was laid for further international development also by winning of two important tenders:

→ **Promosport in Tunisia** for the management of lotteries and sport betting;

→ **La Marocaine Des Jeux et Des Sports (MDJS) in Morocco** for the management of sport betting.

Internationalisation roadmap

January
2019

Morocco

In February 2018, Sisal S.p.A. was announced as the winner of the tender called by the Moroccan National Lottery Management Company (SGLN). Running for a total of 10 years from January 1, 2019, the concession covers the management and development of a portfolio that comprises lotteries, instant-win lotteries, online gaming, Virtual Races and VLTs.

July
2019

Spain

In July 2019, Sisal Entertainment S.p.A. was awarded the licence put out to tender by the Spanish gambling regulator (DGOJ). In more detail, the ten-year contract makes provision for two general licences, one for betting and another for the development of other games, and individual licences for Roulette, Slot Machines and Blackjack.

August
2020

Turkey

In September 2019, Sisal S.p.A., in partnership with Şans Digital ve Interaktif Hizmetler Teknoloji Yatirim A.S., a company in the Turkish Demirören Group, won the competitive tender run by Turkey's Sovereign Wealth Fund (TWF), holder of the Turkish National Lottery (Milli Piyango) licence, to award a ten-year operating contract. The contract, effective as of early August 2020 and running for 10 years, provides for the management and development of a portfolio comprising lotteries, instant-win lotteries, Virtual Races and online games.

August
2022

Tunisia

In August 2022, Sisal was awarded the contract put out to tender by Promosport for the management of lotteries, instant-win lotteries and online betting and gaming in Tunisia. The ten-year license, which will commence in 2023, will be managed by Sisal through local company 'Sisal Loterie Tunisia'. Activities to set up the company began immediately after the announcement of the award.

November
2022

Morocco

In November 2022, in a consortium with Paddy Power, Sisal won the tender for sports betting called by Marocaine des Jeux et des Sports (MDJS).
Sisal will manage sports betting in Morocco, where it already holds the licence for local lotteries, through a new legal entity (Sisal Jeux Maroc).
The concession runs for eight years, with the option to renew for two more, and will commence in the first quarter of 2024.
The bid for the MDJS tender was the first collaboration between the Sisal team and the Flutter team (Flutter International and Paddy Power). Transition activities began immediately after the announcement of the award.

Industry
overview

— Key trends
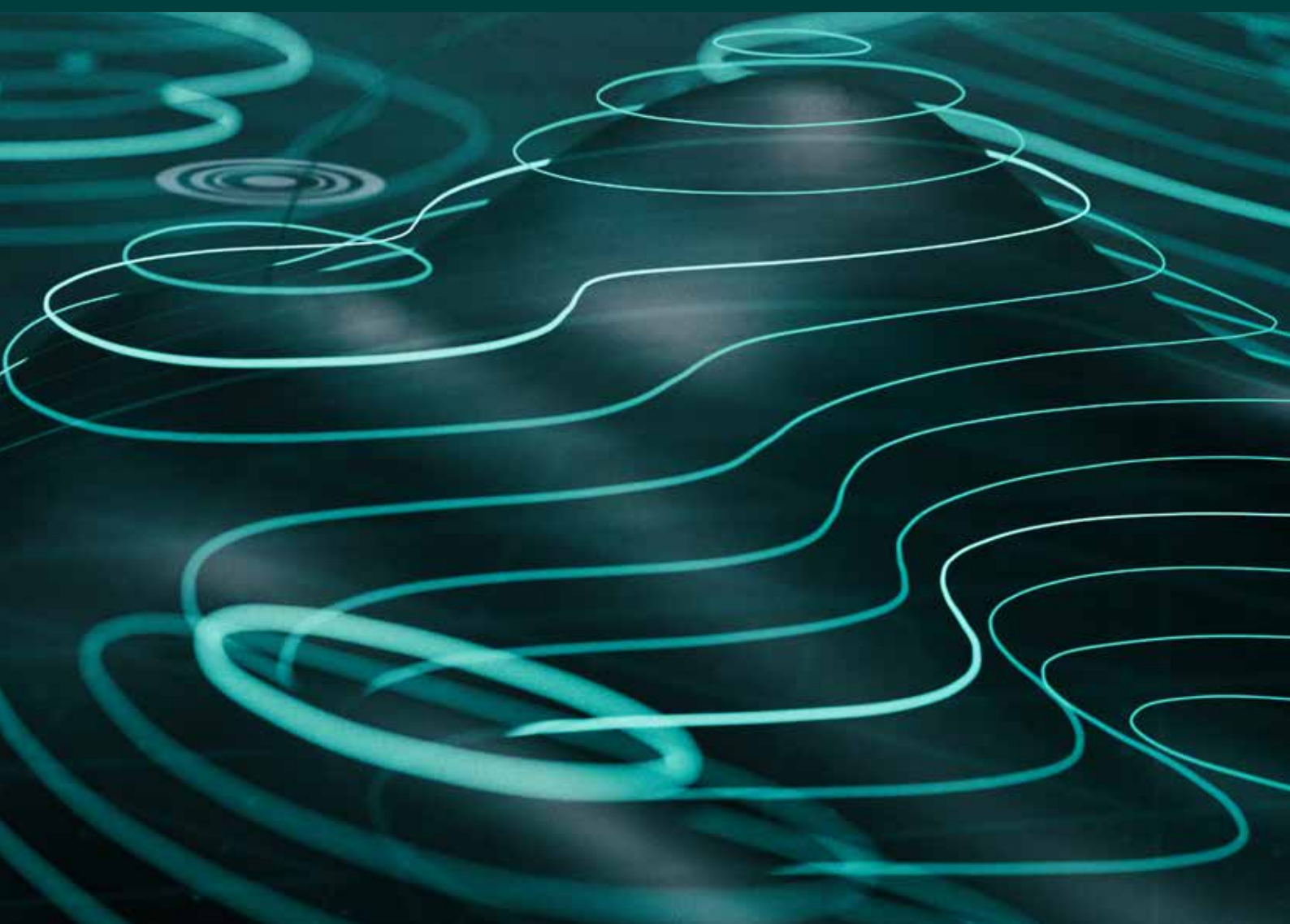
The gaming market is a constantly growing global industry.

According to estimates from H2 Gambling Capital, global gaming market Gross Gaming Revenue (GGR) in 2022 stood at €430bn and is forecast to be worth €578bn in 2027, including both online and retail channels.

Italy

Sisal Group operates in the **games for cash prizes market** regulated by the Italian Economy and Finance Ministry (MEF) and the Italian Customs and Monopolies Agency (ADM).

Total Gaming Market[3] revenue continues the growth trend seen in the second half of 2021, hitting over €135bn and a CAGR[4] of +7.1%, driven by continuous growth in the Online Italy channel and the removal of Covid-19 restrictions in points of sale, allowing the retail market to recover.

GGR[5] rose 1.1% in the period 2019-2022, while taxation reported a CAGR of -1.2%. This is due to the fact that the Online segment has a much higher payout than retail. As a direct consequence the GGR resulted lower with a negative impact in terms of taxation[6].

16%
5%
25%
54%

€135 bn
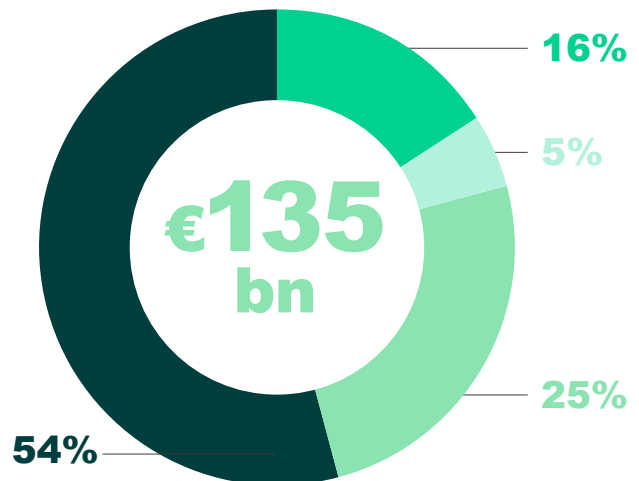
Total Gaming Market Revenue

- Lotteries and Bingo retail
- Betting retail
- Gaming retail (AWP)
- Online

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[3] The data for the gaming market for the year 2022 is based on data of the Italian Monopolies Agency (ADM). All the data presented excludes Section 7 and includes the ADI concession fee and the 2015 Stability Law.
[4] CAGR: Compound Average Growth Rate in the last four years.
[5] Calculated as the difference between Total Revenue minus Payout and Taxation.
[6] 2022 gaming market data is estimated based on ADM data.

€ m	2019	2020	2021	2022	CAGR
Total Revenue*	**110,411**	**88,241**	**111,133**	**135,822**	**7.1%**

* Excluding art. 110 section 7 of T.U.L.P.S. – Machines without cash prizes

€ m	2019	2020	2021	2022
Total Revenue*	100%	100%	100%	100%
Payout*	82.5%	85.4%	86.1%	85.3%
Gross Gaming Revenue (GGR)*	17.5%	14.6%	13.9%	14.7%
Taxation on GGR	**55.9%**	**52.0%**	**49.9%**	**52.1%**

* Excluding art. 110 section 7 of T.U.L.P.S. and including AWP licence fees and the 2015 Stability Law

The AWP (Amusement With Prizes) segment suffered most, also due to the Covid-19 pandemic, (with a CAGR of -10.1%), while the retail betting and lotteries segments returned to growth, albeit slight.
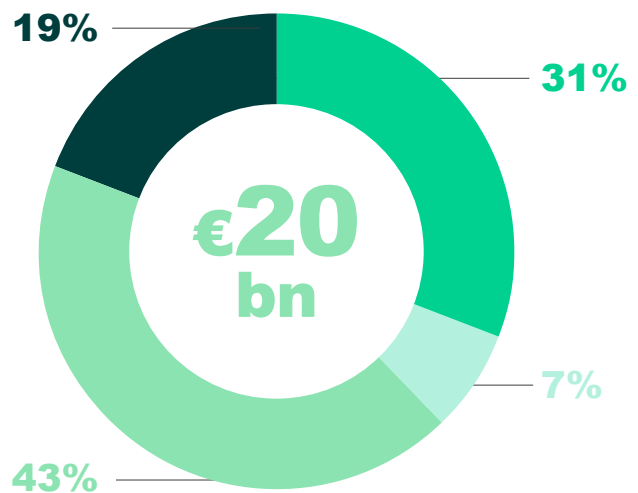
Retail Gaming segment losses, in terms of Revenue, were however offset by growth in the Online Italy segment (CAGR +26.2%).

In 2022, GGR touched €20.0bn, with a positive CAGR of 1.1% in the period 2019-2022. The Payout has risen in value due to the business development in the Online Italy segment. As a result, the trend of GGR as a percentage of Total Revenue was down over the period, from about 17.5% in 2019 to 14.7% in 2022.

19% | **31%** | **7%** | **43%**

€20 bn

Gross Gaming Revenue - Italy

- ● Lotteries and Bingo retail
- ● Betting retail
- ● Gaming retail (ADI)
- ● Online

Turkey

In Turkey, lotteries and betting on horse races and sports events are regulated by government monopolies or affiliates.

The lottery concession is under the authority of the Türkiye Wealth Fund (TWF), the sports betting concession is administered by IDDAA – under the Ministry of Sport, while the Turkish Jockey Club (TJC) holds the monopoly on horse race betting.

In the past year, Turkey has experienced extreme inflation with peaks of 80%. As a result, market estimates are rather unstable, especially in light of highly variable TL/€ exchange rates from day to day.

According to estimates from H2 Gambling Capital, the Turkish gaming market generated GGR of €2.3bn in 2022, signalling a recovery after the pandemic.

Growth in 2022 was driven by the Online market, which has been reporting continuous development in recent years and is now worth €1.3bn.

Morocco

There are three licence holders on the market: Sorec, under the Ministry of Agriculture, which has the monopoly on and manages horse race betting directly, La Marocaine des Jeux et des Sports (MDJS), under the Ministry of Sport, the licence holder for sports betting, and Société de Gestion de la Loterie Nationale (SGLN), under the Ministry of Finance's development bank, which holds the licence for national lotteries. Commercial licences are available for brick-and-mortar casinos, while VLTs have only recently been launched by SGLN on the Moroccan market.

The Moroccan gambling market generated €494m GGR in 2022, rising for the first time above pre-pandemic levels.

39%   **9%**   **€2.3 bn**   **52%**

Gross Gaming Revenue - Turkey

- Retail
- Online Onshore
- Online Offshore

Most GGR in this market is generated by the retail channel, mainly through betting. In recent years the Moroccan market has opened up to online gaming, but it is still an underdeveloped channel.

1%   **8%**   **€494 m**   **91%**

Gross Gaming Revenue - Morocco

- Retail
- Online Onshore
- Online Offshore

Key trends

Web3 and new developments

Artificial intelligence, big data and virtual and augmented reality are rapidly becoming the new frontiers in the sector, for an increasingly personalised, engaging and safer gaming experience. They are joined by the Web 3 trend and the disruptions it brings in terms of customer experience and business models.

Web 3 is an evolution of the World Wide Web that makes use of latest generation digital innovations made possible by blockchain technology and its applications, such as cryptocurrencies, tokens and NFTs. The keyword of Web 3 is decentralisation: at this new internet frontier, platforms, websites and portals don't have an owner who defines the rules for accessing and using them, but are managed and regulated by the community of reference. One of the best-known applications of Web 3 relates to Metaverses, or virtual 3D worlds in which people interact through their avatars. There are many of these worlds and they are all different, each with their own rules of use and interaction, and often with their own currency to enable the functioning of a Metaverse Economy. In this new scenario, new business models and monetisation techniques are gaining in popularity alongside traditional approaches. This is the case of Play-to-Earn, a model that embraces the concept of an open economy and is based on the principle of returning financial benefits to the player based on game time and effort. The Metaverse is therefore becoming more and more attractive for various sectors, including gambling. Various Metaverse platforms, in fact, already contain special betting areas. A rapidly growing metaverse economy where cryptocurrencies and NFTs are among the key technology enablers.

🔗 Sisal actions – Innovation in Sisal

Online and offline: from multichannel to omnichannel

The gaming sector is characterised by a high level of technology, in terms of both products and channels. If on the one hand operators invest significant resources to research and develop new games and entertainment solutions, in addition to digital tools designed for better gaming flow monitoring and to ensure a safer and more secure experience for users, on the other access from online channels is rising, particularly on mobile devices.

While the pandemic has accelerated the growth of online gaming platforms, various market studies have shown that consumers also remain attached to more traditional solutions, involving visits to retail points and other types of brick-and-mortar store. One of the areas with the closest links to offline retail is lotteries, which as well as being one of the most storied is also a primary source of income for the State treasury.

This hybrid usage means that industry operators must not only provide players with multiple online and offline channels, but also develop omnichannel strategies, where the boundaries between the various sales instruments (stores, website, app) are eliminated in a completely integrated experience.

🔗 Sisal actions – Sisal's product offering

The world of eSports

The world of eSports has grown exponentially in recent years. Confirming this phenomenon, the International Olympic Committee (IOC) decided to promote the Olympic Virtual Series of eSports in parallel with the Tokyo 2020 Olympics and in 2021 five videogame tournaments were organised (baseball, canoeing, cycling and car racing).
As virtual sports competitions become more and more widespread and global, many professional bodies in various sports have decided to play an active role in the world of eSports, increasing the number of fans and opening up new perspectives and opportunities for the gaming industry, particularly in the area of betting.

🔗 Sisal actions – Innovation in Sisal

The costs of cybersecurity

The security of data and systems is a crucial issue for any company, even more so for those in the gaming industry, which handles a large number of transactions on a daily basis. We can quantify the phenomenon by looking at IBM's Cost of a Data Breach Report 2022, according to which, of the 550 companies examined (from different business sectors), 83% had suffered a breach, with an average cost calculated at global level of US$4.35m.
Speaking generally, according to estimates for 2022, cybercriminals had an impact at global level of about US$7,000bn, or the hypothetical equivalent of a third world power after the United States and China[7].
Data breaches therefore require companies to introduce increasingly effective, cutting-edge solutions to ensure security and protect proprietary data.

🔗 Sisal actions – Data Ethics and Security

Ecological transition comes to the gaming industry too

In November 2018, the European Commission presented its agenda for the transition to a zero emissions society by 2050, in line with the Paris Agreement's goal of limiting the rise in global temperature below 1.5°C. Businesses, institutions, associations and other entities are called upon to do their part to combat climate change. According to the European Union, 227 organisations or groups are involved in a total of 663 climate agreements[8].
In the gaming industry, European Lotteries – the independent association of state lotteries and European gaming operators – launched its Environmental Initiative. The aim is to create a think tank of companies working in the industry to define concrete environmental action. The first two actions identified are the use of paper sourced from forests certified as sustainable (FSC, PEFC) for gaming materials and the monitoring of greenhouse gas emissions, accompanied by the definition of specific actions to reduce them.

🔗 Sisal actions – Reduction of environmental impact

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[7] Cybersecurity Ventures - Boardroom Cybersecurity 2022 Report.
[8] European Climate Pact website.

The hidden impacts of digital technology

The digital transition is one of the solutions supporting decarbonisation and the development of the circular economy, in line with the sustainability goals of the European Green New Deal. The exponential growth of digital technology is, however, also linked to an increase in demand for energy, which if not met from renewable sources contributes to an increase in greenhouse gas emissions. According to The Shift Project[9], an energy transition think tank set up by companies from various industries, ICT technologies contributed 3.7% of global emissions in 2020, which is forecast to rise to 8.5% by 2025.
Besides energy consumption, the environmental impact of digital technology is also linked to the production of waste electrical and electronic equipment (WEEE), which has to go through a special recovery and recycling process and is only effectively possible for some components. Concrete action is therefore essential to develop technological products that have an ever longer life cycle, as well as to study effective disposal techniques to further reduce their impact.

🔗 Sisal actions – Strategy to combat climate change

Gender equality: an uphill road

Equality and inclusion are now key global issues, with an impact at all levels of both the economy and society. But if the road mapped out ahead is that of developing inclusive policies and promoting a culture that values diversity, it looks like it's all uphill.
As regards gender equality, which is still a pressing issue in many countries, the picture painted by the World Economic Forum in 2022 is by no means reassuring. There remains a huge gap between men and women in almost all areas of society (including political representation, employment, career opportunities), and according to estimates based on the current trend, it will take 132 years to achieve full gender equality. At macro-regional level, North America has made most progress in terms of reducing the gap, followed by Europe. But while the Nordic countries and various other European states are at the top of the ranking, Italy is back in 63rd place, behind some developing countries. The Middle East and North Africa bring up the rear in the regional classification, with only South Asia behind them[10].

🔗 Sisal actions – Valuing diversity and gender equality

[9] Lean ICT Report - Towards Digital Sobriety.
[10] Global Gender Gap Report 2022.

The constantly evolving employment market

Regardless of the sector, all companies today are affected by an employment market that has rapidly evolved, significantly changing workers' needs and expectations. Two of the most relevant aspects of this for companies are the difficulty they experience in attracting talent, particularly those with tech skills (the most in demand), and the increase in remote and smart working, especially after the 2020 pandemic.
In addition, the percentage of voluntary resignations has risen in recent years, with 45% of workers changing their jobs, or wanting to change in the coming 12-18 months, and nine out of ten workers stating that they don't work in an ideal environment from either physical or psychological and relational perspectives[11]. The reason for this is the desire to find a new equilibrium and stimulations, resulting in a loss of engagement with work (only 11% of workers say they are fully engaged in 2022 vs 20% in 2020)[12]. It is therefore essential for companies to redesign their spaces and ways of working, showing more flexibility and providing more opportunities to balance work and private life. Flexible/remote workers are the category with the highest levels of engagement, and if carefully structured this approach to work can bring benefits in terms of environmental impact (reduced consumption) and social impact (valorisation of urban spaces and promotion of digitisation).

🔗 Sisal actions – Employee wellbeing

[11] Osservatorio Digital Innovation, Politecnico di Milano, 2022.
[12] Osservatorio HR Innovation Practice, Politecnico di Milano, and Doxa (sample: 1,000 employees)

Our strategic priorities

- Business strategy
- Sustainability Agenda and ESG strategy
- ESG scorecard: KPIs and sustainability targets
- Our certifications
- ESG ratings
- Materiality analysis

Business strategy

Sisal's strategy rests on three pillars:

→ **Sustainability**, with an ongoing commitment to develop the Responsible Gaming programme by offering a safe and transparent entertainment model;

→ **Digital Innovation**, thanks to a state-of-the-art omnichannel-oriented gaming platform and in-house expertise in the development of software and applications to seize the opportunities of the digital transition;

→ **Internationalisation**, through expansion into new jurisdictions, with the aim of winning tenders for new concessions abroad on the basis of the solid experience gained.

Sisal strategic priorities

Sustainability
- Responsible Gaming programme
- Empowerment and inclusion
- Positive community impact
- Reduction of environmental impact

Digital Innovation
- Omni-channel approach
- In-house software development
- Non gambling products
- Artificial intelligence

Internationalisation
- Development of existing markets
- Scouting new markets
- Participation in international tenders

Sustainability Agenda and ESG Strategy

We have laid out a **sustainability roadmap** in line with national and international best practices. To do so we have developed an **ESG framework** embracing the various aspects covered by our commitment to sustainability, taking the form of actions and initiatives that contribute to achieving **Sisal's Sustainable Agenda goals**.

We want to be a **leader in Responsible Gaming**, promoting a gaming culture that puts the emphasis on fun and guaranteeing a safe gaming experience across all channels. With this in mind, we set ourselves the ambitious target of **"Zero problem players"** online by 2030.

In the constantly evolving world of work, we put people front and centre and are committed to **being an exemplary employer of choice**, where everyone can express their full potential. We believe that it is essential to respect and promote the values of **Diversity, Equality and Inclusion**, which is why we have set ourselves the objective of reaching **"Zero gender pay gap"** by 2030. At the same time, we want to have a positive impact on the communities in which we operate through social innovation and our corporate solidarity programme.

We are committed to reducing the **environmental impacts generated** through actions involving the entire value chain. We plan, in fact, to achieve **"Zero net CO_2 emissions"** by 2030.

Innovation, governance – from risk management to security – and **business ethics** are cross-cutting factors in our ESG strategy, and we invest in them with a view to continuous improvement and value creation in the mid to long term.

In line with the strategic directions we have identified, we have established sustainability targets measured using KPIs linked to the ESG pillars, which guide the Group's **actions, thinking and investments**.

Our corporate purpose

Build a more responsible future

2030 Agenda

Leadership in Responsible Gaming

Exemplary Employer of Choice

Innovative and Sustainable Company

Pillars and strategic drivers

Innovation

Responsible Gaming

Empowerment and inclusion

Positive impact on the community

Reduction of environmental impact

Governance & Business Ethics

ESG Scorecard: sustainability KPIs and targets

Responsible Gaming

	Target value	Year	Progress 2022	
Problem players (online)	0%	2030	2.3%*	→
Specialist retailers who have received training (Italy)	99%	2023	100%	◎

* The calculation methodology integrates the indications of the study of London School of Economics and Political Science *"How survey mode affects estimates of the prevalence of gambling harm: a multisurvey study"* (published on February 15, 2022)

Empowerment and inclusion

	Target value	Year	Progress 2022	
Gender pay gap - Average	0% / -5%	2030 / 2025	-6.2%	→
Women in top leadership roles	40%	2026	33%	→
Average annual training hours per employee	16	2025	16	◎
Employees under 32 in talent programmes*	25%	2025	12%	→
Employees involved in the Boost Your Leadership talent programme**	20%	2025	16%	→

* The target refers to the cumulative total for 2022-2025 and under 32s with at least one year of service.
** The target refers to the cumulative total for 2022-2025.

◎ Target reached   → Progress in line with target

Positive impact on the community

	Target value	Year	Progress 2022	
Hours of corporate volunteering in the period 2022-2025	2,500	2025	700	→
Employees engaged in volunteering in the period 2022-2025	1,000	2025	229	→

Reduction of environmental impact

	Target value	Year	Progress 2022	
Reduction of GHG emissions (scope 1 and 2, market-based)*	-30%	2025	+12%	→
GHG emissions (scope 1, 2 - market-based - and 3)**	0	2030	27,747 tonnes CO_2e	→
Energy consumption reduction from LED lighting (100% Italian offices and direct PoS)***	-5%	2024	-	→

* Baseline 2021.
** Including offsetting.
*** Baseline 2022.

Governance and Business Ethics

	Target value	Year	Progress 2022	
% hours of ICT system availability to support the gaming platforms*	100%	Every year	100%	🎯
% employees involved in training activities on business ethics, data privacy and security	100%	Every year	100%	🎯

* Calculated as the average availability of the various businesses and services

Materiality analysis

Ongoing dialogue with stakeholders guides our sustainability efforts.

This allows us to define the strategic priorities for the development of our business and the context in which we operate, in line with both the needs of Sisal and the expectations of all the categories of stakeholders that interface with it every day.

In line with the latest update to the GRI Standards and to anticipate the requirements of the new Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), approved by EFRAG, this year we also analysed the **impacts connected** with the potentially relevant topics to emerge from the context analysis and carried out the **financial materiality** analysis, all with the aim of **developing a 'double materiality'[13] representation of the topics identified**.

[13] The concept of double materiality was introduced by the European Commission in the 2019 Non-Financial Reporting Guidelines and then included in the Corporate Sustainability Reporting Directive of the European Financial Reporting Advisory Group (EFRAG). From this new perspective, ESG (Environmental, Social and Governance) issues create risks and opportunities that are doubly material, from both financial and impact-related standpoints. In the words of the CSRD Directive: "companies must report how on the one hand sustainability issues affect their business and on the other how they also have an impact on people and the environment".

Context analysis

The context analysis made it possible to **identify and analyse the main ESG area megatrends** that characterise the broader sustainability context at national and international level and have the capacity to generate a significant impact on the Group's sector of reference.

This study identified **15 topics of priority interest** for the Gaming & Gambling industry, which were subsequently reclassified according to the three impact areas defined by Sisal's Sustainability Agenda.

Stakeholder engagement process

The double materiality analysis, taking account of both impact materiality (inside-out perspective) and financial materiality (outside-in perspective), involved a **structured process of direct engagement with the stakeholders**, based on three main steps.

Our main stakeholders

Trade associations — Communities and non-profits — Regulatory Authorities and Institutions — Suppliers

Universities and academy — Retail network — Business community — Media

Financial community — Shareholders — Employees — Customers
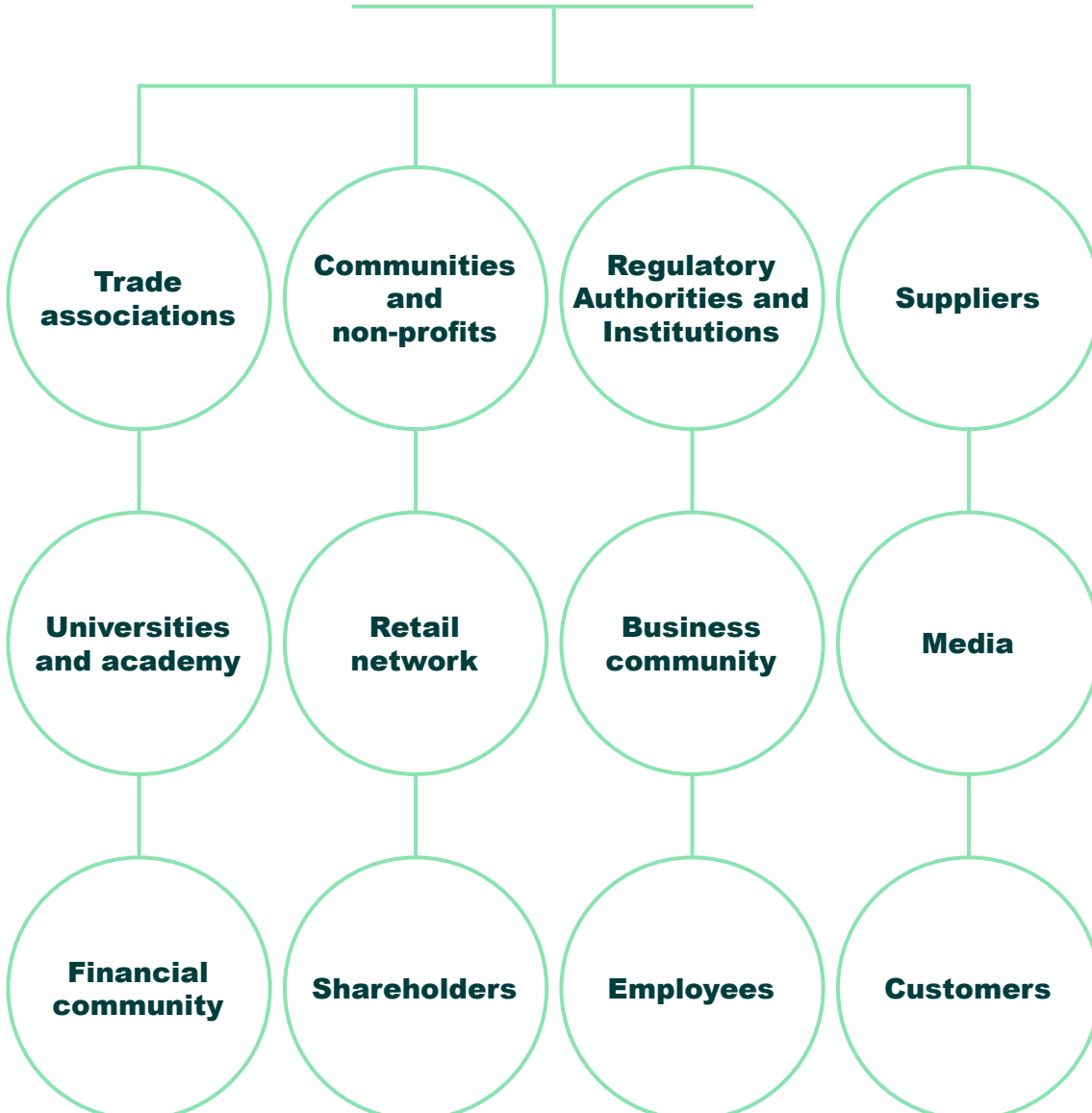
Questionnaires

Three different questionnaires were prepared to assess the **strategic relevance** and **related impacts** (positive and negative, current and potential) of each of the sustainability topics previously identified, respectively for: employees, external stakeholders and top management.

Multistakeholder focus group

In order to explore in depth the opinions, expectations and assessments of stakeholders in relation to the **strategic relevance** of potentially material topics, to the level of **impacts associated** with such topics, and to the **oversight activated**

for each of them, a focus group was also conducted. This involved **18 people from different stakeholder categories**.

Financial materiality interviews

One-to-one interviews were conducted with Sisal managers who have expertise in the areas of finance and risk management, in order to identify the potential positive and/or negative effects (financially relevant risks and opportunities) connected to sustainability topics defined as material.

The material topics

Leadership in Responsible Gaming	Promotion of a Responsible Gaming model and protection of vulnerable categories
	Player assistance and protection
	Staff training on Responsible Gaming
	Consumer communications
Exemplary employer of choice	Equal opportunities and the promotion of Diversity and Inclusion (DE&I) by fighting discrimination
	Development of human capital
Innovative and sustainable company	Greenhouse gas (GHG) emissions
	Responsible management of waste and materials
	Energy consumption
	Community support
	Research and Innovation
Governance and business ethics	Protection of sensitive data (privacy & security)
	Culture of legality
	Responsible Governance
	Business Ethics

Double materiality

By combining the evaluations based on the previous studies, and particularly the scores obtained for each topic by calculating the average of the risks and opportunities identified, the following **matrix** was produced, with **financial relevance** along the y-axis (vertical) and **environmental, community, people and territorial relevance** on the x-axis (horizontal).

In addition, in order to identify the highest priority topics for Sisal, those with an above median[14] score in both areas considered were highlighted.

Double materiality matrix
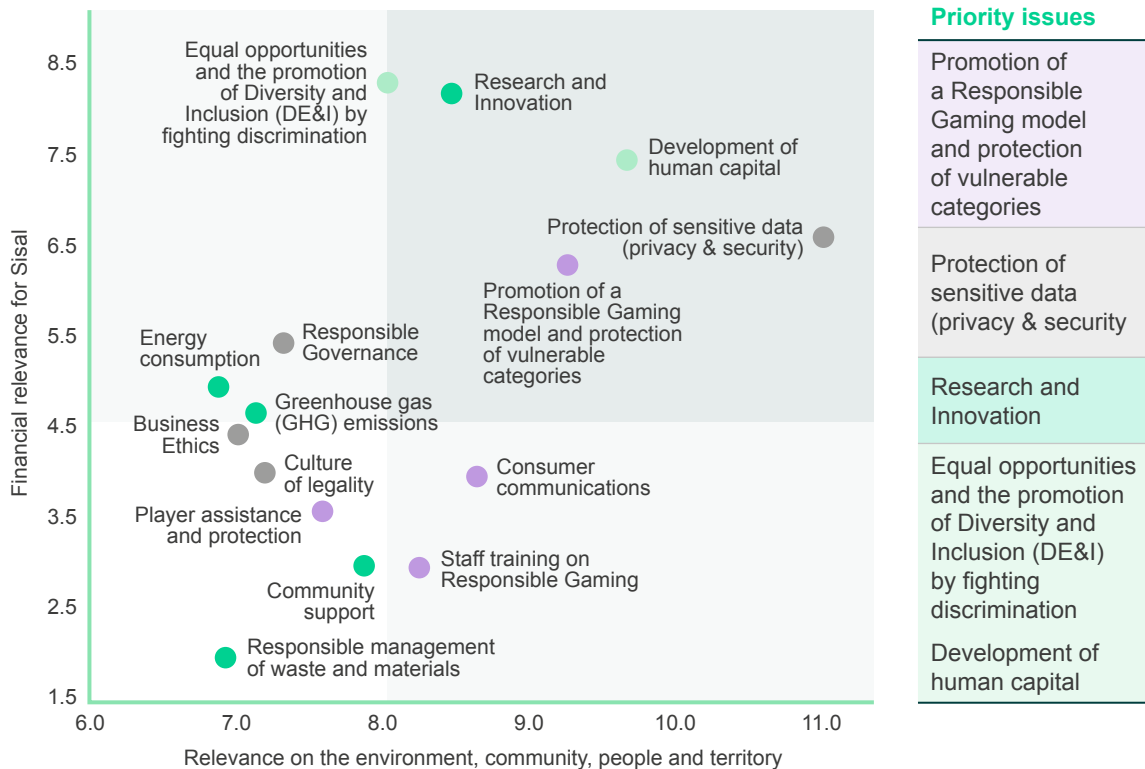
For more details on the materiality analysis process and for the complete list of impacts identified, see the specific annex on page 137.

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[14] The median indicates the number that occupies the central position in a set of numbers, half of which have a higher value and the other half a lower value.

Our Certifications

With the aim of ensuring continuous improvement of its processes and services and its commitment to protect and create value for customers, stakeholders and employees, Sisal has embarked on a complex programme of adopting standards and best practices, obtaining various certifications in the following areas: **Responsible Gaming, Quality, Corruption Prevention, Information Security, Occupational Health and Safety, Environment, Energy and Prevention and Control of Infections**.

To ensure ongoing oversight, risk assessment activities are periodically carried out to evaluate the risk profile of business activities and processes in the perimeter defined, internal audit activities to verify compliance with the requirements of the relevant ISO standards, from which action and improvement plans may emerge, and monitoring activities based on per-

formance indicators (KPIs) and risk indicators (KRIs). The results of the activities carried out are reported annually to the Leadership Team as part of management reviews, so that the team can comment on the effectiveness and adequacy of management system controls and provide input in terms of initiatives or strategy in relation to ISO certification.

In addition, the independent certification body conducts annual audits to verify compliance and fitness to maintain the certificates obtained by the Company.

We regard commitment to the Integrated Management System as the responsibility of the entire organisation and we call upon all personnel, at every level, to comply with the principles contained in the various Policy documents[15].

- ⬤ ISO 9001: Quality Management System (MS)
- ⬤ ISO 27001 + WLA: Information Security MS
- ⬤ ISO 22301: Business Continuity MS
- ⬤ ISO 50001: Energy MS
- ⬤ ISO 14001: Environmental MS
- ⬤ ISO 45001: Health&Safety MS
- ⬤ Biosafety Trust
- ⬤ ISO 37001: Anticorruption MS

ISO 27001 + WLA

ISO 22301

ISO 50001

ISO 37001

ISO 9001

ISO 14001

Biosafety Trust

ISO 45001

For the purposes of promoting customer centricity, we extended the perimeter of ISO9001 processes. We believe that **customer satisfaction** can be pursued through ongoing efforts to improve the quality of our processes and services. This involves an approach fo-

cused on risk-based thinking to identify possible risk factors and any **opportunities for improvement**, and a **transparent and responsible dialogue with all stakeholders**.

[15] For further details on Sisal's certifications and Policies, see the dedicated page at: https://www.sisal.com/governance/certificazioni.

ESG Ratings

Rated — MORNINGSTAR SUSTAINALYTICS	**Low**	Sustainalytics' ESG Risk Rating measures a company's exposure to industry-specific ESG risks and the level of management of these risks, ranking companies according to five risk levels, on a scale from "negligible" to "severe". In March 2022, Sisal received a 'Low' rating (with a score of 17.6), putting it in the 97th percentile of the global casinos and gaming industry. This result is a net improvement on 2021 ('Medium' rating - score 23.5)[16].
MSCI ESG RATINGS — AA (CCC B BB BBB A **AA** AAA)	**AA**	The MSCI ESG Ratings assess companies according to their exposure to risks, their ability to manage them, and relevant opportunities in their industry, on a scale from AAA to CCC. In **May 2022**, Sisal received an **AA rating** in the analysis conducted on 19 companies in the Casinos & Gaming industry[17].
GOLD 2023 ecovadis Sustainability Rating	**Gold**	The EcoVadis rating assesses companies on 21 sustainability metrics divided into four thematic areas: Environment, Employment & Human Rights, Ethics and Sustainable Procurement. In **January 2023**, Sisal received the **'Gold' medal** (with a score of 72/100), which puts it in the 96th percentile of all businesses in all industries globally.

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Corporate
Governance

- Governance system
- Risk management
- Internal control system

Governance system

A corporate governance system to create value for shareholders and all stakeholders.

The primary goal of Sisal's corporate governance system is to **create value for shareholders and all stakeholders**, fully aware of the importance of **transparency in corporate decision-making** and of the need to have an **effective internal control system**.

Sisal S.p.A.'s organisation is based on the traditional management and control model set out in article 2380-bis and subsequent of the Italian Civil Code, as follows:

→ **Shareholders' Meeting:** is competent to pass resolutions in ordinary and extraordinary session on matters assigned to it by the law or the articles of association.

→ **Board of Directors:** is vested with the broadest powers for the ordinary and extraordinary management of the Company, with the authority to take all appropriate actions to achieve the corporate purposes, with the exclusion of those matters assigned to the Shareholders' Meeting.

→ **Board of Statutory Auditors:** oversees compliance with the law and the articles of association, observance of the principles of good management, and the adequacy and actual functioning of the Company's organisational, administrative and accounting structure. The requirements, functions and responsibilities of the Board of Statutory Auditors are regulated by law.

→ **Audit Company:** statutory auditing of the accounts is carried out by a specialist company, in accordance with the law, duly appointed for this purpose by the Shareholders' Meeting on the basis of a reasoned proposal submitted by the Board of Statutory Auditors.

→ **Supervisory Board:** The Company has adopted an Organisation, Management and Control Model pursuant

to art. 6, Legislative Decree 231/01, one of the aims of which is to ensure fair and transparent business activities, and established a Supervisory Board with the task of overseeing the observance and functioning of the Model, familiarity with it within the Company and its updating, in the framework of the ongoing general improvement of the internal control system in terms of its effectiveness and efficiency.

Board of Directors of Sisal S.p.A.[18]

- Aurelio Regina, Chairman of the Board of Directors
- Francesco Durante, CEO
- Emilio Petrone, Board Director
- Roberto Di Fonzo, Board Director
- Rob Coldrake, Board Director

Board of Statory Auditors

- Ezio Simonelli, Chairman of the Board of Statutory Auditors
- Silvia Baroffio, Standing Auditor
- Federica Menichetti, Standing Auditor
- Serena Gatteschi, Standing Auditor
- Roberto Cassader, Standing Auditor

Supervisory Board

- Emiliano Nitti, coordinator
- Iole Anna Savini, member
- Simona Paccioretti, member

Management committees

As part of a broader reorganisation of the control and governance system, Sisal approved the creation of the following Management Committees:

- Sustainability Committee
- Investments Committee
- ICT Committee
- People Committee
- Risk & Compliance Committee
- Innovation Committee

Sustainability committee

This is an executive committee formed by the CEO and the Managing Directors/Chief Officers of Sisal's various Business Units, Markets and Departments, under the coordination of the Chief Institutional Affairs and Communication Officer. It defines and oversees Sisal's Sustainability model in terms of discussion and approval of strategic guidelines.

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[18] The Board of Directors was appointed on August 4, 2022 and confirmed by the Shareholders' Meeting on 20 April 2023.

Internal structure

Sisal's internal organisation has **six central departments** ensuring operating consistency and effectiveness; a function that guides and manages all development activities relating to the **gaming offering** in the various product segments (lottery, betting, gaming); **three Market areas** (Retail, Online and International)[19].

Board of Directors Sisal S.p.A.

F. Durante — **Chief Executive Officer**

S. Paccioretti — **Internal Audit Director**

M. Caccavale — **International Managing Director**

M. Ingrassia — **Retail Managing Director**

R. Robbiani — **Product Managing Director**

M. Tiso — **Online Managing Director**

M. Belmonte — **Chief Risk & Compliance Officer**

R. Dadamo — **Chief People Officer**

R. Di Fonzo — **Chief Financial & Legal Officer**

C. Folladori — **Chief Strategy Officer**

G.E. Maggi — **Chief Institutional Affairs & Communication Officer**

M. Martinelli — **Chief Technology Officer**

Risk Management

In recent years Sisal has evolved its rules, behaviours, policies and procedures, and also consolidated its organisational structures, in order to establish a **broad-based risk culture** at all levels and ensure an **adequate and comprehensive response to the risks identified**.

That is why we have adopted the **Enterprise Risk Management (ERM) Framework** as our integrated corporate risk management system, following the guidelines issued by the *"Committee of Sponsoring Organizations of the Tradeway Commission (CoSO)"*.

[19] Organisational review on March 20, 2023. The main changes to the 2022 organisational structure regard the unification of the Lottery, Betting and Gaming areas in a single Product function; the creation of the Strategy function; the broadening of the responsibilities assigned to the Risk & Compliance, Online and Retail functions. More details on the organisational structure are available on the website www.sisal.com.

The framework consists of the set of structures, processes, methodologies and tools such as to guarantee adequate controls for the current and prospective risks to which the Group is exposed and aims to pursue the following objectives:

- identify business risks and be able to assess them with a uniform and structured approach;
- align corporate strategy with the acceptable level of risk;
- measure the impacts of the risk scenarios identified;
- define strategies and controls to mitigate these risks;
- monitor the level of risk accepted and the adoption of clearly defined controls;
- strengthen the risk culture at all levels of the organisation;
- communicate results in regular reports to Top Management, the Board of Directors and the internal Management Committees, and activate the appropriate escalation processes;
- ensure that the Group's strategic objectives are achieved.

Risk Governance

The **Risk Governance Model** is based on three lines of defence:

→ the assignment to the **Internal Audit** function of assurance tasks regarding the adequacy, effectiveness and reliability of the Framework as a whole;

→ the assignment to the **Risk Management** function of a coordinating role in the overall management of the Group's risk governance process, defining unambiguous strategies, policies and processes for the various controls;

→ the assignment to individual **Risk Owners** of specific responsibilities for identifying and assessing the risks associated with their activities and for defining any actions required to mitigate such risks.

Finally, the **Board of Directors** of the Group issues guidelines for the management process and approves the risk assessment matrix.

The Risk Management function also **reports regularly on the activities carried out**, both to the Risk & Compliance Committee, on which the entire Leadership Team and the Chief Executive Officer sit, as well as to the **Board of Statutory Auditors**.

Risk assessment in the areas of ESG and Business Ethics

Sisal promotes respect for the **ethical, integrity and transparency values** defined by the organisation in the **Code of Ethics** and in its **internal policies, processes and procedures**.

For this reason, we have also made provision in the ERM framework for a specific **risk assessment process in relation to ESG and ethical issues**. The integration of risks associated with environmental, social and governance factors and ethical risks is fundamental for an ever better understanding of the context in which the organisation operates, a more widespread and conscious assumption of risk and, ultimately, a greater ability to respond to the needs of all our stakeholders.

The failure to manage these risks can have a negative impact:

→ on the company's long-term performance (e.g. higher recruitment costs, costs incurred to adopt national or supranational climate and environmental policies);

→ on the reputation of the company (e.g. reducing brand awareness and customer satisfaction or damaging relations with suppliers resulting in economic impacts for the company).

More in general, the **main risk factors** identified, assessed and monitored in the framework of the ERM model are grouped into the following categories:

ESG Strategy

ERM Framework

Environment   Human Capital   Responsible Gaming   Governance   Business Ethics

ESG risk categories integrated into the framework

Environmental risks

The frequency of events related to **climate change** and the increasing importance of this topic in the economic, social and regulatory scenario, regardless of the industry, has highlighted the need to ensure greater resilience to unforeseen events caused by various phenomena and to monitor the possible risks associated with them, with a view to **transitioning to a low-carbon-emission economy**.

In 2022, Sisal therefore began the process of integrating physical and transitional risks associated with climate change into the ERM risk framework and adopted mitigation actions to manage and monitor these risks[20], which can be grouped into two main categories:

Physical risks	Transitional risks
• Lower revenues due to business interruption at points of sale. • Increased operating costs for non-routine maintenance activities. • Lower revenues due to the business interruption caused by damage to IT systems. • Increase in asset-related insurance costs. • Injury to employees caused by an extreme weather event.	• Asset write-downs. • Cost of reducing emissions and achieving the environmental objectives set. • Penalties for non-compliance with stricter environmental obligations. • Loss of market share due to the inability to anticipate market sentiment on environmental issues.

Sisal also has specific insurance coverage for damages deriving from natural catastrophes.

[20] More details in the Reduction of environmental impact section on page 118.

Human Capital risks

The corporate population is the **key resource as the business evolves into the future**, with new methods of learning, working and innovation.

The main risks identified in relation to human resources regard:

Diversity, Equity & Inclusion • Human Capital Development • Health & Safety • Gender Pay Equality • Culture & Training

To limit these risks, Sisal has taken action in relation to:

→ **Continuous Learning:** adaptation of the training programme that focuses on employability, offering everyone the opportunity to continually invest in their own growth and adapt to changes required by the working environment.

→ **Wellbeing:** set of initiatives designed to create a climate in which people can work to their full potential, by promoting a culture of both physical and mental wellbeing.

→ **Diversity, Equity & Inclusion:** creation of an inclusive working environment that helps everyone express themselves and so generates greater wellbeing[21].

Responsible Gaming risks

Responsible Gaming is one of the cornerstones of Sisal's sustainability strategy. The assessment of risks associated with the **failure to protect players and non-compliance with regulations** is an integral part of the company's goal-setting processes and was carried out for both the online and retail channels.

To combat these risks, we have set up a **structured Responsible Gaming** programme to ensure that players, especially the most vulnerable, are protected. We do this through information campaigns, prevention of problem gambling phenomena, education in Responsible Gaming and help for people at risk, as well as through working groups involving the various company functions and a Product Committee to ensure compliance with responsibility and safety-by-design[22] requirements.

Governance risks

An efficient corporate governance system is essential both to establish an **effective internal control system** and to ensure the **creation of value for shareholders**, with transparency across the entire corporate decision-making process. For this reason, on a voluntary basis and in certain specific areas, we have aligned our corporate governance system with the legal and regulatory provisions applied to listed companies, as well as taking account of international best practices and the recommendations contained in the codes of conduct for these companies, including through:

→ the adoption of a **consistent system of policies and procedures**, also with regard to related-party transactions;

→ the launch of a **self-assessment process regarding the functioning of the Board of Directors**;

→ the **participation of Board Directors and Statutory Auditors in pe-**

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[21] More details in the Exemplary employer of choice section on page 72.
[22] More details in the Leadership in Responsible Gaming section on page 60.

riodic informal meetings for induction purposes, designed to examine specific issues of particular relevance for Sisal, also with the direct involvement of Top Management.

The Company has also adopted an **Organisation, Management and Control Model** pursuant to art. 6, Legislative Decree 231/01, which aims to ensure fair and transparent business activities, and has established a **Supervisory Board**.

Business Ethics risks

Sisal carries out a specific assessment of ethics risks that takes account of both legislative and regulatory aspects, as well as the values and commitments set out in the Code of Ethics and in the set of policies and procedures defined by the Group, which promote respect for ethical values of integrity, transparency and accountability.

The main risks examined concern compliance with basic consumer and employee safety standards and specifically[23]:

Privacy & Data Ethics | Anticorruption | Anti Financial Crime | Whistle blowing | Antitrust | Security | Third Party Risk
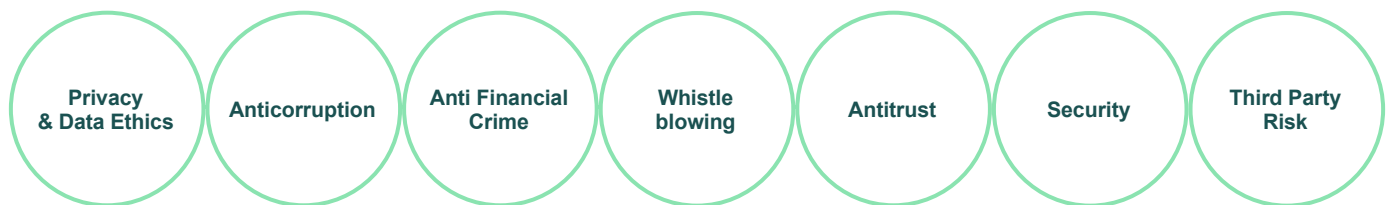
Internal control system

Internal Auditing is an independent, objective assurance and advisory activity designed to improve the effectiveness and efficiency of the organisation. It provides Sisal with support in the pursuit of its objectives through a systematic professional approach that generates value because its aim is to **assess and improve the control, risk management and corporate governance processes**.

The Internal Audit function provides Sisal's Board of Directors, Board of Statutory Auditors, Supervisory Board and top management with support in defining and improving the efficiency, effectiveness, cost effectiveness and sustainability of the risk management, control and governance processes.

In consideration of the Team's international nature, the Internal Audit function has developed a **Risk-Based Audit Plan** for 2022 consisting of 48 projects (63% assurance services and 37% consulting services) in five different countries (Italy,

Morocco, Turkey, Spain and Albania). In addition, the Internal Audit function inspected 288 points of sale during 2022 and plans to carry out 280 inspections in 2023, focusing primarily on compliance with internal policies and procedures and on the most important national gaming regulations.

The Internal Audit Plan was drawn up using the ERM Methodology, ensuring oversight by the Internal Audit Team of all processes characterised by higher exposure to risk, in a three-year period, and draws on the support of external consultants with regard to the most relevant regulations affecting the industry (e.g. anti-money laundering, anti-corruption, personal data protection - GDPR, Italian Law 231/01 on anti-corruption, health, safety and environment, and Italian Law 81/08). The Internal Audit function conducts a wide-ranging annual analysis of compliance aspects with regard to these regulations.

[23] More details in the Business Ethics section on page 98.

Value
generated

Main financial results

In 2022, Sisal posted turnover of around **€14.4bn**[24], an increase of 28% compared with the previous year. **Revenue** amounted to around **€850.1m** in 2022, an increase of 25% on the figure for 2021.

The results reported by Sisal Group are mainly attributable to:

→ The **performance of the Online Italy segment**, which reported a rise in income of €18.1m mainly attributable to the strengthening and broadening of the customer base confirming Sisal's leadership position for the second consecutive year with market share calculated on the expenditure of 12.4% (11.8% in 2021).

→ The **performance of the Retail Italy segment**, which reported a rise in income of €140m due to the dual effect of volume growth in 2022, driven by the SuperEnalotto jackpot, which reached record levels during the year, and the effect in 2021 of the restrictive measures adopted by the Government in order to contain the COVID-19 pandemic, which were eased in 2022, resulting in a return to pre-pandemic levels.

→ The **growth of the International segment**, which reported a rise in income of €8m driven in particular by business performance in Turkey (Sisal Sans). The positive performance in Turkey is attributable to the consolidation and expansion of the sales network.

The table below briefly sets out the main financial and income results and their trend over the last two years, after adjusting EBITDA and operating income data to eliminate several non-recurring net charges.

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[24] This item includes overall turnover in all the countries where we operate.

Main financial data as of December 31, 2022

	Unit	2021	2022
Total revenue and income*	€ thousand	682,301	850,148
EBITDA	€ thousand	248,047	284,876
Adjusted operating result	€ thousand	131,056	168,912
Operating result**	€ thousand	121,129	54,842

* The main differences between the Flutter view and the Sisal view, with reference to revenues, relate to the classification of gaming taxes and the downpayment relating to the NTNG concession. According to the approach used by Sisal, both gaming taxes and the NTNG downpayment are classified as a direct reduction of revenues, while according to the approach used by Flutter, gaming taxes are classified as cost of sales and the NTNG downpayment as depreciation.
** Continuing operations result.

Generation and distribution of value-added as of December 31, 2022

Parameter	Unit	2021	2022
Direct economic value generated	**€ thousand**	**682,301**	**850,148**
Revenues	€ thousand	682,301	850,148
Economic value distributed	**€ thousand**	**432,272**	**661,117**
Operating costs	€ thousand	389,296	481,994
Value distributed to employees	€ thousand	95,225	118,938
Value distributed to capital providers	€ thousand	36,737	27,885
Value distributed to the Public Administration	€ thousand	(89,028)	32,160
Community investments*	€ thousand	42	641
Economic value withheld	**€ thousand**	**261,592**	**203,094**
Operating result	**€ thousand**	**121,129**	**54,842**

* 2021 figure refers to donations while 2022 figure includes also investments with impact on community.

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 2000s.

In 2022, **total tax revenue** from gaming stood at about **€10.3bn**, with an average variation over the last four years of around -1.5%, up about 34% on the figure for 2021. The increase on last year is due to the fact that in 2021 the retail market was affected by the block of the activities as a result of COVID-19.

Of this, around €1.3bn refers to Sisal gaming revenue, and of that around €0.7bn to lottery products (SuperEnalotto, Win for Life, SiVinceTutto, Eurojackpot and since 2014 VinciCasa), which are some of the best known and loved by the public and also some of the most remunerative in terms of tax revenue, while €0.6bn relates to online AWP machine and betting.

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 commer-

cial partners on the basis of the relative rules and agreements. In 2022, cash flows deriving from Sisal Group's gaming business break down as follows:

→ **Turnover:** about €12.8bn;

→ **Total winnings payable:** about €10.7bn (about 82.9% of revenue);

→ **Fees paid to retail networks:** about €170 m;

→ **Fees paid to Group concession companies:** about €700 m (revenues from gaming machines include remuneration remitted to the relative supply chain);

→ **Taxes:** about €1.3bn (about 10.2% of revenue).

10%
6%
1%
83%
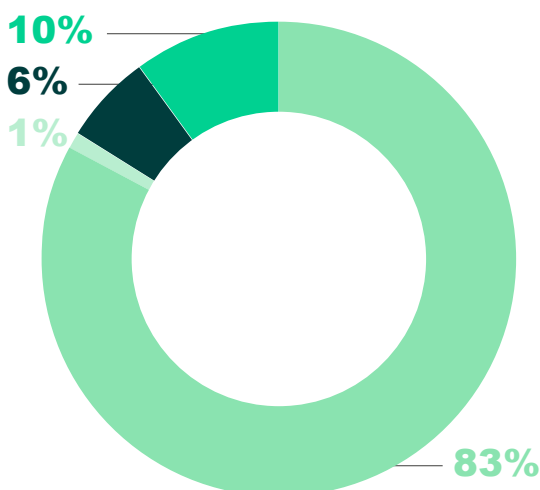
Percentage breakdown of total gaming turnover

- Pay-out
- Retailers
- Concessionary companies/Supply chain
- Taxation

Tax policy

The Group adopts an approach to taxation based on compliance with the rules established by the individual tax jurisdictions in which it operates.

Tax management is split between the **parent company's Tax function and CFOs in foreign countries**. For certain particularly complex and/or significant tax issues, tax consultants from leading firms/networks are engaged with the co-ordination of the Tax function. The **Leadership Team** (first) and the **Board of Directors** (subsequently) are periodically updated on activities to monitor, manage and mitigate the tax risks identified in the framework of Sisal's operations.

Group companies do not carry out transactions solely for tax purposes but always for reasons of business development. A **rigorous analysis of the potential tax effects** is conducted on each transaction and, if tax regulations are not clear or may be interpreted in different ways, a risk assessment is performed with the support of tax consultants to obtain the highest degree of certainty in relation to the tax positions adopted.

In 2021, the Group also launched a process to define and implement a **system to measure, manage and control tax risk** based on rules, principles and processes, in line with Sisal's commitment to strict compliance with tax regulations. In this regard, work to implement and/or define special procedures to mitigate tax risk will continue in 2023.

Through a special office in the Compliance function, the Group cooperates with the tax authorities, providing the information requested in the event of audits.

Sustainability performance

Leadership in Responsible Gaming

- Responsible Gaming strategy
- Responsible Gaming programme

Our sustainability strategy is based on the promotion of a gaming culture that puts the emphasis on fun and avoids excess.

The current economic and regulatory environment, and the social role companies are called upon to play, are driving a **root and branch review of the Responsible Gaming strategies** adopted until now by the industry. The focus on the consumer, on the product and on stakeholder relations requires a **significant shift from the concept of *Compliance* to that of *Commitment***.

By Commitment we mean **taking a proactive stance, involving the entire company's structure**, that aims to identify the elements and actions in a new gaming model designed to prevent the problematic tendencies that are potentially inherent in the supply model by promoting entertainment and amusement and ensuring player safety.

For some years now, Sisal has followed a Responsible Gaming policy that draws on the latest research and tools to identify and prevent problem issues. The de-velopment of Artificial Intelligence technology and tools, in conjunction with socio-behavioural research, has made it possible to develop a strategic plan that has significantly increased awareness among players, so reducing risk. Moreover, the adoption of an omnichannel model has made it possible to put consumers front and centre, and to build an information network around them that encourages healthy and responsible behaviour.

Responsible Gaming strategy

The responsible player is an aware and informed player.

Our sustainability strategy is based on the promotion of a gaming culture that puts the emphasis on fun and avoids excess. In line with the corporate Purpose, Responsible Gaming is the prerequisite for creating a healthy and principled gaming culture. **We champion a business model capable of creating economic value in a balanced and sustainable way.** Caring about, respecting and protecting consumers are therefore the values that guide our commitment.

Our **Responsible Gaming Programme** protects players, especially those in more vulnerable categories. We do this through **information** campaigns, **prevention** of problem gambling behaviours and **support** for people with gambling-related issues. This programme is **integrated into all our business areas and channels, with the aim of pro-**moting a sustainable model based on the participation of all the company's functions, on training for points of sale, and on information and the involvement of players**.

"Responsible Together" sums up our approach, which sees all our stakeholders engaged in the promotion of a safe and aware gaming model for everyone.

Sisal's ultimate goal is to align all foreign subsidiaries with the Responsible Gaming model, in line with the main international standards in the industry.

Investment
in scientific
research

Creation of
a performance
measurement
system

Education in
balanced gaming
and awareness

Responsible Gaming

Adaptation of
the strategy
for foreign
subsidiaries

Development
of player
protection
tools

Support for
problem
players
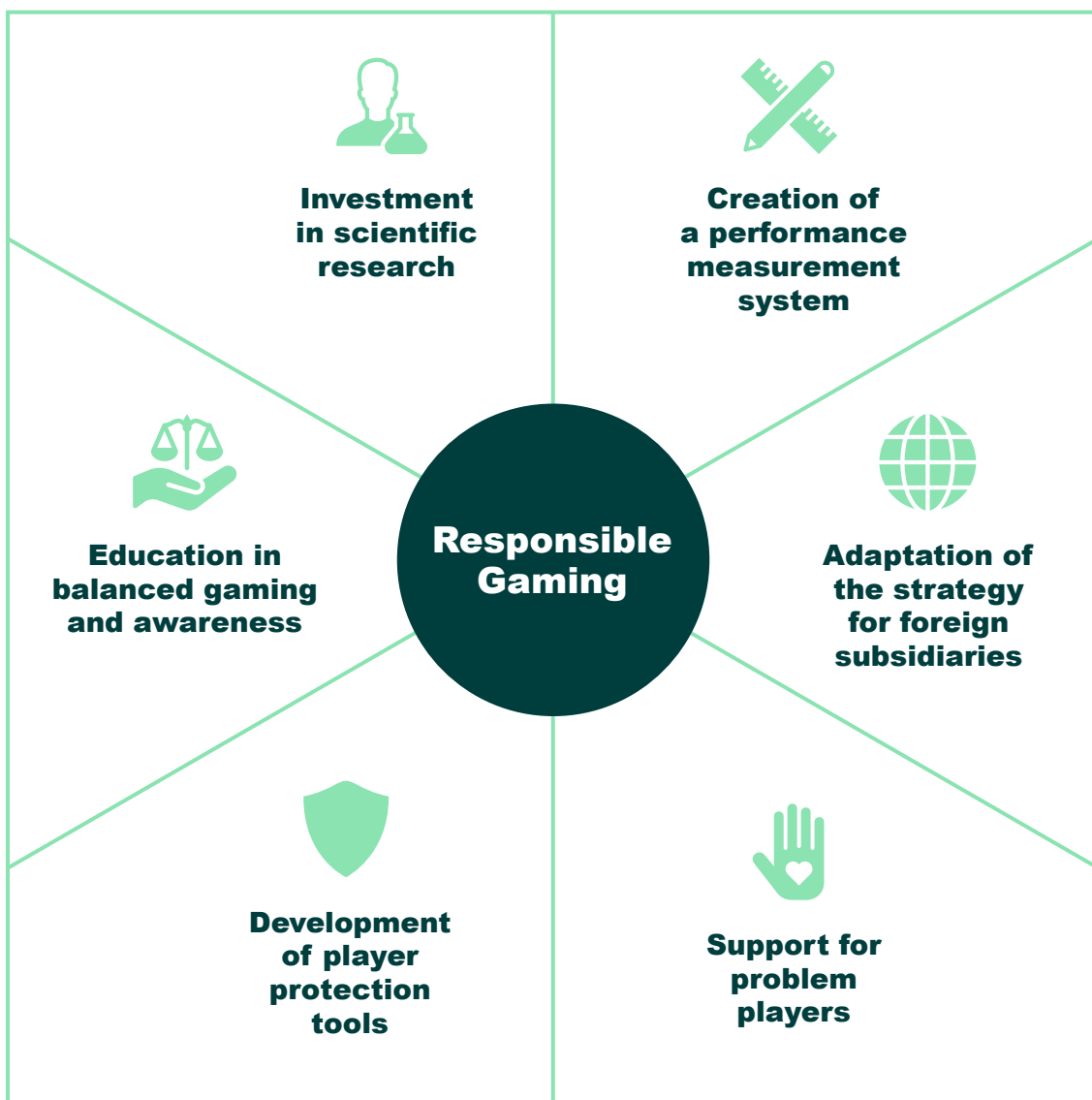
→ **We invest in scientific research**, developing an analysis model that drives continuous improvement in player behaviour.

→ **We develop effective player protection tools**, leveraging technological innovation, artificial intelligence and transparent communication that steers players towards healthy, responsible practices.

→ **We continuously inform** our employees, retailers and customers, guiding them towards more aware and safer behaviors.

→ **We create a performance measurement system** linked to Responsible Gaming.

→ **We implement an international strategy** that ensures the application of high standards of Responsible Gaming across the entire Group and in full compliance with current legislations.

→ **We identify and support problem players** by implementing tailor-made mitigation measures.

Responsible Gaming certifications

We have been certifying our Responsible Gaming programme, since 2011, in line with the highest standards of EL (European Lotteries) and WLA (World Lottery Association).

In 2020, the latest renewal was achieved, following the independent assessment conducted by PwC, aimed at verifying the compliance of the initiatives developed by Sisal with the provisions of the European Responsible Gaming Standard issued by EL and WLA.

These standards identify and group into eleven sections the relevant issues on which operators in the gaming sector must engage in order to promote responsible gaming. The most significant ones include participation in research initiatives aimed at understanding issues connected to problem gaming, the development of specific training programmes on Responsible Gaming issues aimed at employees and the network, the creation of games according to risk reduction logics, the development of commercial communication in line with the principles defined by the reference regulations, the involvement of all stakeholders in initiatives aimed at spreading knowledge on responsible gaming issues.

Following a process of alignment with Sisal's Responsible Gaming strategy, the foreign subsidiaries are launching activities to achieve adequate levels of compliance with international standards. In particular, Sisal Sans in Turkey obtained level 2 of the WLA regarding the Responsible Gaming framework in December 2022 while Sisal Loterie Maroc in Morocco continues to contribute through its business areas to certification according to the EL standard of SGLN (Société de Gestion of the Loterie Nationale).

All our activities draw on **social research** into the characteristics and gaming behaviour of our customer base. This also involved the **reformulation of the questionnaire "What kind of player are you?"**, drawing on the in-depth experience of the EngageMind Hub (Università Cattolica, Milan). This has led to the development of new study areas and the introduction of a number of socio-behavioural and psychological variables that we have used for customer profiling to a high level of precision and detail.

more than

25,000

clients involved
in research activities

In 2022, we involved over 25,000 of our customers, in two phases, in a project to build a **richly detailed database**. This database enabled us to better understand the characteristics of Sisal players and identify a series of actions and potential mitigations targeting at-risk behaviours. The new dataset feeds our working groups, which form the framework of the Responsible Gaming programme with the direct involvement of individual business functions, and the Artificial Intelligence algorithm learning process, driving evolutionary development and continuous performance improvement.

In 2023, the main areas we intend to strengthen are:

Continuous learning

→ Enrich and complement the method **of segmenting players** based on gaming behaviours.

→ **Identify risk indicators** for prompt, targeted action.

→ **Integrate the model with specific mitigation areas** in line with the characteristics of our product portfolio and the sales network.

→ **Continuous monitoring of the evolution of the portfolio of games** to analyse the risk level on an ongoing basis, ensuring maximum player protection.

Education and training

→ **Increase participation** in the training programme.

→ **Introduce courses for professional categories**, with the participation of experts on problem gambling.

→ **Introduce new tools to train retailers** and opportunities for interactive engagement on Responsible Gaming issues with the support of experts.

→ **Ensure the diffusion of the training programme on Responsible Gaming across all retailers** and develop a focus on the **prohibition of underage** gambling.

Customer protection

→ **Develop new player protection tools**: review of deposit limits, play breaks and time limits.

→ **Introduce new information and player protection tools**, increasingly supported by Artificial Intelligence to ensure a balanced and aware gaming experience.

Responsible Gaming programme

Proactive leadership	The **Responsible Gaming Coordination Committee** which comprises experts in different areas ranging from information technology and communication to clinical aspects, helps define Responsible Gaming guidelines. This Committee also provides supervision and oversight of research work to guarantee high quality standards.	**Ongoing advisory** for the development of an innovative strategic programme
Research and studies	Sisal, in partnership with the psychology department and the EngageMind Hub at Università Cattolica of Milan, monitors behavioural elements that reveal early signs of problem situations. The focus of research was on the entire customer base through nine listening sessions during 2022. This has provided insights that are useful for anticipating dysfunctional behaviour and so for informing consumers in real time about any problem situations. Specifically, a **new PGSI[25] analysis model** has been developed to identify a different classification of problem players. Based on this analysis, through the integrated study of gaming behaviour and the analysis of psychological motivations, work has begun to develop a cluster automation model that identifies players at risk based on gaming behaviour. Once again in partnership with Università Cattolica in Milan, we are performing textual analysis to identify signals in customer-company relations that indicate potential problems.	**Over 25,000 customers** involved in 2022
Training and awareness raising	There has been a special focus on **training point-of-sale staff**, whose level of awareness of Responsible Gaming issues is measured continuously through a **mystery inspector** survey. Sisal's Responsible Gaming communication, differentiated by objectives and tools, addresses a broad audience of stakeholders: customers, employees, business partners, institutions (Parliament, local authorities, associations), media and academia.	**Over 90% of the network passes** Responsible Gaming controls by mystery inspectors

[25] Problem Gambling Severity Index.

Governance	Research results and the current and potential risks identified drive the creation of **operational and cross-functional working groups**, through which Responsible Gaming becomes an integral part of the business. The working groups operate in the framework of their own areas of responsibility with regard to channels (Online, Retail, International), products (Lottery, Betting, AWP, Game Design) and IT Innovation. The working groups also define pilot solutions for the development of new player protection tools. In the Online channel, for example, new prevention solutions with time limits have been implemented, accompanied by the introduction of play breaks and an innovative procedure for managing at-risk customers based on precise indicators that make it possible to determine and prevent potentially problematic behaviour. In the AWP area, a player protection project has been launched to introduce time and spending limits for Slot Machines and Video Lottery Terminals in a sample of our points of sale. This application is one of the most advanced prevention models applied to AWP machines in Italy.	**12** **working groups active in Italy and** **3** **in the International area**
Game design	We reviewed Sisal's **Game Design procedure** and introduced, right from the project study and design phase, a risk classification associated with gaming products that takes account of Responsible Gaming principles and criteria.	**New products from Lottery, Gaming machine** and new lines of business reviewed
Innovative technologies	We invested in the **development of Artificial Intelligence tools**, capitalising on past experience and investing in collaborations with Università Cattolica in Milan and information technology experts, with the aim of detecting new customer groups and of delivering predictive identification of at-risk gaming behaviour.	**Algorithm 2.0 development** for continuous performance improvement and predictive identification of at-risk behaviour
Performance measurement	**Scorecard defined for the periodic measurement of results** to enable progress monitoring on Responsible Gaming targets.	**Monthly updating of main KPIs**

Education in balanced gaming and awareness

Player awareness

Our primary responsibility is to **spread a culture of balanced gaming free of excess**. It is important for us at Sisal to plan and provide information and education in the use of our products, and to constantly promote safe and balanced gaming behaviour across all the channels in which gaming is on offer.

Player awareness raising initiatives are organised at various levels to ensure that our message is communicated everywhere in the country, reaching the general public, all our customers, and potential players in both the brick-and-mortar retail network and digital channels.

Ten Rules for the Responsible Player

In promoting awareness of and responsible gaming behaviour,
we recommend following these rules:

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: 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.

Our point-of-sale network plays a vital role in providing information and promoting safe and balanced gaming behaviour, acting as an important point of reference for players across the country.

Points of sale are provided with kits containing all our Responsible Gaming tools, with 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. Finally, a **Safety Button** has been developed and installed at gaming terminals to make it easier to contact support services for at-risk customers.

Appearing in a prominent position on all forms of communication are the **ban on underage gaming, the notice about the risks and information about the probability of winning**.

Online channels

We support the online gaming experience through Sisal's portals and digital applications, as well as through advanced technologies that guarantee safe, age-restricted gaming procedures designed to promote a responsible and balanced gaming style.

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 have internal controls in place on the process of registering for a gaming account and perform a set of real time checks on personal details, including date of birth and tax code, using the centralised systems provided by ADM[26].

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.

The gaming experience on our platforms is assured by:

→ The **self-assessment test, "What kind of player are you?"** (developed with support from experts), designed for real-time verification of the player's approach to gaming and to collect users' suggestions.

→ The **"Ten rules for the Responsible Player"** and **"Useful tips for Responsible Gaming"**, designed to foster an awareness and informed approach to gaming.

→ **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.

→ **Temporary/permanent self-limitation and self-exclusion tools for players**.

→ Tools to **tackle fraudulent use of personal data and credit cards and prevent potential money laundering operations**, guaranteeing a very high level of security for our websites.

Training

Point-of-sale training

Our network represents us in local communities, which is why we plan training programmes dedicated to specific gaming issues, with a special focus on regulatory aspects and customer protection.

Since 2008, courses can be taken at any time using an **e-learning platform** available 24/7.

In 2022, we introduced a **new obligatory training course for the entire retail network**, involving over 22,000 points of sale

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[26] Customs and Monopolies Agency (Agenzia delle Dogane e dei Monopoli – ADM).

across Italy. Audio-video lessons, illustrations and exercises provide retailers with an easy way to learn content that can be put immediately into practice, achieving full coverage and training of the sales network. Specific awareness-raising activities targeted the **prohibition of underage gambling** and the protection of the most **vulnerable** clusters.

Human resource training

Raising the awareness of people and training them is a key aspect of the Responsible Gaming Programme. All Sisal employees receive ongoing training in Responsible Gaming and gaming risks. Clinical experts and psychologists specialised in the prevention and treatment of pathological gaming are involved in the production of training materials.

22,679

points of sale completed the new training course

over
1,935
employees trained

2,257
training hours provided in 2022

Training activities are based **on the online training platform OpenCafè**, to which all the necessary course materials are uploaded in order 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 the more vulnerable consumer categories. The training sessions end with a **questionnaire to check the understanding of**

the participants. The area dedicated to internal communication channels has also been upgraded to raise awareness of the central role of the Responsible Gaming programme and strengthen compliance with its principles and values.

Player protection

Studies and research

We have always conducted and supported 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 gambling and to understand in depth how players' behavioural models change**. An important part of this process is the mystery inspector survey, which monitors observance of the highest Responsible Gaming standards at brick-and-mortar retail points in the Sisal network.

In 2022, we consolidated an integrated project to monitor problem players, with the aim of:

→ **continuous tracking of online and offline gambling behaviour** in order to profile our players in terms of risk levels;

→ **developing player protection measures** in line with our players' risk profiles.

Monitoring involves a **questionnaire given to the entire customer base** in line with the PGSI's strict international guidelines and supplemented by a set of socio-demographic questions. The questionnaire is designed to profile our players in terms of risk level, attitude to and experience of gaming and any coexistence of pathologies.

Artificial Intelligence

Sisal is upgrading its player protection measures with technologies that analyse data from various platforms and process them in real time using **advanced and constantly updated artificial intelligence systems**. The database resulting from this processing is used to improve the effectiveness and responsiveness of **gaming behaviour monitoring** and to take **action to support players**.

Aware Game Development

Since 2010, we have been monitoring the risk factor of our games using GAM-GaRD, which provides 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 a game's structural characteristics (duration, maximum winnings, frequency of prize draws, etc.) and features (accessi-

bility of gaming venues/shops, opening hours, etc.) based on parameters devised and tested by a panel of world experts.

Support for problem players

We are committed to offering our consumers a specialist service to **give expert advice to players who may have developed a gaming-related disorder**.

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 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.

→ **The 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 gambling, as well as for their families. Freephone number 800.558.822 from fixed and mobile phones, Monday to Friday, 10am to 4pm.

All our informative communications on Responsible Gaming reference the help centres and give details for those wishing to check their risk profile using the "What kind of player are you?" test.

Exemplary
employer
of choice

- Diversity, Equity & Inclusion
- Continuous learning
- Employee wellbeing
- Workplace health and safety

Managing continual change in the workplace, involving both skills and tools, and enabling everyone to express their potential by valuing diversity and promptly responding to everyone's needs.

This is one of the main challenges we face today.

People are the **key resources** in fact for the evolution of our business and the creation of value over time. We foster **constant dialogue** and support our people in the pursuit of their goals, as well as promoting an **inclusive culture** geared to human and technological development. We are constantly investing in their **professional growth** and their wellbeing, promoting talent and guaranteeing a good work-life balance.

All the initiatives undertaken in 2022 worked in this direction, from training designed to give Sisal people the skills required in our market and the wellbeing that enables them to feel up to their everyday challenges, through to our Diversity, Equity & Inclusion (DE&I) strategy.

People strategy

Diversity, Equity & Inclusion

Continuous Learning

Wellbeing

38%
62%
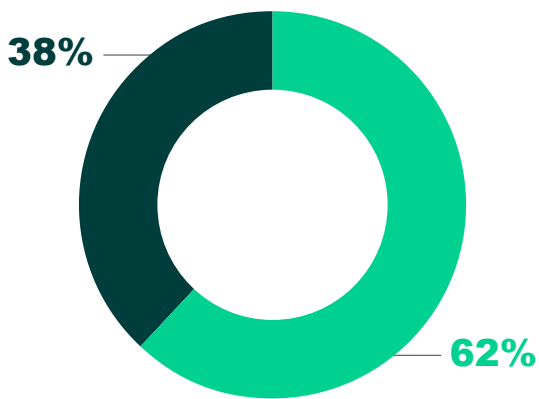
Total employees by gender

- Men
- Women

12%
4%
26%
58%
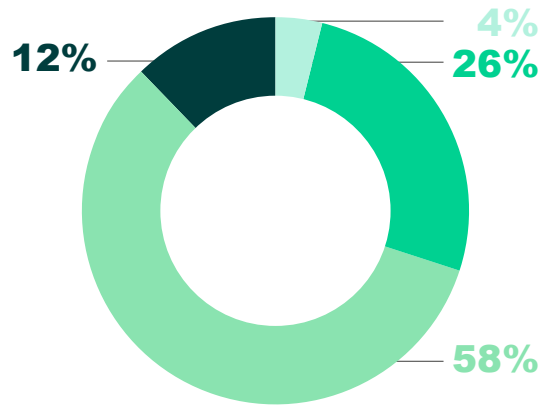
Total employees by generation

- Generation X
- Generation Y (Millennials)
- Generation Z
- Boomers

10%
23%
17%
50%
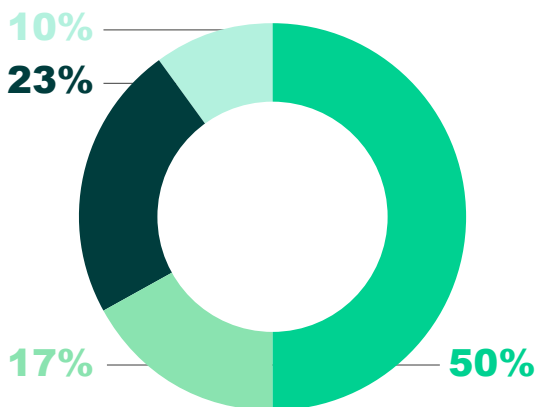
Total employees by seniority

- 0-2 years
- 3-7 years
- 8-15 years
- over 15 years

4%
55%
41%
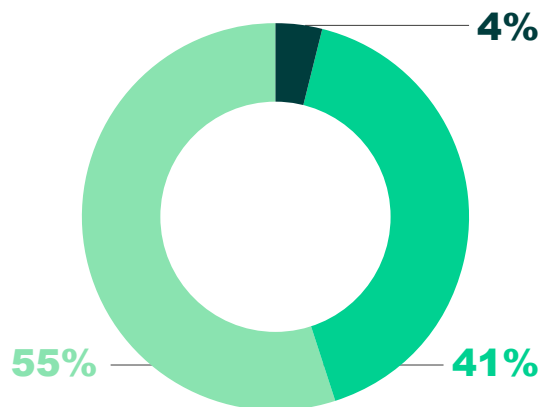
New hires by age group

- < 30 years
- 30-50 years
- > 50 years

Diversity, Equity & Inclusion

An inclusive working environment is one that enables everyone to express their personality and potential and generate wellbeing.

This is why Sisal has in recent years chosen a path of **cultural change towards inclusion** and respect for diversity as the main pillars of our company culture and our projects, with attention to the different areas of DE&I: **Gender, Disability (Accessibility), LGBTQIA+, Generations e Multiculturalism**.

DE&I governance

Sisal's Inclusion Team is made up of **35 colleagues** who decided to actively contribute to change and embark on a journey that has made them **ambassadors for the company's new behavioural model**.

In 2021, the team worked on identifying and formalising the Inclusion Guidelines for living and working in **an increasingly fair, collaborative and inclusive environment**. These guidelines explain how we should all act and behave in order **to understand, respect and value everyone's identity, promote inclusion and integration for everyone and encourage change**.

In 2022, a **Human Rights and Anti-discrimination Policy** was drawn up to further define the goals, commitments and methods through which Sisal plans not only to promote the principles of diversity, inclusion and equal treatment and

opportunities, but also to guarantee the **right to enjoy working conditions respectful of people and their dignity**.

Valuing diversity and gender equality

People management, including turn-over and hiring processes, are governed by internal procedures designed so that **women and men have equal shares of all jobs, including managerial posts**.

Action taken to guarantee gender equality includes the women talent acquisition and women's empowerment programmes.

To achieve the goal of **Zero Gender Pay Gap by 2030**, we constantly monitor this indicator and are gradually closing pay gaps between men and women in jobs of equal complexity. We also monitor promotion trends to ensure that women have a reasonable share of managerial

roles. Compared to 2021, we recorded an improvement in the average gender pay gap in Italy (down by 3.2 percentage points compared to 2021) and Albania (down by 4 percentage points compared to 2021), while the trends in Morocco and Turkey were penalised by significant changes in the makeup of the workforce.

over
35%
of women in
managerial roles

Gender pay gap by Country[27]

	Italy	Albania	Morocco	Turkey
Average	-7.7%	-12%	39%[28]	7.5%
Median	-3.0%	-6%	125%	0%

[27] The gender pay gap figure is calculated as the ratio between the average women's and men's base salaries. The average differential at global level is -6.2%, whereas the differential using the median is 2.1% (meaning the median base salary is higher for women).

[28] In Morocco there are only 8 women (11% of employees in the country), all in executive-level roles.

Training

In collaboration with **Wise Growth**, we organised a **4-stage course** (totalling 20 videos) on key DE&I topics. The course offers a way to **learn the value of diversity** and provides examples of behaviours to avoid and those to adopt to contribute towards making the workplace fairer and more inclusive for everyone. Topics included:

→ Generations in the company

→ Men and women at work

→ Inclusion difficulties

→ Towards a culture of respect

All colleagues also had access to the **DE&I Magazine** and the **monthly Webinar Talks**, in which guests speak about their lives and points of view on topics such as visible and invisible disabilities, violence against women, multiculturalism, LGBTQIA+ and the generation gap.

In addition to the courses and webinars aimed at the entire workforce, we also provided **training on inclusive leadership and disability management specifically for managers** (agents of change within their teams and the first people required to lead by example). Specifically, through the **non-profit ASPHI Foundation**, Sisal's Talent Acquisition team was given special training in the **selection of candidates with disabilities**.

over
1,300
colleagues received
DE&I training

over
200
colleagues involved
in DE&I webinars

over
150
people received specialist
training on disability
management and inclusive
leadership

Women Empowerment Programme

As part of our DE&I awareness and promotion drive, we launched a new programme for women aimed at providing tools for dealing with **cognitive bias and the obstacles** surrounding them, thereby favouring their personal and professional growth.

Since its launch in May 2022, the programme has **involved 109 women in numerous online** and offline workshops in which they acquired tools for:

→ discussing the mechanisms of women's exclusion/self-exclusion from the labour market;

→ recognising and eliminating gender stereotypes;

→ studying managerial leadership styles based on gender differences;

→ promoting personal branding and networking.

Also in 2022, we started organising the **first International Mentoring Programme for women managers** in Flutter Group, which aims to encourage and support colleagues in the development of skills and career paths through a structure based on trust and relationships between mentors and mentees within Flutter International.

Gender equality certifications

Sisal has **UNI/PdR 125:2022 gender equality certification**.
Recognised by Certifica Sistemi, an Accredia-accredited third-party organisation, the certification proves the efficacy of Sisal's policies and organisational measures adopted to close the gender gap in terms of career opportunities, pay, management of gender differences and maternity.

Sisal has gender equality certification from **Winning Women Institute**, whose mission is to advocate the principle of gender equality in the workplace and prevent all forms of gender inequality. WWI issued the certification following structured and objective analysis.

Networking to promote inclusion

Valore D
Some years ago, we joined the Valore D network, the first employer association to promote gender balance and inclusion culture in businesses.
Thanks to its membership, **all Sisal's people are able to take part in meetings, webinars and talks** with trade experts reserved for member companies.

Parks - Liberi and Uguali
We are a member of Parks – Liberi and Uguali, a non-profit association set up to help businesses understand, value and encourage **diversity and inclusion in the workplace**, with a special **focus on sexual orientation and gender identity**.

Women at Business
We are a member of Women at Business, the first platform for professional meetings between women and businesses to promote social sustainability in terms of the **inclusion of women in the workplace** and due recognition of their skills.

STEM by Women
We joined STEM by Women to help **promote studies and careers for women in STEM disciplines**. The association engages in awareness raising, research, training and development of STEM expertise in order to recognise the value of women's role in hi-tech professions essential for progress in society, cultural transformation, innovation and technological development.

Equity and talent development

A workplace is fair when all choices are made **according to the principle of maximum transparency**. In practice, this means providing a clear and transparent definition of the criteria we use to assess our people, monitor their performance and guide them in their pursuit of the Company's strategic goals.

At Sisal, we insist on **fairness and equality** in assigning responsibilities, defining remuneration packages, and recognising merit and career opportunities, with constant reference to market best practices and benchmarking.

Performance Management

The performance assessment system is one of the main instruments for guaranteeing **professional growth guided by objective annual data** and facilitating the decision-making process regarding careers, development and bonuses. The new Performance Management system was launched in 2021 not only to develop our people but also to **promote a culture of continuous improvement and feedback**. This transparent and consistent process monitors performance over the year in terms of objectives achieved and skills employed.

100%
of Sisal employees worldwide involved in the Performance Management process

Using a flexible management programme accessible from all devices, performance assessment involves tracking data and updating objectives throughout the calendar year so that **personal goals** can be kept constantly aligned and individuals' capabilities measured against **Sisal's Skills Model**.

The entire corporate population can take part in the incentive system (bonuses and MBO), 10% of which is currently tied to sustainability goals[29].

Career Management

Career management at Sisal is designed to **cultivate talent, offer adequate growth prospects to all people with key skills** and facilitate their personal and professional development paths.

These **fair, transparent and structured growth paths** operate in two dimensions: the individual and the role. The career model features detailed and **declared criteria** for facilitating Sisal people's growth in terms of their **responsibilities, professionalism** and **skills**.

There are **three types of career path** at Sisal - *Professional*, *Advisorship*, *Managerial* - and each is developed in step with the growing complexity of the individual's role.

Talent Management

At Sisal, we **recognise talent and create the conditions to nurture it**. Our ongoing inclusive talent management process is designed to identify high performers who want to invest in their careers. Operating in synergy with organisational needs, it ensures the updating of existing skills and the development of new ones.

Three Talent Management programmes have been launched to date, each addressing a different category in the corporate population.

Discover your talent	*Boost your leadership*	*Great Talent, Grow Together*
This programme enables under 32s with 1 or 2 years seniority to discover their potential. It is based on an online assessment of potential, soft skill training platforms and coaching sessions for aptitude and professional guidance.	This is the managerial skills development programme. It features an assessment and training centre where managerial skills are developed through team activities.	This programme for Senior Managers and Directors is designed to develop leadership for the future. It provides an assessment and training centre that focuses on the company's future challenges and involves specially organised events and training activities.
77 people involved in 2022	**52 people involved in 2022**	**22 people involved in 2022**

[29] The value of sustainability goals may be higher for some professionals who have additional ESG goals.

Dialogue and inclusion

We develop projects to create and implement **innovative and effective tools** that constantly improve employees' experience and foster **inclusion and engagement with people at all levels**.

Net Promoter Employee Survey

We monitor the climate in the company by means of the **Net Promoter Employee (NPE)** survey, which measures our employees' potential willingness to **recommend the company for its working environment**. In addition to regularly monitoring employee satisfaction, the survey seeks to identify improvements to implement in response to results.

The methodology is based on responses (expressed as a value from 0 to 10) to the question *"How likely are you to recommend Sisal as a place to work to your family and friends?"*, with final scores grouped in these three categories:

→ *Promoters* (from 9 to 10)

→ *Neutrals* (from 7 to 8)

→ *Detractors* (from 0 to 6)

The NPE value (%) is the difference between the number of Promoters and the number of Detractors. In 2022, the NPE rose 13 percentage points on the previous year (from 22% to 35%), with a 7-point increase in promoters. Survey results are accompanied by comments ex-

plaining the reasons for the NPE value found, thus enabling the company to better understand employees' expectations and act accordingly.

"Great Place to Work" DE&I Survey

To help us improve the work experience at Sisal, we decided to conduct a survey designed to measure our performance in terms of Diversity, Equity & Inclusion. This will enable us to understand any problems we have and plan action to produce a positive impact on our work environment.

1,371
respondents in 2022

+35%
NPE
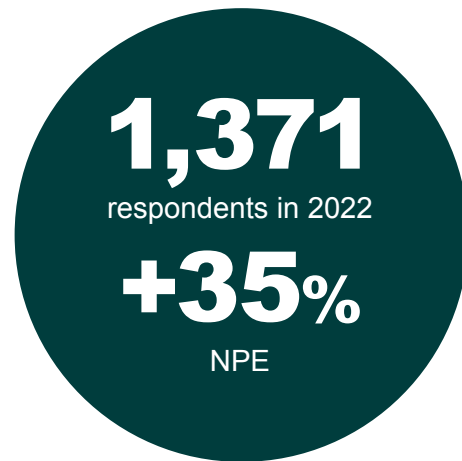
Continuous learning

Sisal offers everyone the opportunity to invest in their own growth through an innovative training proposal, focusing on people's employability.

A company will only grow, in fact, if the value of its people does too, and this is our contribution to the wellbeing of the community, **helping to create a more mature, efficient and responsible labour market**.

Sisal offers multiple online training platforms that guarantee a huge choice of learning opportunities for all employees in all countries. In Italy employees are also entitled to hours of study leave under their national labour contract.

48,397
total hours of training provided*

16
average hours of training per year per employee*

100%
employees with access to training programmes or professional and skills development

* Including trainees and mandatory training.

OpenCafé Web

This is Sisal's employee training platform, designed to develop digital, technical and soft skills.
It has both mandatory training courses and programmes designed for individual professional development. There is also an international version for colleagues in other countries.

about
13,000
training hours

OpenCafé Languages

In an increasingly international organisation like Sisal, it is vital to be able to communicate with colleagues abroad. That is why we developed OpenCafé Languages, a web platform for training in nine different languages: Italian, English, Chinese, French, German, Spanish, Portuguese, Russian and Dutch.
Our employees can use it both on the web and via a smartphone app, as well as being able to invite a non-company guest free of charge. Here too, there is a gamification system with monthly prizes in the form of individual language lessons.

about
7,000
training hours

Employee wellbeing

Sisal promotes initiatives that aim to spread an authentic culture of wellbeing among employees.

Wellbeing, physical and mental, with a a threefold benefit: **for our people**, who will be free to realise their full potential; **for the company**, which will boost its performance and attract the best talent; and **for the community**, because a sustainable working environment produces a measurable social impact.

Welfare & Wellness

Sisal's welfare model is inspired by the principles of **inclusion, empowerment and engagement** and designed to enable everyone to work to the best of their abilities while enjoying a good work-life balance.

We also support our people with initiatives to improve their psychophysical wellbeing and by renewing the offering of services from year to year.

over

€2m

paid out to employees in welfare bonuses and wellbeing initiatives in 2022

Health insurance[30]

Sisal offers all employees supplementary health insurance on top of their contractual coverage. For managerial grades coverage is extended to their families, and for senior managers there are also life insurance and permanent disability options.
Abroad, we have arranged for health insurance coverage in line with local legislation.
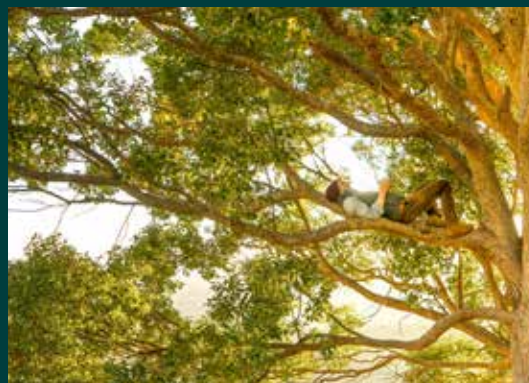
SisalCare

This platform manages all initiatives regarding all aspects of Italian employees' wellbeing, from the importance of parenthood to mental wellbeing. A single touchpoint accesses all the welfare services provided by the company, including welfare credit and/or converted performance bonuses under the new supplementary contract signed with the trade unions in June 2022. This amount can be used to purchase services, for repayments, or to make supplementary social security or insurance fund payments.

Mental wellbeing

Through collaboration with Mindwork, Sisal offers employees online psychological consulting in support of mental wellbeing. Alongside this one-to-one service (active in Italy), Sisal organises quarterly webinars in which experts speak on mental health topics and share experiences.
In 2022, the company provided 252 consultations with a psychologist and four psycho-educational webinars worth a total of €35,000.

Physical wellbeing

Sisal has reached a new agreement with Fitprime Corporate enabling employees (in Italy) to use a network of sports centres (providing over 500 sports activities) and wellbeing centres for leisure and relaxation at discounted rates. In addition, the new Milan headquarters has its own gym (Sisal Gym) and a wellness room where specialists such as dietitian, osteopaths and physiotherapists provide on-demand proximity services.

[30] Supplementary health insurance is offered to 100% of the corporate population.

Smart Working

Sisal introduced smart working well before the healthcare emergency made it urgent. With the outbreak of the pandemic, the goal became to **extend as far as possible the perimeter of people who work in this way**, in line with business objectives and appealing to people's **sense of responsibility**.

1,144
regular users
of smart working

8
of smart working
a month on average

over
2.9m
km of commuting
avoided by
smart working
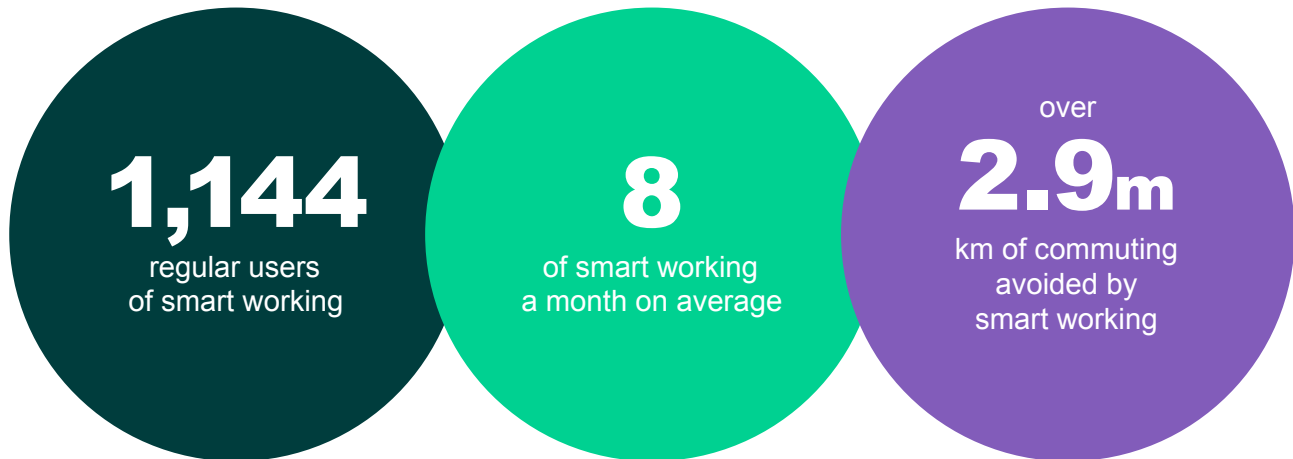
Data for the Rome and Milan offices.

Parents and Caregivers

At Sisal we support parenting in the various **stages of children's growth** and also **help families** with special allowances and training initiatives.

60
used their
paternity leave[31]

€10,000
paid out
in allowances
for new mothers

[31] On average, around 4 of the extra 5 days allowed by Sisal are actually used.

Parental leave

In 2021, in Italy, we introduced a €300 **monthly allowance for new mothers** to cover baby-sitting or nursery costs until their baby is 18 months old, to facilitate and economically support new mums returning to work after compulsory maternity leave.
Since January 2023, we have provided further **maternity support**, with an extra month of leave at full pay on top of the obligatory 5 months, plus the possibility of extending this at 50% pay.
Also in January 2023, **paternity leave** was extended by five days to total four weeks of obligatory leave at full pay. In addition, single parents may now ask for up to 10 months leave (can be extended to 11), also in the event of sole custody.

Scholarships

We provided €30,000 in scholarships for employees' children, covering up to €3,000 in expenses for five years.

Caregiving

Sisal also helps employees look after family members who are not self-sufficient by providing guidance and direct access to a network of social and welfare services and reliable professionals.

"Profession Parent" training programme

This innovative **guidance programme for parents and children** has been enriched with new content. It offers parents guidance on how to **effectively support their children as they grow** and provide them with tools to help make decisions about their studies and future careers. The programme has four modules: SOS Parents (for parents with children from 4 to 18); Push to Open Junior (for parents with middle school children), an interactive multimedia guidance programme to help choose a secondary school based on the joint assessment of abilities, attitudes, motivation and opportunities; Push to Open Senior (for parents with children in high school): providing university and career guidance through dialogue with professionals from major companies and thousands of students from all over Italy; Digital Parents (for parents with children from 6 to 15), designed to help parents and children develop the digital skills needed to use new technologies with an informed approach that avoids risks.

Workplace health and safety

Sisal protects people's health and safety by investing in training, awareness and certified management systems.

People's health and safety are both the essential conditions for and primary goals of Sisal's business operations, in line with the company's mission and values and the Group's code of conduct and sustainability strategy.

As stated in its **health & safety, environment and energy policy**, the Group is committed to doing business in compliance with the law, regulations and contractual agreements with various stakeholders, as well as to optimising its business processes and use of resources in pursuit of maximum levels of effectiveness and efficiency, while also guaranteeing its employees' health and safety.

To strengthen our workplace health & safety culture, we invest in **staff training, information and awareness raising** and manage our operations so as to prevent accidents, injuries and occupational diseases. We also encourage all employees to report all near misses, whether environmental or Health & Safety.

Our adoption of an **Occupational Health & Safety Management System according to ISO 45001** ensures continuous improvement and involves regular checks and audits, as well as ongoing fine-tuning of staff engagement processes and initiatives[32]. We constantly analyse health and safety risks and identify suitable mitigation measures.

57%
of employees in the company perimeter covered by ISO 45001 certified management systems (82% in Italy)

[32] Certification perimeter: Sisal Italia S.p.A. (formed from the merger by incorporation of Sisal Lottery Italia into Sisal Entertainment), Sisal S.p.A.

Innovation
in Sisal

- Innovation strategy and governance
- Sisal Innovation Lab
- Digital innovation for international growth

Innovation strategy and governance

Research and development of innovative technological solutions, services, processes and business models are key factors in Sisal's management of digital transformation.

They are also powerful assets for improving the **customer experience** and contributing to the prosperity of the country as a whole, also by helping bring down certain social and cultural barriers to participation in the **information society**.

Sisal has always seen innovation as a key asset and takes great care over the definition of its innovation strategy and goals. To achieve these goals, it leverages its own internal assets, open innovation and the concept of ecosystem,

over
600
people in ICT and software development roles of which
24%
women

thereby feeding a virtuous circle of scouting, incubation and development of innovative initiatives.

Built on our breadth and depth of vision, our **innovation strategy** operates across multiple timeframes:

→ **short-term activities** exploit enabling technologies in continuous evolution, such as artificial intelligence (AI), extended reality and the blockchain, in order to improve processes and products and at the same time foster innovation within the company;

→ **medium and long-term activities** focus on the study of technological trajectories and analysis of social and business trends, in which the preferred innovation paradigm is more proactive than reactive.

In applying this approach, we aim to guarantee the company's sustainability in terms of both its current performance and its groundwork for future improvements.

So far as concerns its **open innovation** strategy, Sisal can boast the track record of its consolidated GoBeyond programme, which promotes and incentivises responsible innovation and brings technology back into the service of the community, with positive social and environmental impacts, while offering concrete support for young businesspeople and potential innovators.

Drawing on our solid know-how, we are able to carry forward a development process targeting skills and knowledge in digital and IT that are needed to understand, identify and adopt new technologies to improve the customer experience, security and sustainability, all key factors in the evolution of our business.

Our innovation processes are distributed across the individual business units and coordinated by **Innovation Lab**, the unit in our ICT function that guarantees **innovation governance** and the creation of the right conditions for coordinated short-term efforts and a medium/long-term innovation strategy.

In 2022, we also carried out a **full mapping of Sisal's innovation initiatives**, along with their degrees of disruption (incremental, competitive, expansive and radical), relative strategic positioning and all the related parameters such as investments, impacts, timeframes, etc. The goal is to develop a dashboard in 2023 that incorporates the latest visualisation techniques with the aim of fostering innovation fertilisation and synergy between different business areas. This tool will also provide useful support for top management, offering a clear view of the situation and enabling the definition of guidelines for forming future strategy.

Innovation by type

30%

70%

● Product innovation
● Process innovation
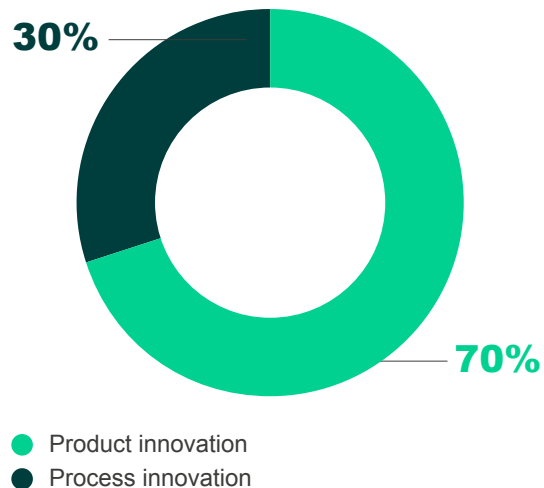
To achieve these ambitious objectives, we invest in the development of **IT infrastructure** supporting the adoption of applications in line with market best practice, as well as using our own **in-house digital factories** (software development and production facilities) and **delivery hubs in Italy and abroad**.

Our digital factories also develop **mobile apps**, which are central to our users' experience. These apps allow us to deliver a better customer experience while minimising the energy consumption of device batteries to reduce environmental impact.

over
90
innovation initiatives launched in 2022

Disruptive innovation:
74
people dedicated
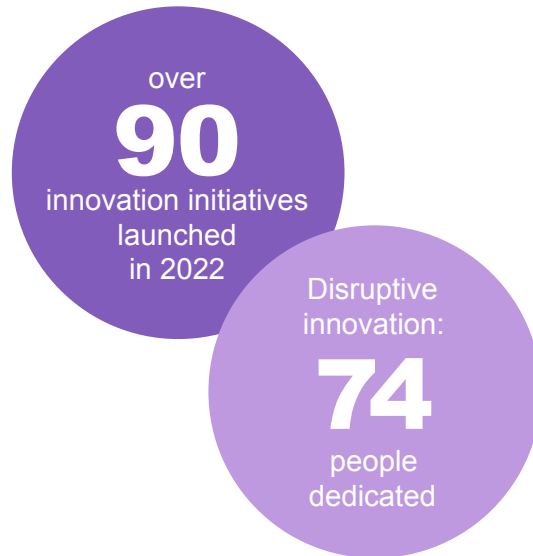
Sisal Innovation Lab

In June 2021, in Turin, we set up our first **Innovation Lab**, a new technology centre promoted entirely by the company and forming part of a wider investment and new jobs plan focused on innovation. Sisal's Innovation Lab is a **Competence Centre** that develops innovation projects and experiments with new technologies, prototypes and proofs of concept for integration in business operations. Trend and scenario analysis is also performed here to help top management keep our innovation strategy in step with new market opportunities.

In addition to its innovation coordination and governance function, the Innovation Lab works along **three main lines**:

→ **Radical innovation projects:** these are disruptive innovation initiatives (product or process and prevalently AI driven) led by a group of internal data scientists working in close collaboration with the Business Unit that will implement the product or is responsible for the process impacted. Alongside applied innovation projects, we also un-

dertake **exploratory projects** that focus on technologies or services for use in the development of future applications, such as **AI implementations applied to Responsible Gaming**, a pillar in Sisal's sustainability strategy. One of the most significant exploratory projects launched in 2022 was the Metaverse Lab project, which aims to develop environments in various metaverses to use as spaces for business initiatives, proof-of-concept demo tours and so on.

→ **Open Innovation:** scouting, incubation and development of innovative initiatives through sharing with the start-up ecosystem, in close collaboration with **GoBeyond**, and the development of a network of collaborations with universities and other technological innovation centres.

→ **Technology observatory:** this studies trends in the field of digital transformation and identifies the potential new scenarios that Sisal will soon be facing, thus intercepting

both threats and opportunities in good time. This know-how is made available to the company in the form of ad hoc consultancy and innovation culture initiatives that engage with Sisal's people and stimulate their ability and desire to innovate. These initiatives include the **Tech-trend reports** posted on the company intranet, the **Envisioning Days** initiative and (from 2023) webinars and podcasts.

The Lab is therefore also a huge opportunity for **networking with universities, research centres and start-ups** and will act on one hand as an external observer of the digital world and on the other as a major incubator of ideas for concrete projects.

Innovation advocacy – Main events and collaborations

Politecnico di Torino - Master HumanAIze	Academic 2022/2023 saw the launch of a new Level 2 Master's degree course, "HumanAIze: human and social sciences for artificial intelligence". Designed as a continuous training activity for humanities graduates aspiring to "hybrid" professions, it exploits the combination of humanistic and technical skills (AI and digital). As a member of Associazione STEM by Women, Sisal contributed to the design of the Master's course and relative project work together with other sponsoring companies. In designing the course, the companies encouraged the adoption of approaches that overcome the gender gap and promote equal opportunities in STEM jobs (for a culture of equality and inclusion), and that recognise the value of logic skills developed in humanities courses (where most students are female).
IKN Applied & Artificial Intelligence	In November 2022, Sisal's Innovation Lab took part in the IKN Applied & Artificial Intelligence Conference and was ranked Best Leader in AI 2022. *"Sisal stands out in the market for its expansion and technological innovation, for its commitment to raising awareness about strategic macro trends, and for having created an innovation ecosystem capable of meeting the challenges of the future."*
Digital Soul – VAR Group and Talent Garden	In line with the principle of open innovation, Sisal's Innovation Lab took part in the Hackathon organised by VAR Group and Talent Garden at the "Digital Soul" Convention in October 2022. The initiative involved Italian university students in a competition to implement a Web3 and Metaverse project meeting the specific requirements of participating businesses.
European lotteries in the digital era	In June 2022, the Innovation Lab was asked to speak at a convention held at the European Parliament: 'European lotteries in the digital era: adapting to new gaming models, ensuring player protection and fighting illegality'.
Italian Tech Week	Through GoBeyond, Sisal was a partner at Italian Tech Week, an Italian technology event organised by the Gedi group in collaboration with Italian Tech.

Spreading innovation culture

TechRadar

A weekly review of news on innovation topics (relevant not only to the trade) in the form of newsletters to everyone in Sisal Italia, totalling around 2,000 users.

over
60
editions published since the launch of the initiative

Envisioning Day

Live events to raise awareness of strategic innovation macro trends and also designed to stimulate thought and discussion around the practical applications of these trends in Sisal's business. In 2022, they focused on topics such as gaming, metaverse, blockchain and NFT, esports, customer centricity, experience design and loyalty, as well as the trends characterising them and possible impacts on Sisal, from gamification to 'esportainment' and from the expansion of virtual worlds and new economic phenomena to the rise of esports and new technological approaches.

over
100
people involved since the first event in October 2021

GoBeyond's contribution to innovation strategy

GoBeyond is a **responsible innovation platform** created by Sisal to promote the development of innovative and socially useful business projects and thereby foster enterprise culture in Italy. Thanks to its constant growth and above all the high number of start-ups taking part in the call for ideas every year, the project has gradually become a point of reference both within our organisation, as a possible source of new business opportunities, and outside it, with Sisal acting as a virtuous example of social innovation. GoBeyond is now **one of the best-known start-up competitions in Italy** in fact and also has the important role of interconnecting sustainability and in-house innovation. For the purposes of the call for ideas, an **internal Screening Committee** (involving Sisal's Innovation Lab and innovation and sustainability functions) was created to consider possible synergy and collaboration between Sisal and the candidate start-ups. The **GoBeyond network** developed over the years has made it possible to expand the existing innovation ecosystem and to dialogue with the main innovation players in Italy (co-innovation), consistently with the Group's open innovation strategy.

Write the Future: a contest to stimulate internal entrepreneurial culture

Launched in 2022, "Write the Future" is a contest designed to **actively engage employees in the co-creation of a more responsible future and stimulate the generation of ideas and projects** in line with our sustainability strategy. The contest was run in collaboration with Talent Garden, which selected the 20 best ideas to implement (from 117 submissions). An internal jury then chose the projects of five finalists who took part in a workshop to validate their idea, develop a roadmap and record their pitch. Following voting by the entire corporate population, it was decided to include a number of the projects in new or existing design streams.

Digital innovation for international growth

As part of its **internationalisation process**, Sisal decided to reorganise its IT infrastructure in response to new business needs by creating **two Digital Technology Hubs, in Albania and Turkey**. The aim is to provide powerful technological expertise to support our Digital Factories in Italy and thereby strengthen our capacity to develop and deliver new technologies.

Albania

Our Digital Hub in Albania was opened in 2019 to provide IT support in this constantly growing country, with a staff of highly specialised professionals aligned with the Group's standards. The main focus of the ICT Hub is to provide technological support for the growth of Sisal's multichannel business and synergy between the countries in which it operates. The various units in the Hub are headed by experts in the company's software solutions, platforms and systems, using the latest technologies and best development practices and operating according

to the highest standards of quality and security. The Digital Hub's growth objective for the ICT perimeter alone in its launch year was fully achieved, with 40 people involved in software development and application delivery. Building on this success over the last three years, plans were reviewed and adjusted, and growth has been exponential, with **around 600 colleagues now engaged in offering ICT, Customer Care, Technical Support, Administration and Finance and Procurement services**, with a number of core services developed and delivered entirely by the Albanian facility for the entire Group.

Turkey

In line with our software design and development strategy, based prevalently on internal resources and know-how, and in view of the successes of the IT Delivery Hub set up in Tirana, a Technology Hub was also opened in Turkey in March 2022. This Hub is run in synergy with the other centres that design

and develop the Group's technological assets under the supervision of the central structure in Italy, and operates with the same methodologies, levels of security and best practices. The Turkish hub's main focus is on directly supporting the growth of Sisal's business in Turkey in terms of technology and also by exploiting cultural proximity and other context and language-based synergies. The

Hub has around **60 software engineers and technicians with specialist skills focusing mainly on innovation in the field of lotteries, gaming terminals, apps and the web, and on the development of on-line games** for various Sisal Group brands.

PLAYNEXT, Sisal's first game studio

In 2022, we founded PLAYNEXT, Sisal's first game studio, a creative games development hub based in Istanbul. It has an international team of young talents with specialist backgrounds ranging from mathematics to IT and latest generation gaming.

The game studio is a big leap forward in Sisal's strategic project to guarantee a uniquely innovative gaming offering underpinned by in-house development of games with high customer appeal, enabling it to further broaden the product offering and enter a highly competitive market like content production. Thanks to creative synergy and close collaboration between the teams in Turkey and Italy, Playnext has already completed remakes of a number of highly successful instant games and slot machines and is developing completely new content for both the online and retail markets.

Business
Ethics

- Business Integrity
- Data Ethics
- Security
- Responsible supply chain management
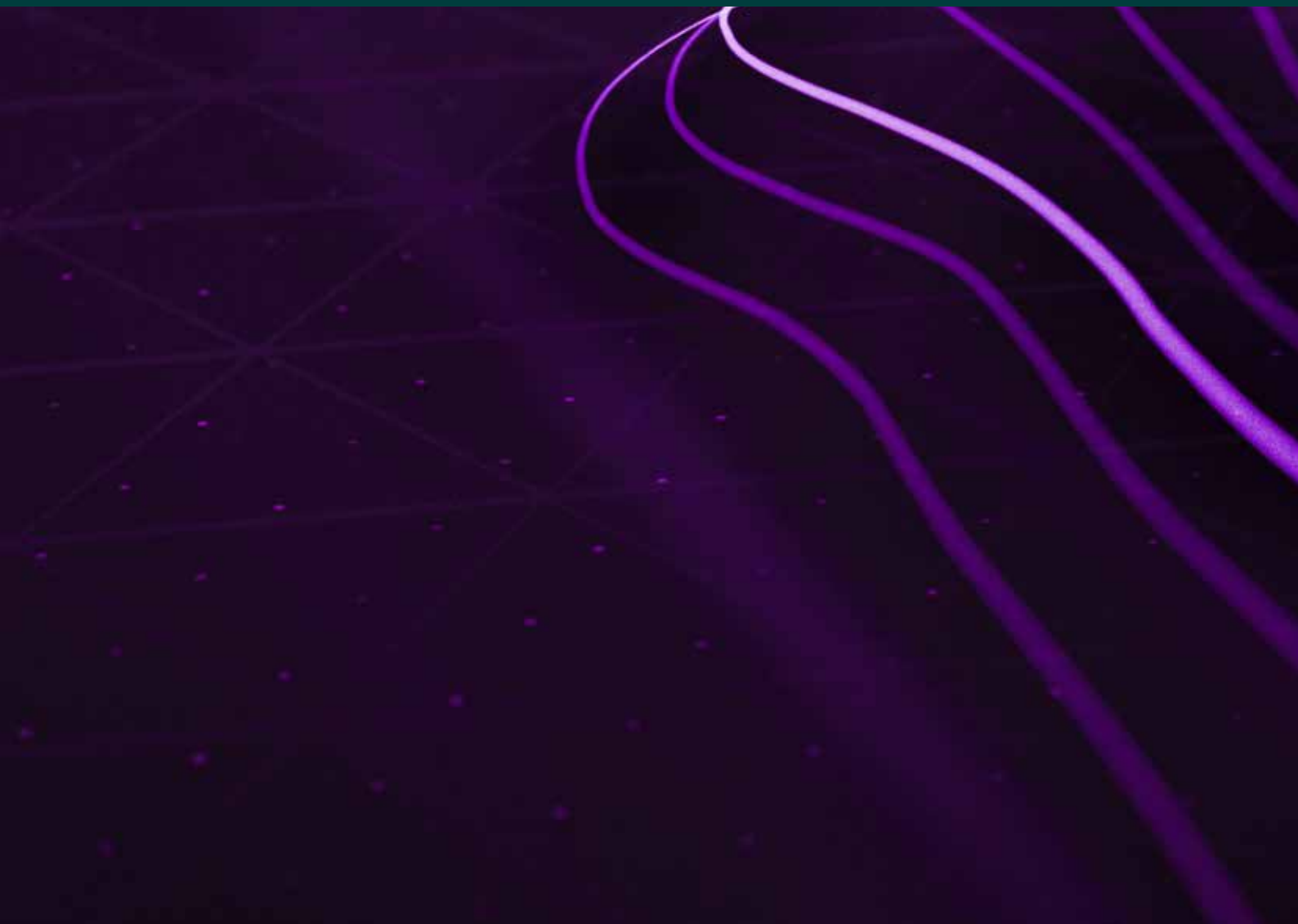
An ethical approach to business

At Sisal we believe in an ethical approach to business, in a set of behaviours and values that determine an individual's conduct within and towards the community.

Sisal's conception of Business Ethics rests on three pillars:

1. **Business Integrity:** meaning the way Sisal and its employees act, which is in compliance with the law and regulations and inspired by the principles of **legality, loyalty, fairness, transparency** and **responsibility**.

2. **Data Ethics:** meaning the adoption of fair and honest practices in terms of procedures, types and purposes of personal data collection and processing, as well as maximum transparency in dealing with our customers.

3. **Security:** meaning respect for the **confidentiality, integrity** and **availability** of **IT infrastructure** and **systems**.

Business Ethics Week

Every year, Sisal organises a **Business Ethics Week** (in 2022 entitled "**We Are Aware**") featuring compliance training and awareness raising initiatives. Activities include the organisation of **gamification initiatives, theme quizzes and webinars** aimed at the entire corporate population. The 2022 Business Ethics Week focused on privacy and data ethics, whistleblowing and the Code of Ethics, information security, HSE and relative ISO certifications, anti-corruption and conflict of interest. 98% of respondents to the event survey said they found the initiative useful and effective, while 89% said they had felt engaged throughout the week. The initiative was also successful in terms of the access rate to the daily posts (58% of the company population) and high participation in the webinars.

Business Integrity

Combating Corruption

In full compliance with the law, regulations and all the provisions of international standards and guidelines, Sisal Group is committed to preventing and combating the occurrence of offences in the conduct of its activities and has adopted business integrity as one of its primary values, through which it sends out messages of loyalty, fairness, transparency, honesty and integrity.

In this context, corruption is an intolerable obstacle, so we are duty bound to actively contribute to the fight against corruption and conflict of interest. To this end, Sisal has put in place a set of rules, models, checks and training and communication measures.

Models and tools

Adoption
and diffusion of
the **Code of Ethics**,
which expresses the
principles of conduct to
which all Sisal personnel
and all stakeholders
should adhere

Adoption
and diffusion of
the **Anti-Corruption
Policy**, which defines
Sisal's commitment to
achieving anti-corruption
objectives

Adoption
of **Model 231**,
which defines the
set of rules and internet
organisation procedures to
prevent the commission of
offences, including
corruption

Strengthening
of the **internal
control system**
with specific measures
to prevent, combat and
identify acts of external
and internal
corruption

Adoption
of a
**Supervisory
Board**
to oversee the suitability
and implementation
of the Organization,
Management and
Control Model

Creation
of a **protected
reporting
channel** to use for
every suspected act of
corruption (attempted,
proven, alleged)

Adoption
of rules that
ensure
**protection for
whistleblowers**

Creation of
the **Corruption
Prevention
Function**, with the task
of supervising and ensuring
the implementation and
operation of the
corruption prevention
management system

**Training,
information
and communication**
of the measures
implemented by
Sisal, areas for
improvement
and reporting tools

Provision
of specific
sanctions targeting
violations of the control
system for preventing and
combating corruption

All Sisal people are responsible for complying with anti-corruption law: all employees are therefore constantly involved in **training and communication initiatives**, and all the relevant documents are easy to access via the company's website and intranet portal.

Sisal is also the first company in the gaming industry in Italy to have obtained **ISO 37001:2016 certification (anti-bribery management systems)**, which is designed to mitigate risk relating to corruption (active or passive, attempted or committed, public or private). This certification is issued by an independent third party and identifies a management standard to help organisations combat corruption by fostering a culture of integrity, transparency and conformity. Under its corruption prevention management system, Sisal employs **specific instruments** that have been upgraded (such as 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. People engaged in activities that are sensitive and exposed to significant risks are identified and given special training.

Conflict of interest management

Conflict of interest means any situation in which there is a conflict between the expectations, interests or advantages of an individual (e.g. an employee) on one hand and the expectations, interests or advantages of Sisal on the other, which may affect the individual's capacity to make decisions and carry out their tasks impartially and effectively.

Sisal has policies and procedures in place to guarantee the communication, identification, management and monitoring of conflicts of interest, whether potential or actual.

In this context, Sisal:

→ has a Corruption Prevention Conformity Function (CPCF) which also monitors, records and manages conflicts of interest, as well as reporting any critical conflicts of interest identified to the CEO;

→ provides instructions to all those who have relations with the company (such as members of the board of directors, board of statutory auditors and supervisory board, all employees whether on open-ended or fixed-term contracts, interns, temporary personnel and similar and third parties in general in negotiation relationships) on how to follow the company's procedures for reporting any situation which may, even only potentially, generate a conflict of interest, mitigating the situation of an identified conflict and/or signalling any inadequacy in Sisal's procedures in this area.

Respect for human rights and non-discrimination

Sisal has adopted a **Human Rights & Anti-Discrimination Policy** in line with major international agreements such as the Universal Declaration of Human Rights, the International Labour Organization's declaration on fundamental principles and rights at work and the principles of the UN Global Compact. Sisal's policy applies to all its employees, regardless of country and contract.

We advocate the **principles of diversity, equity and inclusion** and the **right to working conditions that respect** the individual and their dignity, guaranteeing:

→ basic human rights, a minimum and fair salary, sustainable working hours and conditions, full access to workplaces and tools, exclusion of underage labour (by checking age before hiring) and forced labour;

→ the physical and psychological integrity and individuality of all persons;

→ exclusion of all forms of behaviour entailing harassment or discrimination regarding gender, age, disability, nationality, sexual orientation, ethnic background, religion, political opinions and any other forms of individual diversity;

→ freedom of expression, the right to participate in organisations that defend and advocate the interests of the individual, and the right to representation by trade unions or other bodies elected in compliance with current law and practice in the various countries in which we operate.

To this end we have special listening channels in place, from whistleblowing and grievance mechanisms to **periodical surveys** (DE&I, NPE, Culture), but we are in any case aware that the absence of whistleblowing reports does not mean there are no potential problems and we therefore work proactively to anticipate specific needs and risk situations.

Whistleblowing

The management and **all Sisal employees are encouraged and obliged** to report any behaviour, including omission, that is or might be an **infringement or incitement to infringe laws and regulations or the values and principles set out in Sisal's Code of Ethics and Conduct, Model 231 and policies and procedures**.

All Sisal personnel receive specific training and regular updates on what can be reported and through which channels. Employees and external subjects can also use **Speak Up!**, a whistleblowing platform available in all the languages spoken in the Group[33] and managed by a third party organisation to ensure independence.

Further, to strengthen trust and participation in the fight against illegal conduct, Sisal makes it **possible to report** behaviours associated with **internal fraud, mistreatment of employees** (e.g. discrimination, mobbing, harassment, retaliation), **occupational health and safety irregularities, bribery, conflict of interest, falsification of documents, misuse of company assets** (e.g. illicit use of company assets or information) or **breaches of privacy, IT security**, fiscal integrity of the organisation, etc[34].

Whatever whistleblowing channel is used, the **identities of the reporting and reported parties are always guaranteed protection and confidentiality** by processing their data in accordance with the law and any other useful measures adopted. **Sisal accepts anonymous reports**.

At the same time, Sisal forbids and punishes acts of retaliation or discrimination against the whistleblower, whether direct or indirect, for any reasons directly or indirectly connected with the whistleblowing.

In 2022, Sisal received 47 reports, of which 4 relevant to legislative decree 231 (mainly infringement of the Code of Ethics and company procedures – 2 closed and 2 still ongoing). There were 44 signed reports (sent to 3 whistleblowing addresses) and 3 anonymous ones on the new platform. Only one report led to disciplinary proceedings against Sisal employees.

[33] The platform is available via the following link: https://sisal.integrityline.com/frontpage.Reports may also be sent by post to: "Servizio Segnalazioni" Via Ugo Bassi, 6 - 20159 Milano.
[34] Reports will not be considered if found to be false, either deliberately or through gross negligence, groundless and/or submitted for the sole purpose of harming the reported party or referring to situations of an exclusively personal nature and beyond the bounds of the law. In more serious cases (e.g. a deliberately false report), the whistleblower's conduct may lead to disciplinary proceedings.

Combating money laundering and the funding of terrorism

Ensuring effective and timely monitoring of the adequacy of its systems for preventing and combating illegal gaming, money laundering and funding of terrorism is a priority at Sisal. That is why it has a comprehensive system of policies and procedures in place for the entire Group. The **Group policy** defines the structure and organisation of the Group Anti-Money Laundering Function and its responsibilities, roles and tasks, as well as the general rules that all the Italian companies and foreign subsidiaries must comply with in order to prevent money laundering and funding of terrorism. The Policy is then articulated in **individual procedures and operating instructions** specific to the various separate entities, also with regard to national characteristics and requisites.

In line with the **risk-based approach** and to fulfil the relevant legal obligations, Sisal carries out **adequate monitoring using automated systems developed in-house on the basis of industry-specific know-how and databases provided by external providers**. Such systems make it possible, among other things, to carry out thorough **reputational screening** of players and the ownerships of retail network operating companies in order to verify the **existence of the legal reputational requisites**, both prior to contract stipulation and regularly thereafter.

Transaction monitoring, customer profiling and documentation retention activities are carried out **using systems developed in-house and customised for the peculiar needs of the gaming world**. The **Transaction Monitoring** tool enables us to monitor gaming operations for the purpose of identifying movements to flag and, where necessary, initiating the process of reporting the suspect transaction to the authorities.

Training is indispensable in the internal control system and **obligatory for all employees** (including new hires) and **collaborators, including point-of-sale staff**, to raise their **awareness of ML/FT** risks and extend their basic knowledge of **anti-money laundering law**, given that they are already familiar with the internal procedures and know how to recognise and deal with potential suspect transactions or activities.

Data Ethics

Alongside the definition of the purposes and procedures for the processing of personal data, Sisal has adopted a series of **Data Ethics** principles in support of an ethical decision-making process. In particular, Sisal prioritises and guarantees respect for such values by applying the following principles:

→ **Accountability:** Sisal has adopted a governance model to monitor control activities, commitment and responsibilities and to strengthen the ethics, conformity and sustainability of services, which are always designed and implemented in compliance with applicable regulatory requirements, using a privacy by design approach to guarantee personal data protection.

→ **Ethics & Fairness:** Sisal adopts fair and equitable practices towards customers, with the objective of minimising discrimination and treatment that is penalising or biased.

→ **Privacy:** Sisal processes customers' personal data in accordance with privacy principles and legislation and guarantees data minimisation, retention for limited periods, use for specific and transparent purposes and accessibility at any time.

→ **Quality & Accuracy:** Sisal aims at a high level of data quality in terms of accuracy, precision and updating and adopts all the necessary measures to enable deletion or prompt rectification.

→ **Transparency:** Sisal guarantees a high level of transparency and clarity regarding the procedures, types and purposes of personal data collection and processing on channels, products and services provided to customers.

→ **Responsible Data Sharing:** Sisal guarantees that technical and organisational measures are in place to ensure legal compliance and also protect personal data processed by third parties acting in the name and on behalf of Sisal.

In line with its declared Data Ethics principles, Sisal has adopted a specific privacy protection policy based on three main lines of action:

Eminence & Strategy	Privacy & Accountability	Responsible Data Sharing
Awareness and training: special activities are organised at least annually to heighten the awareness of employees and third parties around data protection issues, implement a diffuse compliance model and guarantee correct management of business processes in terms of Privacy and Data Ethics.	**Governance Model:** Governance Model: Sisal has adopted an internal governance model that provides a comprehensive control structure guaranteeing protection of personal data specific to business activities and identifying the roles and responsibilities of subjects involved in guaranteeing that personal data are processed in compliance with applicable laws (first and foremost, EU Regulation 2016/679 (GDPR)), thereby improving the company's commitment and awareness in this area. A Data Protection Officer (DPO) has also been appointed to provide consulting to the Data Controller, also in relation to the assessment of impact on data protection, and ensure that internal processes are aligned with current personal data processing legislation.	**Third-party contract management:** management of third parties involved in processing personal data, including drafting and negotiation of privacy clauses in contracts and of data protection agreements, as well as verification of guarantees provided by the third party.
Control framework: continuous monitoring by means of second level controls on the aforementioned general Privacy & Data Ethics principles (legality, transparency, correctness, data minimisation, limited retention, data controller accountability).	**Policy and procedures:** to guarantee compliance with the relevant provisions of privacy law, Sisal has drawn up and regularly updates its Privacy & Data Ethics policy and procedures.	**Monitoring of third parties:** continuous monitoring of third parties' level of privacy compliance by means of periodical audits of selected stakeholders that process personal data for Sisal, thus guaranteeing their observance of privacy and security requirements and therefore the correct processing of personal data along the entire chain.
Transparency: drafting of information notices and public pages illustrating Sisal Group's commitment and mission regarding Privacy and Data Ethics and effective management of data subjects' requests to exercise their rights.	**Processing Register:** the process that updates and monitors the processing register is managed in such a way as to guarantee tracking of Sisal's activities involving the personal data processed.	**Training:** organisation and management of regular training for third parties. Training is tailored for the processes they manage on behalf of Sisal, so ensuring they know about the company processes and procedures to follow and the applicable legal requirements.
Cookie management e cookie compliance: Sisal has implemented a process for monitoring compliance with current law on cookies by Sisal's websites and mobile app.	**Exercising of data subjects' rights:** Sisal has defined a process for receiving and promptly responding to data subjects' requests to exercise their rights.	
	Privacy by design and by default: Sisal uses a checklist to assess privacy protection "by design" and "by default" in the case of new initiatives, services or products.	
	Data Protection Impact Analysis: Sisal has adopted a risk analysis and impact assessment methodology for types of processing that entail a high level of risk for data subjects' rights and freedoms, in line with the methods adopted by the company and with the definition of security measures to reduce such risk.	

Security

For Sisal, the protection of corporate information assets and the management of ICT and security risks are objectives of primary importance.

Sisal sees **protection of its information assets** and **management of ICT and security** risks (including cyber risks) as objectives of prime importance to be pursued on a continuous improvement basis.

Cybersecurity is an enabling factor in the pursuit of business objectives. Given the increasing frequency of cyberattacks in recent years, and with the aim of continuously strengthening protection systems and ensuring security in the context of its customer services, we have defined a **cybersecurity strategy** based on the following principles:

→ guaranteeing **central security governance** designed to preserve the confidentiality, integrity and availability of the company's information assets;

→ promoting the development and ongoing evolution of **security technology solutions** to ensure Sisal has a sustainable advantage in the long-term and in line with its objectives and values;

→ favouring the construction of an adequate **organisational model for managing information security** in line with growth objectives and promoting development of the skills needed to keep effective protection systems in place;

→ guaranteeing **compliance with applicable laws, regulations and standards** that impact information security, as well as with specific contractual agreements with various stakeholders;

→ promoting **innovation in the field of security** to guarantee constant alignment with new technological developments and use of new generation methods, processes and solutions;

→ guaranteeing **data security, resilience and protection** in the context of services offered to consumers and clients, thereby increasing their reliability;

→ spread a **culture of information security and sensitivity to cyber risks** in Sisal in order to raise the level of awareness about the behaviours involved and guidelines to follow to forestall threats;

→ promoting adoption of a **risk-based approach** to choosing security measures by means of a framework built into the company's overall risk management model.

Sisal's cybersecurity strategy covers the following areas:

Security governance

Our cybersecurity strategy requires us to keep abreast of state-of-the-art security in our sector and aligned with changing risk scenarios. The Chief Information Security Officer (CISO) provides strategic vision and ensures ongoing improvement of processes to mitigate the cybersecurity risks we face. For this reason, the CISO and their organisation work in synergy with Management, with the Business Areas and Markets, HR, Internal Auditing and Risk Management functions, and with the Compliance area. The main areas involved are:

→ **Strengthening the organisational structure of the Security function**: in line with the organisation's growth and the expansion of the business into international markets, Sisal has scaled up the Security function and introduced new professional roles to upgrade the management of our security capability.

→ **Security certifications:** Sisal implemented and maintains an Information Security Management System that incorporates the guidelines set out in the main industry standards and regulations, including ISO27001 and WLA-SCS[35]. To further improve

measures in place to guarantee the resilience of our business, in 2022 we obtained ISO22301 certification of our operational continuity management system[36]. Sisal has also obtained and maintains **ISS SGAD** certification (Information Systems Security - Sistema di Gioco di Abilità a Distanza), the gaming platform certification required by the Remote Gaming Office of the Gaming Taxation and Monopoly Central Office (Sisal Entertainment S.p.A.). The compliance of our management systems is verified by periodical audits and checks by independent third parties.

→ **Security Framework:** to define security requisites, adapt them for specific processes and verify their effectiveness, Sisal has developed and maintains a framework of policy, procedures and guidelines that it keeps constantly updated. The framework has first, second and third level controls and indicators for continuous monitoring.

→ **IT & Cyber Risk management:** risk assessment plays a major role in defining objectives and guidance for protection measures. To this end, Sisal has defined an ICT and Cyber Risk management model that involves assessment and monitoring of the organisation's exposure to such risks and identification and implementation of risk mitigation measures.

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[35] Certification issued by the World Lottery Association in compliance with specific gaming sector and international lottery standards. The perimeter includes Sisal Lottery Italia S.p.A, Sisal Loterie Maroc and Sisal Sans.
[36] The ISO27001 certification perimeter includes Sisal Lottery Italia S.p.A., Sisal Loterie Maroc and Sisal Sans. The ISO22301 certification perimeter includes Sisal Lottery Italia S.p.A. and Sisal Entertainment S.p.A.

Cybersecurity culture

Ensuring that people across the entire organisation are adequately informed on cyber risks and ways to reduce them is of vital importance for the company's business objectives and is achieved through:

→ **Security Awareness:** Sisal regularly organises awareness sessions on various communication channels and tests their efficacy by simulating attack scenarios to verify the organisation's capacity to react effectively.

→ **Security Training:** Training is provided at all levels in the organisation, including contractors, and tailored to specific roles. In 2022, training sessions were held on secure source code development for teams engaged in the software development life cycle: this helps avoid the occurrence of vulnerabilities in customer applications and services.

Security enforcement

Technological developments, digitisation of services, adoption of cloud services and the evolution of cyberattack scenarios are some of the phenomena that Sisal sees as drivers to strengthen its security posture. In 2022, initiatives were completed in the following areas:

→ **Prevention:** Sisal has invested in the upgrading of its security capability by implementing new generation technological solutions. Priorities here were upgrading the access control system and identity management procedures, including those with privileged access, and protection measures for the devices employed by users to carry out their tasks. Other prevention initiatives included improvements to data protection measures using encryption and anonymisation techniques and upgrading vulnerability management technologies by adopting a risk-based approach. Security testing activities are also carried out continuously, both linked to software development cycles and performed at random on critical systems, and periodical internal and external audits are conducted at least annually. Lastly, Cyber Threat Intelligence practices were further improved to prevent, as far as possible, cyberattacks or events capable of negatively affecting the Sisal brand.

→ **Detection & Response:** investments in security technologies were also made to boost effectiveness in the security event and incident identification and response phases, strengthening both proactive and reactive protection measures, and there was a constant focus on gaming services. Monitoring and alarm functions signalling anomalous events or behaviours were extended to enhance the capacity to promptly identify cyberattack or fraud attempts. Certain security technology functions already in place were extended to expand the monitoring perimeter and upgrade our security event detection capability.

→ **Resilience**: various test activities are carried out periodically to ensure that the operational continuity management system can effectively handle the main unavailability scenarios, also through penetration tests conducted with support from third parties.

Responsible supply chain management

For sustainability to be pursued in the medium-long term, challenges must be shared by everyone in the Sisal community, from suppliers to points of sale. We are therefore committed to **promoting our sustainability strategy along the entire chain**.

Our suppliers

Our growth and consolidation as a company were made possible by building a network of **strategic partnerships** with numerous **suppliers**, carefully selected because they have the best specialist skills available on the market and are aligned with our values and objectives: **legality, business ethics, loyalty, fairness, transparency and meritocracy**. We have more than **1,700 suppliers**[37].

over
1,700
suppliers

[37] The number of suppliers includes those in the Italian perimeter and its foreign subsidiaries.

Types of supplies

Gaming Terminals, Gaming Materials, Logistics and Transport Services, HW Installation and Maintenance, Call Centre Services, Media, Events, Marketing, Creativity and Market Research, Voice Communication and Data Transmission Services, Hardware and Software, Gaming Platform, Consulting and Professional Services, Refurbishment Contractors, Personal and Building/Point-of-Sale Services, Food & Beverage, Sisal Television, Data Centre Services.

Our international development in recent years has led to the **internationalisation of procurement procedures** in order to obtain better contractual conditions for our foreign sites. To ensure consolidation and the continuous improvement of our procedures, our foreign procurement teams are constantly backed up by our **central Procurement function**, which supervises and supports the purchasing of products and services.

As happens for the Italian market, the **International Procurement function** oversees all **negotiating activities** with the supply chain for each of our foreign branches. These activities include scouting for new suppliers, sourcing (preparation of tender documentation, assessment of offers, and selection and contracting of suppliers), and uploading contracts to the procurement platform.

Assessment and qualification process

Under our **Quality Management System**, we apply a stringent **assessment and qualification** process to suppliers that requires them to stay aligned with the requirements of new legislation in the gaming industry and with our stakeholders' expectations.

All our suppliers are required by contract to comply with the rules and principles set out in the **Code of Ethics and Conduct**, including the **obligation to operate in line with our ethical standards** regarding employees' rights, environmental protection and workplace health and safety. We have introduced control systems for the **prevention of corruption** according to standard UNI ISO 37001:2016. Our procurement processes also take account of the characteristics that services, facilities and tools must have in order to ensure full accessibility, usability or adoption by everyone, in line with our commitment to the inclusion of people with disabilities[38].

Suppliers are assessed on the basis of their **compliance** with the provisions of contracts and orders, as well as by **monitoring** variance between the **service levels agreed** and those actually delivered and other factors such as delivery times, quality, costs and other contract specifications. These controls are used for global supplier analysis and a twice-yearly updating of the **Vendor Rating Index (VRI)**, which records suppliers' overall performance and flags areas for improvement.

[38] For more details, see our human rights and non-discrimination policy.

Community
support

- GoBeyond: the responsible innovation platform
- WeDo: solidarity programme

For over 75 years now we have been building solid relationships with local communities and engaging in active dialogue with our stakeholders to understand and answer their needs.

641 thousand € earmarked for activities with social impact in 2022

We work with the third sector and support innovation and social integration to guarantee sustainable and inclusive growth for society.

In designing our support activities, we carefully assess impacts on communities, taking into account cultural needs and social issues in the contexts in which we work to build shared value.

Our positive impact strategy addresses two main areas: **Social Innovation**, through long-term projects to sustain and valorise the start-up ecosystem and relative enterprise and technology skills, and **Community Investment**, to develop powerful projects and relations in support of good causes and to help in emergency situations in partnership with associations and non-profit organisation[39].

Generating shared value for communities

Social Innovation
- GoBeyond
- Technology for Good

Communiy Investment
- Donations
- Corporate volunteering
- Fund raising

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[39] Associations and organisations receiving donations undergo rigorous ethical and legal screening.

Community investments by type

1%
20%
23%
5%
4%
36%
11%
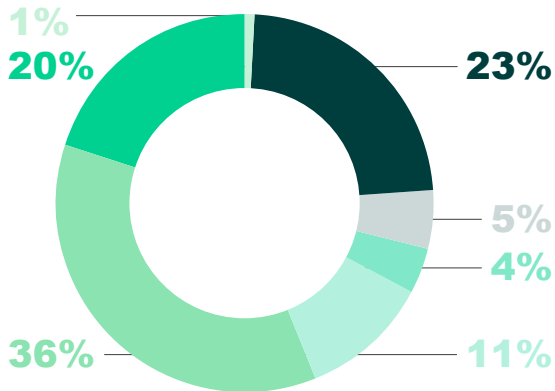
- Environment
- Community
- Women's empowerment
- Emergency situations
- Poverty, marginalisation and vulenrable people
- Social innovation
- Art and culture

Community investments by area

22%
7%
71%
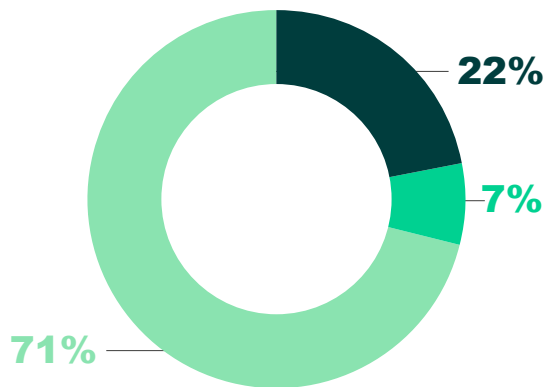
- Donations
- Membership fees
- Other community investments

GoBeyond: the responsible innovation platform

GoBeyond is the responsible innovation platform created by Sisal to support the ecosystem of start-ups and anyone who has a socially useful business idea. Originally a contest for start-ups, in 2022 GoBeyond became a programme organised around **three strategic pillars: Call for Ideas, Academy and Community**.

The sixth **Call for Ideas** saw record participation, with over 350 start-ups operating in social innovation sectors, such as circular economy and upcycling, agritech and biotech, cleantech, healthcare and edutech. Among the many start-up entries in 2022, we saw an increase in ideas targeting the Sustainable Development Goals (Agenda 2030), partici-

pation by women-led start-ups well over the national average, and a big increase in start-ups already active on the market (33% of start-up candidates).

The 2022 edition was won by PipeIn, a start-up that monitors the state of maintenance of piping and uses a predictive technology to prevent water wastage. Together with the winner, the other finalists - Algor Education, BioFashionTech, Regusto, Clearbox AI and Bi-rex – were awarded expert advisory courses in various fields supported by a network of 15 Enabling Partners: Italian Tech, Osservatori Digital Innovation – Politecnico di

port of Feltrinelli Education, the Academy published 11 on-demand training modules in three categories: enterprise culture, business plan creation and impact assessment.

Lastly, through our Community, we inspire the GoBeyonders of the future and create content and events to give start-ups the visibility they need to network and grow. We decided to involve a number of GoBeyond startuppers in an event organised with StartupGeeks, the leading community for start-ups in Italy. Thanks to testimonies and insights from start-up founders and entrepreneurs, we

over 350 start-up application (+45% vs 2021)

37% of start-up led by women

3.5m people reached on Instagram during the 2022 Call for Ideas

over €400,000 disbursed over the six editions
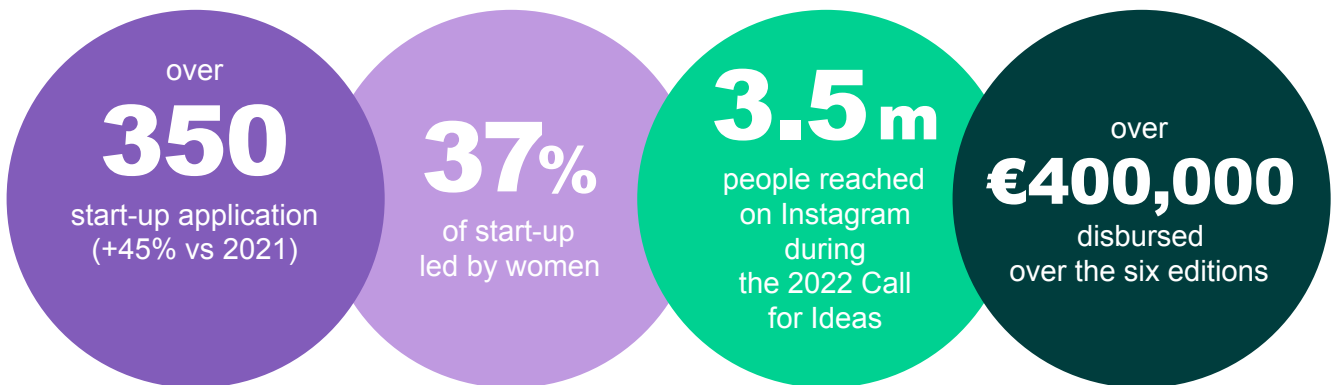
Milano, Google, frog – part of Capgemini Invent, K&L Gates, Angels4Women, Mamacrowd, B Heroes, Alkemy, Carter & Benson, Foundation-C, SheTech, StartupItalia, Startup Geeks and La Carica delle 101. The sixth Call for Ideas also saw numerous outstanding enterprise ideas receive special mentions from the partners: Mamacrowd and SheTech, for example, mentioned TA-DAAN for having taken the small craft business sector online, while SheTech mentioned women-led start-ups BioFashionTech, Civica, Nantoo, Clearbox AI and Bi-rex.

In March 2022, the **GoBeyond Academy** was launched to develop the entrepreneurial skills and mentality needed to create impactful business projects. The Academy is a completely free-of-charge digital hub designed to provide all the tools needed to make a start-up scalable, sustainable and impactful. With the sup-

were able to chart a roadmap for creating business projects in which technology generates a positive impact on society and the environment.

over 1,000 Academy users

11 on-demand training modules
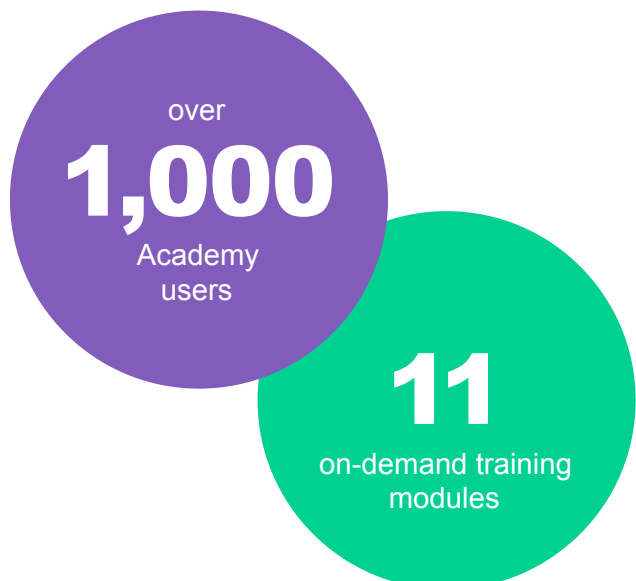
WeDo: solidarity programme

WeDo is Sisal's solidarity programme and, in line with the company's mission, its aim is to create a positive impact on the community through donations, voluntary work by employees and the creation of a **solidarity network** with non-profit associations active in the community. It represents a solidarity ecosystem into which Sisal and the people who work with the company can channel their commitment to a community that supports the community.

around
230
employees involved
in volunteering in 2022

700
hours of volunteering
during office
hours in 2022

over
300
laptops, screens and
other devices donated to
schools, associations,
parishes and communities
between 2020
and 2022

Launched in 2018 on the initiative of a number of colleagues, the programme is based on the principle **that living the company's values in a context outside the workplace can make teams even more cohesive and effective**, helping create significant new opportunities for meeting outside work, as well as having a positive impact on the community.

The company enables all employees to **dedicate up to 4 working hours a**

month to do volunteering using the company platform WeDo, a friendly and easy-to-use mobile portal that connects them to **a wide network of associations** active locally, through which they can offer a helping hand to people in need.

Colleagues can also use the portal to find out about **initiatives supported by Sisal** and opportunities to contribute to fund raising and donations for those in most need, as well as to keep abreast of what's happening in the field of solidarity.

The platform was completely renewed and extended in 2022 and now hosts a network of **about 30 associations and 49 projects** across the country.

91%
of colleagues who have volunteered say they are satisfied
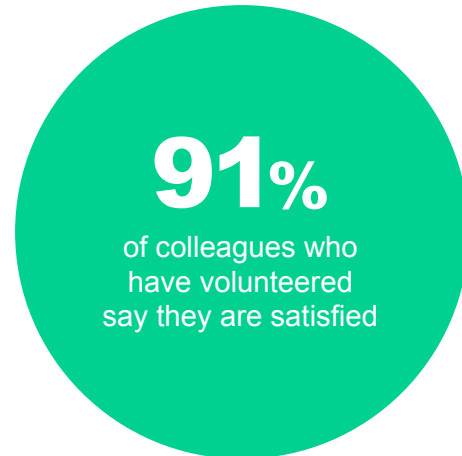
(Survey conducted in 2023 of employees who participated in the initiative)

Our support for the earthquake-stricken Turkish population

Through Flutter's partnership with Global Giving, we decided to contribute to aid for people affected by the earthquake in Turkey and Syria on February 6, 2023.
Flutter Group and Flutter International agreed to a joint donation of £150,000 to verified charities operating in the region. Global Giving also set up a special fund to collect further donations from colleagues and customers for rescue intervention in cases of natural disaster and emergency in Turkey.
We have kept in constant touch with colleagues at Sisal Sans and Sisal Turkey Technology Hub, monitoring how they are, helping them contact family members in affected areas and providing further help where and as needed.

Reduction of environmental impact

- Strategy to combat climate change
- Emissions and energy consumption
- Responsible consumption of materials and circular economy

Sisal has launched an action plan to protect the environment and reduce the consumption of natural resources.

Climate change and its consequences, as well as the scarcity of natural resources, are increasingly important to the wellbeing of individuals and businesses in all sectors whose economic prosperity is tied to the climate transition.

Protecting the environment and natural resources, action to limit climate-changing emissions, and contributing to **sustainable economic development** have therefore become strategic factors in the planning, operation and development of Sisal's business activities in line with the Sustainable Development Goals set out in 2030 Agenda of the United Nations.

To significantly **step up our efforts for the planet**, in 2021 we carried out an initial *assessment* of all our businesses areas to identify the processes with the highest impacts and measure them. We built on this in 2022 by upgrading our reporting of environmental data and carbon footprint calculation methods and launched a plan of action and activities aiming to make Sisal **an increasingly sustainable and innovative company**.

In our working environment, we adopt solutions and strategies that give priority to the use of renewable energy, the development of sustainable mobility and the reduction of consumption levels. We also act beyond the bounds of our own organisation by concretely engaging key suppliers in our drive to reduce environmental impacts.

100% electricity from renewable sources

-5% GHG emissions (scopes 1+2+3)*

-5% energy consumption intensity on revenue (MJ/€)*

3,547 tonnes of CO_2e avoided through purchases of Guarantee of Origin (GO) and Energy Attribute Certificates (EACs)

around **308** tonnes of CO_2e avoided through the Green Data Center in Italy
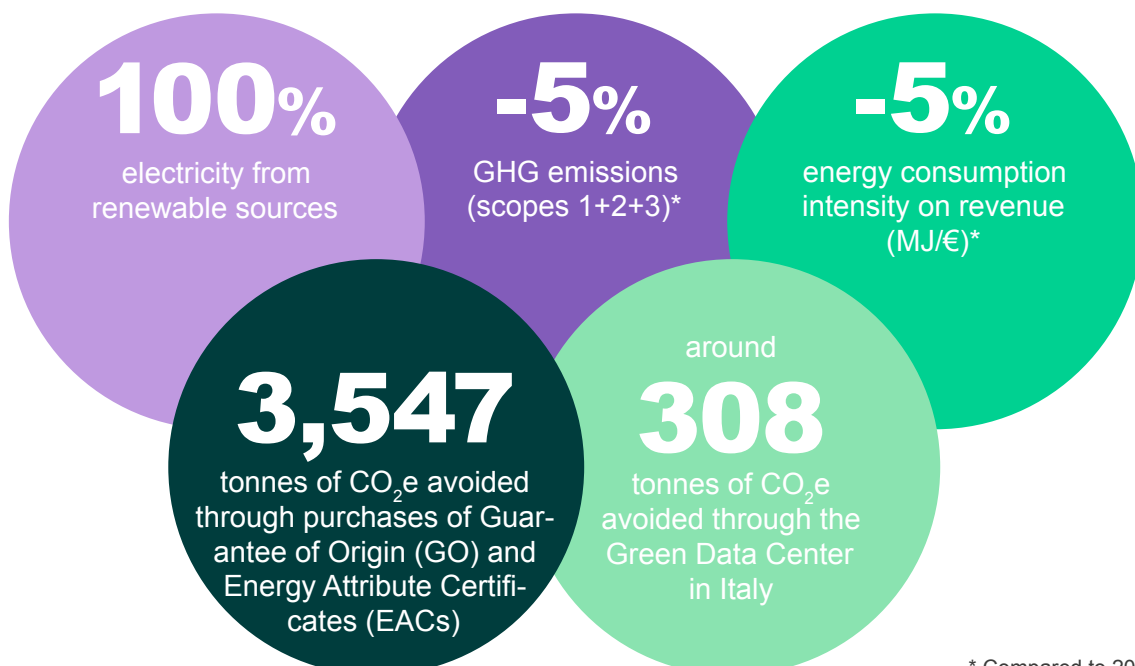
* Compared to 2021

Strategy to combat climate change

Sisal is committed to reducing climate-altering emissions, reducing or mitigating climate change risks and fostering the transition to a low carbon emissions economy, above all through research and the implementation of innovative solutions, and also with the involvement of suppliers and partners.

Climate change action is vitally important for the future of the planet and society, and this is why our environmental impacts management is based on the **criteria of prevention, protection, information and participation** for the purposes of the transition to an economy characterised by low carbon emissions and a circular model[40].

We see all of the following as integral parts of our **strategy for combating climate change: environmental governance led by the Sustainability Com-** **mittee, climate risk management** integrated into Enterprise Risk Management, development of an adequate offering to support the transition to an eco-sustainable economy, monitoring of **metrics and objectives** to measure and manage performance, risks and opportunities, as well as sharing of knowledge and climate change and ESG training.

In pursuit of our **challenging net emissions reduction targets**, in 2022 we consolidated the **analysis and measurement** methods we use for reporting our environmental performance, aiming to broaden and consolidate the **GHG emissions inventory** arising from our business and updating the baseline 2021 against which to assess the achievement of objectives[41]. Based on our analysis, we redefined our **targets for reducing direct and indirect GHG emissions**, on

[40] For more details, see Sisal S.p.a.'s Health and Safety, Environment and Energy policy.
[41] The strategy for combating climate change takes into account the recommendations of the Task force on Climate-related Financial Disclosure (TCFD) in order to identify risks and opportunities linked to climate change.

which we will work in collaboration with our suppliers and customers to reduce emissions along the entire chain. In this connection, we are planning to launch specific programmes in the areas of training, awareness raising and support for sustainability reporting programmes, both within the Group and for our network of suppliers and partners.

We are pursuing our commitment in **synergy** with Flutter, which intends to announce a climate-altering emissions reduction target approved by the Science Based Target initiative (SBTi) by the end of 2023.

Sisal in the 2023 Climate Ambition Accelerator of the UN Global Compact

As a member of the UN Global Compact, Sisal joined the **2023 Climate Ambition Accelerator**, which aims to boost progress towards the 2030 Agenda Sustainable Development Goals by providing the skills and tools needed to manage the climate transition and sharing its experience with other companies and industry experts.

The **6-month programme** will make it possible to study the **main methods for measuring and defining climate objectives that are science-based** and **in line with the goal of zeroing greenhouse gas emissions by 2050**, as set by the 2015 Paris International Treaty between the member states of the United Nations Framework Convention on Climate Change (UNFCCC).

Main areas of intervention for reducing Sisal's GHG emissions

Areas of intervention

Macro areas	Indicators	Initiatives / Actions	Benefits / Performance
Retail & Building	• Energy consumption • Direct and indirect GHG emissions (Scope 1 and 2)	Replacement of obsolete air-conditioning systems with more efficient heating and conditioning systems	• Electricity savings[42] • CO_2e emissions avoided thanks to reduced losses of refrigerant gas or to losses of greener refrigerant gas, with lower GWP[43]
	• Energy consumption • Indirect GHG emissions (Scope 2)	100% of the electricity used by Sisal's sites and directly managed stores is from renewable sources (covered by Guarantee of Origin Certificates in Italy and Energy Attribute Certificates for foreign subsidiaries)	• **3,547 tons of CO_2e avoided** in 2022
		Extension of the programme to replace incandescent with LED lighting (begun some years ago)	• Total energy savings of **over 600,000 kWh** by 2025, corresponding to **over 150 tons of CO_2e avoided** (estimate)
		Installation of 2 solar power plants (photovoltaic) for self-production of energy from renewable sources by 2023 at the Rome and Peschiera Borromeo sites	• **Over 150,000 kWh** of electricity from the grid **saved** corresponding to around **35 tons of CO_2e avoided** by 2024 (estimate)
	• Energy consumption • Indirect GHG emissions (Scope 3)	Sisal uses **Green Data Centres** to guarantee reliability for all its business IT needs and deliver high energy efficiency results	• In Italy, **100% of the electricity** used by Green Data Centres is **from renewable sources**, for a total of 308 tons of CO_2e emissions avoided in 2022. Globally, **over 62%** of the electricity used by Green Data Centres is from **renewable sources**
		Survey of energy consumption by points of sale not directly run by Sisal in Italy	• Fine-tuning of CO_2e emissions measurement[44] • Better knowledge of the initiatives and perceptions of points of sale

[42] These energy savings only refer to the project to replace obsolete air conditioning systems, net of any potential increases in electricity consumption correlated to other actions/activities/systems.

[43] Global Warming Potential, a characterising factor that describes impact in terms of radiative forcing of a unit based on the mass of a given greenhouse gas compared to that of carbon dioxide in a given period of time.

[44] By analysing a representative sample, we identified a correction factor (% reduction) based on General (39%) and Specialist (35%) points of sale that use electricity from renewable sources to apply in the calculation model for Scope 3 emissions. For further details, see the section "*Survey of energy consumption in indirect points of sale*".

Areas of intervention

Macro areas	Indicators	Initiatives / Actions	Benefits / Performance
Internal processes	• Energy consumption • Direct GHG emissions (Scope 1)	New agreement signed to renew the company fleet with hybrid and electric models and no IC engines	• Reduction of direct CO_2e emissions by around 20-30% by 2025 (for same km travelled)
	• Energy consumption • GHG emissions (scope 1, 2 and 3)	In 2022, the environmental and energy management systems certifications (ISO 14001 and ISO 50001) were extended	• Improved monitoring and management of sites • Reduction of energy consumption • Reduction of GHG emissions
	• Indirect GHG emissions (Scope 3)	Rollout of Commuting Plan and implementation of sustainable mobility incentives (e.g. carpooling for Rome and Milan sites)	• Around **460 tonnes of CO_2e avoided** in 2022
		Survey of mobility to monitor commuting by employees (945 respondents across Italy, Albania and Morocco)	• Fine-tuning of CO_2e emissions measurement • Identification of possible ways to reduce impacts.
Environmental Reporting	• GHG Carbon Inventory	In 2022, Sisal upgraded its Carbon Inventory methods and reporting perimeter	• Updating of baseline against which to assess achievement of objectives

Emissions and energy consumption

-24%

CO$_2$e emissions intensity on revenue (scope 1, 2 - market-based - and 3) compared to 2021

GHG emissions

The methodology adopted by Sisal to calculate emissions is based on the **GHG Protocol Corporate Standard**, with geography- and activity-specific emissions factors applied.

This has enabled us to strengthen and fine-tune our Scope 3 emissions reporting, introducing further sector-relevant categories in the calculations and filling some gaps in the reporting of environmental data for Scope 1 and 2 emissions.

Total GHG emissions amount to 27,747 t of CO$_2$e (down 15% on 2021) and are mainly Scope 1 direct emissions (around 12%) and Scope 3 indirect emissions (87,7%). Scope 2 indirect emissions associated with consumption of electrical energy from non-renewable sources account for 0.3%. In fact, 100% of electricity purchased is covered by Guarantee of Origin Certificates (GO) in Italy and Energy Attribute Certificates (EACs)[45] for foreign subsidiaries.

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[45] Energy Attribute Certificates are purchased in advance and then balanced against actual consumption. If the difference between consumption covered by EACs and actual consumption is less than 1% (<1%), the non-covered portion will be carried forward to the year following the reporting year.

12%

0.3%

27,747 tonnes

87.7%
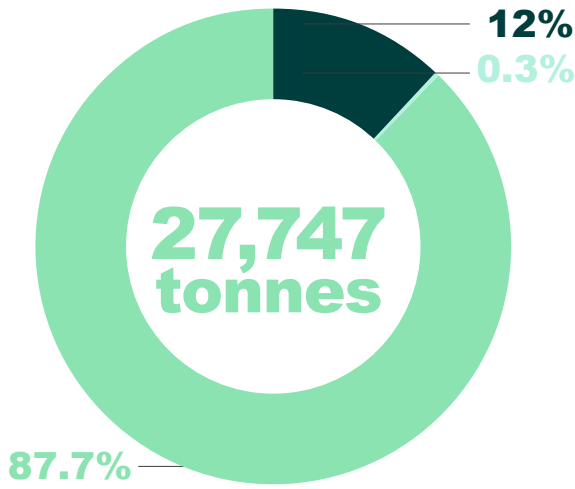
Scope 1, 2 market-based e 3 Emissions

- ● Scope 1
- ● Scope 2
- ● Scope 3

42.86

32.64
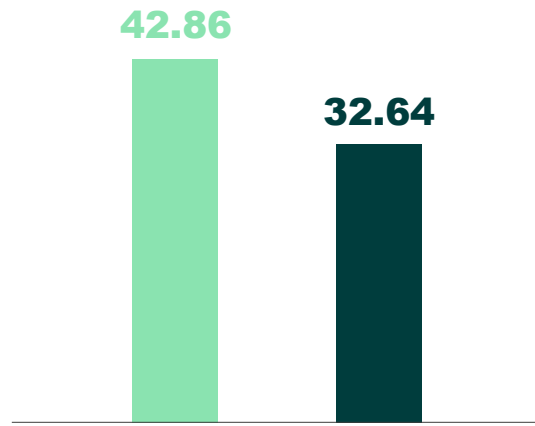
Total emissions (Scope 1 + Scope 2 market-based + Scope 3)/Revenue

- ● 2021
- ● 2022

2%

6%

3,329 tonnes

92%
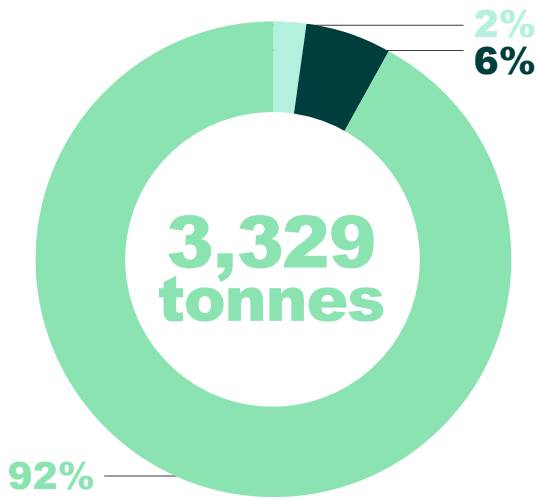
Scope 1 emissions by source

- ● Corporate fleet
- ● Fuel for heating
- ● Refrigerant Gases (HFCs)

2%

3,638 tonnes

98%
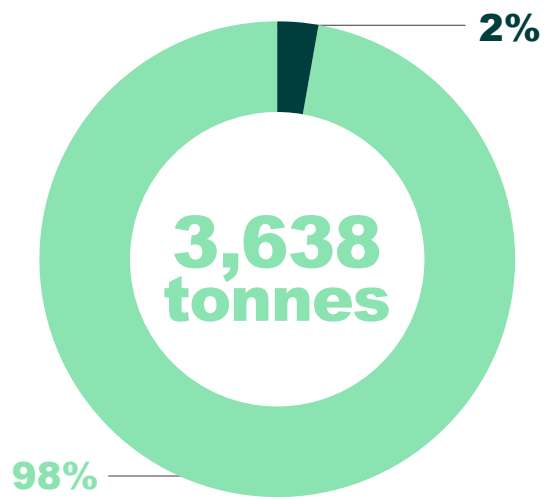
Scope 2 (location-based) emissions by source

- ● Electricity purchased from renewable sources
- ● Building heating purchased from parties

In 2022, we extended our reporting of **indirect emissions (Scope 3) to the following categories:**

- ***Business Travel:*** made in non-company vehicles (private vehicles, trains, aeroplanes, etc.).
- ***Employee commuting***
- ***Fuel and energy-related activities:*** energy consumption not already included in Scopes 1 and 2.
- ***Downstream trasportation and distribution:*** logistic services provided by external suppliers.
- ***Downstream leased assets:*** indirect energy consumption in points of sale.
- ***Capital goods:*** purchased equipment.
- ***Purchased goods and services:*** paper and energy consumption for IT infrastructure (servers) provided by external suppliers.
- ***Waste generated in operations:*** production of urban waste and special waste, including WEEE.

Energy consumption

Sisal's direct energy consumption **is mainly associated with building management** (lighting, power for IT resources, heating and cooling for offices and directly managed points of sale) and **fuel consumption by the fleet of company vehicles**.

We have therefore introduced various initiatives to make our business premises increasingly efficient and reduce the impacts of fuel consumption by vehicles with IC engines.

24,327 tonnes

44.8% — 15.6% — 1.6% — 4.2% — 16.7% — 0.1% — 4.7% — 6.5% — 5.8%
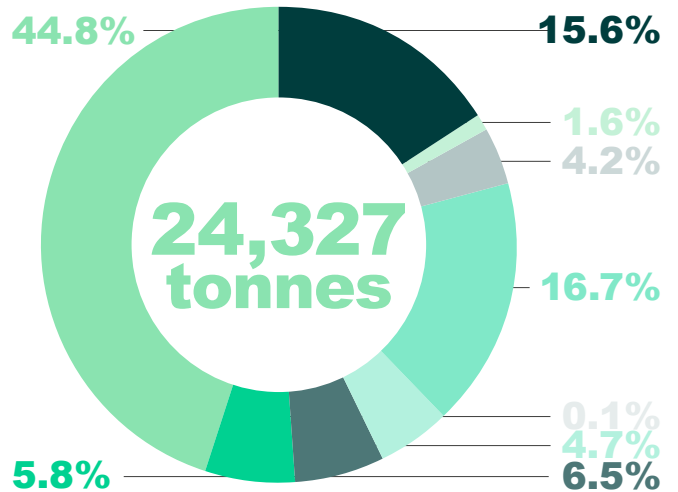
Scope 3 emissions by source

- Paper purchased
- Data Center
- Energy consumption not in Scope 1 and 2
- Purchased equipment
- Waste produced
- Business travel
- Employee commuting
- Logistics outsourced to thirdy-party suppliers
- Energy consumption - indirect points of sale

97,128 GJ

1% — 4% — 53% — 42%
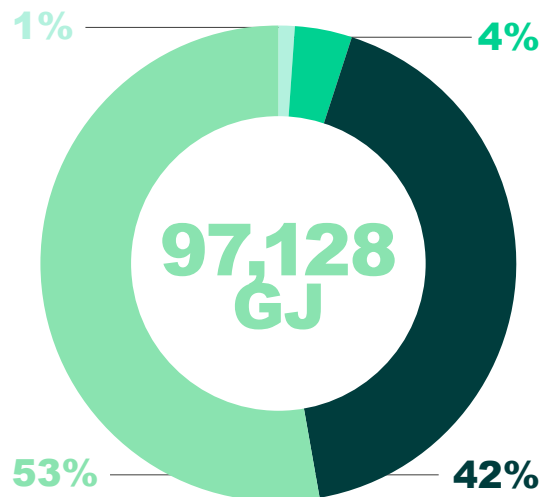
Energy consumption by source

- Electricity purchased
- Fuel for corpoarate fleet
- Natural gas for heating systems
- Other sources

Energy consumption: 97,128 GJ (up 17% on 2021), reflecting recovery from the pandemic, of which**:**

→ Consumption of purchased electricity: 50,949 GJ, or 14.15 GWh (+20% vs 2021), of which 100% from renewable sources.

→ Fuel for the corporate fleet: 41,186 GJ (+26% vs 2021).

→ Natural gas consumption: 3,718 GJ, or 105,215 m^3 (-16% vs 2021), used for heating.

→ Other sources: 1,275 GJ, -58% vs 2021.

-5%
energy consumption intensity on revenue compared to 2021

100%
of Italian fleet vehicles to be hybrid or full electric by 2025
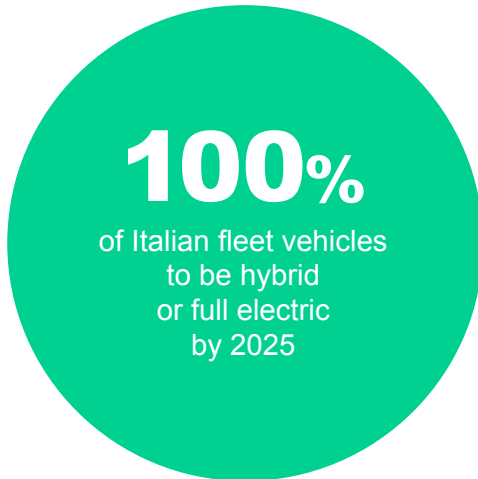
Green transition of company fleet

Sisal's fleet in Italy has over 350 vehicles, used mostly for mixed routes (urban and extra-urban). Reducing the environmental impact of employees' mobility is a priority given that the company fleet accounts for 92% of direct emissions (Scope 1).

In 2022, we signed a new agreement to renew our fleet with hybrid and electric models, offering significant incentives for the latter and excluding IC engines. We expect to have completely replaced internal combustion engine vehicles by the end of 2025, enabling an estimated reduction in emissions – per km travelled – of between 20% and 30% compared to the Italian fleet's current consumption.
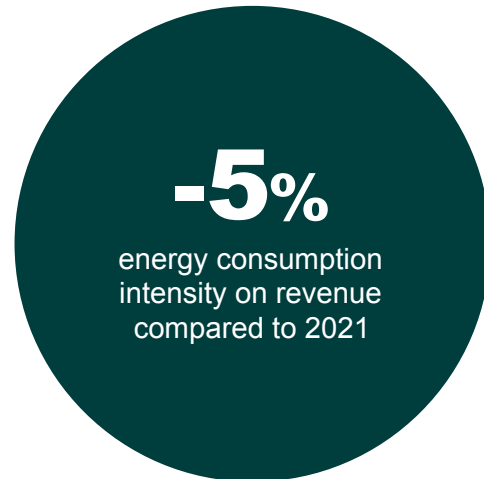
The initiative was also welcomed by the employees involved: 74% of an internal survey sample said they preferred hybrid or electric models to internal combustion engine vehicles.

The acceleration of our fleet's green transition will also affect the charging infrastructure. Sisal has therefore entered a **partnership with one of the main operators on the market** to increase the number of charging stations at our main offices and near the homes of people choosing electric models, thus narrowing the autonomy gap that still exists between electric and internal combustion.

Energy self-production initiatives

The feasibility study and detailed planning were completed for the installation of two photovoltaic plants at the Rome and Peschiera Borromeo sites in Italy. The plants will be installed by the end of the second half of 2023 and once they enter service, they will make it possible to reduce consumption of mains electricity from conventional sources.

Survey of energy consumption in indirect points of sale

Between November 2022 and February 2023, an initial survey was conducted on points of sale not run directly by Sisal, to which over 400 retailers responded. The survey will help improve measurement of the CO_2 equivalent emissions footprint and identify ways to facilitate the transition of these points of sale to supply contracts for electricity from renewable sources, as well as identifying any further energy efficiency measures to take.

The results of the survey on a representative sample enabled us to define:

→ the **number** of points of sale already in possession of a contract for the supply of electricity from renewable sources;

→ **correction factor** (% reduction) for each of the point-of-sale categories, to apply to the indirect GHG emissions (Scope 3) calculation model[46].

38%
uses electricity from renewable sources

88%
has already implemented LED lighting

67%
take actions to reduce energy consumption

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[46] Estimation model for specialist points of sale: electricity consumption was calculated by adding the consumption of the building to that of the machines in use (gaming terminals). Since 35% of Specialist points of sale said they use electricity from renewable sources, GHG emissions were calculated by applying a correction factor equal to said percentage, thus obtaining a total value of 6,126 tons of CO_2e. Estimation model for General points of sale: electricity consumption was calculated by considering only the consumption of the machines in use (gaming terminals). Since 39% of Generalist points of sale said they use electricity from renewable sources, GHG emissions were calculated by applying a correction factor equal to said percentage, thus obtaining a total value of 2,042 tons of CO_2e. Sisal has not so far requested documentary proof of statements by the points of sale (e.g. Guarantee of Origin Certificates or contracts proving that power supply is 100% from renewable sources), so the figures are to be considered as estimates on the basis of respondents' statements.

In response to the feedback obtained by the survey, we have already launched info initiatives to help retailers reduce their impacts:

Regulatory review

Creation of a **quarterly regulatory review** to share with the retailer network. It will detail the economic incentives (active policies) and tax reliefs (passive policies) available under current legislation for work done to boost the energy efficiency and/or environmental performance of commercial buildings.

Video clips

Production of **video clips** providing information on: **good practice in management and use** of electrical systems/equipment to reduce energy consumption and delay end of life; how to **reduce energy consumption by adopting new technologies** such as lighting management systems (e.g. sensors), LED lighting and solar power plants.

Sustainable employee mobility

Employee commuting contributes to Sisal's indirect GHG emissions. To incentivise use of alternative means of transport, we installed charging stations for electric scooters and bikes at our Rome site, while the Milan site has racks for bicycles and push scooters. Both these sites have charging stations for private cars and a carpooling platform. Through the platform, drivers are also allowed to reserved parking.

We have, in addition, introduced a desk providing local public transport subscriptions for Italy's main cities, with discounts and payment by instalment. Other initiatives designed to optimise employee mobility include special rates negotiated with proximity nurseries and gyms.

over
460
tonnes of CO_2e avoided in 2022 through smart working and sustainable mobility initiatives[47]

[47] Data obtained from the study carried out on the Rome and Milan offices where over 1,060 people work, equal to approximately 51% of the corporate population in Italy.

Responsible consumption of materials and circular economy

In a context in which natural resources are being exhausted while their value rises, sustainability and conscious use of resources are becoming essential throughout the entire life cycle of products, from procurement processes, development, production and distribution to use and disposal. This is the reasoning behind the **circular economy model** that all organisations, in all business sectors, should be adopting. **Sisal's sustainability initiatives** in the field of circular economy can be grouped in the following interconnected **areas**:

around

90%

of the Group's gaming and thermal paper is FSC certified (100% in Italy)

Use of FSC-certified paper for gaming materials and thermal paper
Use of electricity certified from renewable sources

App development based on a green design approach

Circular economy

Raw materials

Design

Service distribution and delivery

Optimisation of logistics management tools and introduction of new environmental criteria for some supply categories

Consumption, use, re-use and repair

Repair and reconditioning of electronic equipment

Collection

Recycle

Residual waste

Collection and recovery of materials in collaboration with specialist partner companies

Paper is one of the materials to report the highest consumption because it is used extensively, mainly in points of sale, to provide Sisal's services. We are therefore committed to reducing our impact by seeking to conserve natural resources, by preferring digital solutions and by using renewable and recyclable materials, including FSC certified paper from responsibly managed forests. We also promote responsible behaviour among our employees as a way to reduce paper consumption in our offices.

Correct waste management reduces impacts on the environment and the health and safety of the community. It also contributes to the development of a **circular economy** model, which treats waste materials as a valuable resource that should maintain its value as long as possible. Sisal applies the waste hierarchy in its waste management[48] in fact, privileging prevention, reduction, re-use and recycling in our operations.

As the services offered are mainly digital, the biggest impact is caused by **waste** deriving from the end of life of **electrical and electronic equipment (WEEE)**, which includes both the IT resources of Sisal employees, as well as the terminals and gaming equipment in points of sale.

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[48] The waste hierarchy, introduced by the waste framework directive issued by the European Union (Directive 2008/98/EC), aims to minimize the negative impacts of waste generation and management and improve resource efficiency.

99%   **15%**

14%

670 tonnes

86%

30%   **2%**

4%
3%
7%   **54%**
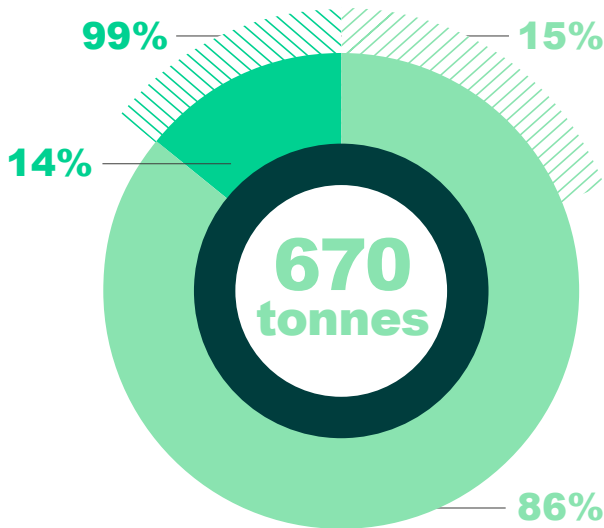
Waste produced

- ⬤ Total Waste
- ⬤ Non-hazardous
- ⬤ Hazardous
- ⊘ of which non-hazardous WEEE
- ⊘ of which hazardous WEEE
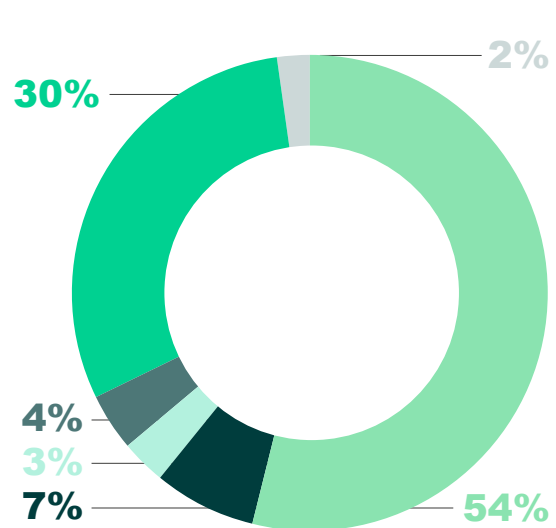
Materials recovery in Italy (about 91% of WEEE)

- ⬤ Iron and ferrous metals
- ⬤ Copper and its alloys
- ⬤ Aluminium and its alloys
- ⬤ Other metals
- ⬤ Plastic materials
- ⬤ Miscellaneous organic/inorganic waste

Sisal has several **repair and reconditioning workshop** for electronic equipment (displays, computers, printers, keyboards and other electronic devices). Its activities include software configuration, hardware repairs and use of specific spare parts, soldering, function testing, device cleaning, retrofits/cannibalisation

and engagement with manufacturers for warranty management. Unrecoverable electronic equipment is sent to specialist consortiums. Tools and devices that are still technologically valid but don't have all the necessary requisites are donated to associations, schools, parishes and local communities.

WEEE (Waste Electrical and Electronic Equipment)

2022 data

over
33,000
electrical and electronic devices were **repaired** or **reconditioned** for re-use

over
87%
of damaged electronic devices were repaired and reconditioned[49]

up
91%
of **materials were recovered** thanks to collaboration with partners on correct waste management
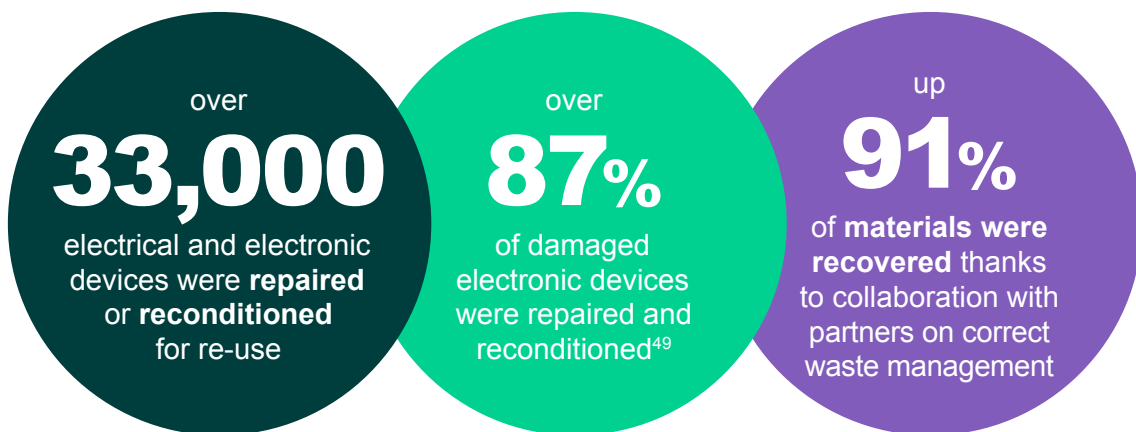
[49] 64% including the portion of physically damaged or obsolete components.

With climate change putting **water resources** under increasing pressure, Sisal understands the importance of guaranteeing availability of water and managing it sustainably, especially in areas subject to water stress[50], even though water consumption is not particularly significant for our business.

Implementation and certification of management systems according to ISO 14001 and 50001 supports the achievement of strategic objectives and is one of the main motivators for engaging with personnel and improving processes. With its risk-based approach, Sisal is constantly analysing risks and finding ways to mitigate them so as to achieve an acceptable level of residual risk.

26%

13.10 ml

74%
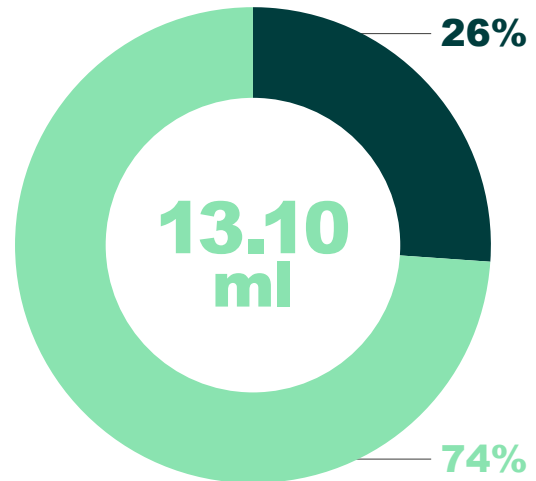
Water consumption

● Water Stress Area
● NON Water Stress Area

Certifications	Employees in certified sites
Environmental management system (UNI EN ISO 14001)	
Perimeter: Sisal Italia S.p.A., Sisal S.p.A.	
Our Environmental Management System is based on the principles of risk management and systemic vision, with the implementation of projects and initiatives designed to foster a culture of environmental protection and awareness of the environmental challenges facing us for the benefit of customers, employees working at our sites and other stakeholders.	**39%**
Energy management system (UNI CEI EN ISO 50001)	
Perimeter: Sisal Italia S.p.A., Sisal S.p.A.	
The adoption of an Energy Management System means efficient energy management, in-depth knowledge of plants and processes, and implementation of energy efficiency measures and cost cutting initiatives to reach the target for reducing greenhouse gas emissions set by Sisal in 2021.	

NB: there are four ISO 14001 and ISO 50001 certified sites, with 1,160 employees working in them.

[50] Calculated with Water Risk Filter tool.

Annexes

Note on methodology

The Sustainability Report is the most important tool used by Sisal to inform all its stakeholders about the many social, environmental and economic responsibility activities.

The 2022 Sustainability Report was prepared in accordance with the **GRI Sustainability Reporting Standards** guidelines (hereafter "GRI Standards") published by the Global Reporting Initiative (GRI) in 2016 and updated in 2021, using the "with reference to" option, and is issued annually.

Reporting perimeter and process

All data, initiatives and **projects refer to the period from January 1, 2022 to December 31, 2022, unless otherwise stated**, and to **Sisal S.p.A.** and its Italian and foreign **subsidiaries**, except for the following cases:

→ some social indicators refer to the Italian perimeter only, as specified in note;

→ the Country-by-Country Tax Report refers to 2021 data based on current tax reporting rules.

Sustainability & ESG Reporting is responsible for drafting this document, in the framework of the Corporate Communication & Sustainability function.

Reporting and materiality principles

The content of the Sustainability Report was defined on the basis of the **double materiality analysis (financial and impact)** performed in line with the GRI Standards and the European Financial Reporting Advisory Guidelines Guidelines (EFRAG). The method used and the activities performed are detailed in the "Materiality Analysis" section (page 40) and the annex at the end of the following note on methodology. In addition to the materiality principle, the Sustainability Report also takes into consideration other reporting principles set out in the GRI Standards guidelines and in particular: stakeholder inclusiveness, 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 topics, 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 corporate function managers, each in their own role and within their own sphere of competence.

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

The Sustainability Report was submitted for a **limited audit by independent auditor PricewaterhouseCoopers Business Services Srl**. 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 May 23, 2023.

Note on methodology – materiality analysis

The materiality analysis takes account of both impact materiality (inside-out perspective) and financial materiality (outside-in perspective), in line with the new requirements of the GRI Standards (2021) and anticipating the European Sustainability Reporting Standards (ESRS) guidelines.

The process implemented was developed as follows:

1. **Context analysis** to identify the list of potentially relevant topics.

2. **Relevance assessment on the topics** by top management and the principals of a representative panel of the reference stakeholders through surveys and focus groups.

3. **Assessment of positive and negative impacts**, associated with the topics through surveys and focus groups. *The results were used to define the impact materiality.*

4. **Creation of the double materiality matrix**, from the aggregated results of the previous steps.

Context analysis

The context analysis made it possible to identify and analyse the main ESG (Environment, Social, Governance) area megatrends that characterise the broader sustainability context at national and international level, aspects and events that have the actual or potential capacity to generate a significant impact on Sisal's sector of reference, and therefore have an influence on the operations and performance of the Group.

The main Gaming & Gambling industry studies, Standard Setters and the most important regulatory sources were analysed. Also taken into consideration were documents produced by the main competitors and industry peers, including the Flutter Group, and a sentiment analysis was conducted to examine media perception of the Group's sustainability efforts and performance, in order to gain a better understanding of the main sustainability megatrends affecting the industry.

In addition to these external sources, Sisal's internal sources were also considered, such as Group documents currently in force, including policies, procedures and undertakings.

The outcomes of these studies identified **15 topics of priority interest for the Gaming & Gambling** industry, reclassified as follows:

Leadership in responsible gaming	Promotion of a Responsible Gaming model and protection of vulnerable categories	Promotion of a business model that creates value in a sustainable and responsible manner, ensuring player protection through preventive initiatives to fight gambling addiction. Concrete action in the form of information campaigns, training, prevention of problem gambling behaviours and combating critical gambling-related issues. Strict and concrete application of compliance with the minimum age to play on physical and online platforms, overcoming the limits imposed by current platforms.
	Assistance and protection for players	Implementation of practices that provide a series of assistance and protection tools including a freephone number, self-assessment systems and rehabilitation programmes.
	Staff training on Responsible Gaming	Training and preparation for all point-of-sale staff, to recognise problem behaviour in players and to be in a position to provide support if needed, informing the player and asking them to leave the site if necessary.
	Consumer communications	Clear and transparent information communication to consumers so that they can gamble legally, informing them about the risks of gambling and not promoting games as an alternative to work or as a way to escape from a bad financial situation, not promoting winnings, and not targeting particular user groups (ethnicity, age...).
Exemplary Employer of choice	Equal Opportunities and the Promotion of DE&I by fighting discrimination	Promotion of gender equality, inclusiveness and diversity policies by valuing diversity in the company, by fighting discrimination throughout the organisation, and by using this as a way to increase wellbeing.
	Development of human capital	Management, training and human resources development activities to avoid risks linked to the scarcity of qualified labour, implementing talent acquisition programmes, career development plans and structured training initiatives.

Innovative and sustainable company	Greenhouse gas (GHG) emissions	Commitment to measuring, managing and reducing the impact of greenhouse gas emissions into the atmosphere (Scope 1, 2 and 3).
	Responsible management of waste and materials	Responsible sourcing of materials for offices and points of sale – with particular reference to paper consumption – and efficient management of the waste generated and its recycling and disposal.
	Energy consumption	Commitment to reducing the energy footprint of Group sites and points of sale in local areas, promoting more efficient consumption and the use of energy from renewable sources.
	Community support	Ability to generate positive external impacts that support local communities and areas - such as economic investments, voluntary work, donations and sponsorships.
	Research and Innovation	Promotion of innovation – particularly in the digital and IT area – by recognising the value of talent and the new generations, entrepreneurship and university research.
Governance and business ethics	Protection of sensitive data (privacy & security)	Protection of players' privacy and personal data through careful management of the company's data assets according to the highest security standards, with a special focus on cybersecurity.
	Culture of legality	Introduction of adequate risk assessment systems, appropriate policies and rules, and creation of a strong commitment at internal governance level to fight corruption, fraud, bribery, money laundering and unjust enrichment.
	Responsible Governance	Creation of a governance system – by the highest governing bodies, but applicable throughout the organisation – that takes due account of social, economic and environmental issues, encouraging a leadership style that is inclusive towards all stakeholders and functional to the Group's responsible development.
	Business Ethics	Maximum focus on the ethical and moral aspects that permeate the company's vision, in all day-to-day facets of the business, focusing in particular on the professional ethics of the entire corporate population, on taxation and transparent accounting issues, and on combating anti-competitive practices.

Stakeholder engagement

Survey

Three different surveys were conducted to assess the strategic relevance for the Group of the sustainability issues previously identified and Sisal's impacts (positive and negative, current and potential) associated with each issue. Top Management was also asked to assess the probability of the occurrence of each impact.

→ **Employee survey** – shared with the entire corporate population, receiving 201 responses.

→ **Stakeholder survey** – available in both Italian and English and shared with a group of selected stakeholders, receiving 36 responses.

→ **Top Management Survey**

Multistakeholder Focus Group

It was also decided to conduct a Multi-stakeholder Focus Group with the following purposes:

→ affirm and consolidate the relationship between the Group and its stakeholders, sharing and addressing the actions implemented by Sisal with regard to the main aspects of sustainability;

→ inform them of the main aspects of sustainability reporting, making them aware of the Group Sustainability Report and the issues it covers, so that they understand the rationale behind the feedback process they are involved in;

→ explore in depth the opinions, expectations and assessments of stakeholders in relation to the strategic relevance of potentially material topics for the Group, to the level of impacts connected to such topics, and to the oversight activated for each of them.

During the focus group 18 people were involved from various stakeholder categories, including: Trade Associations, Local Communities, Non-profits, Regulatory Bodies, Institutions, Suppliers, Academia, Affiliated Points of Sale and Sisal Agencies.

One-to-one interviews with Management

Finally, one-to-one interviews were conducted with some Sisal Top Management representatives in order to identify the potential positive and/or negative impacts (financially relevant risks and opportunities) connected to sustainability topics defined as material.

The existence of financial triggers, defined as follows, was then verified based on the Group ERM Framework:

→ Sisal's ability to continue to use or access financial, natural, intellectual, human, social and relational resources;

→ Sisal's dependence on its network of relations with financial institutions and providers of financial capital, suppliers of materials and services, customers, local communities and other internal and external stakeholders.

These triggers were then assessed in terms of:

→ **Risks** - contribution to decreasing future cash inflows or to increasing future cash outflows and/or decreasing capital not recognised on the balance sheet.

→ **Opportunities** - contribution to increasing future cash inflows or to decreasing future cash outflows and/or increasing capital not recognised on the balance sheet.

Materiality findings

Double materiality matrix

By combining the evaluations based on the two previous studies, and particularly the scores obtained for each topic by calculating the average of the risks and opportunities, the **double materiality summary matrix** was produced, which takes both aspects into consideration.

This matrix represents **financial relevance** for Sisal along the y-axis (vertical) and **environmental, community,** **people and territorial relevance** on the x-axis (horizontal).

The red area in the chart represents the **materiality threshold** of the analysis performed, identified as the median of the assessments received, equal to 8.08 for "impact materiality" and 4.75 for "financial materiality"[51]. In line with the EFRAG guidelines, relevant topics were considered to be those that exceed the threshold for at least one of the aspects considered.
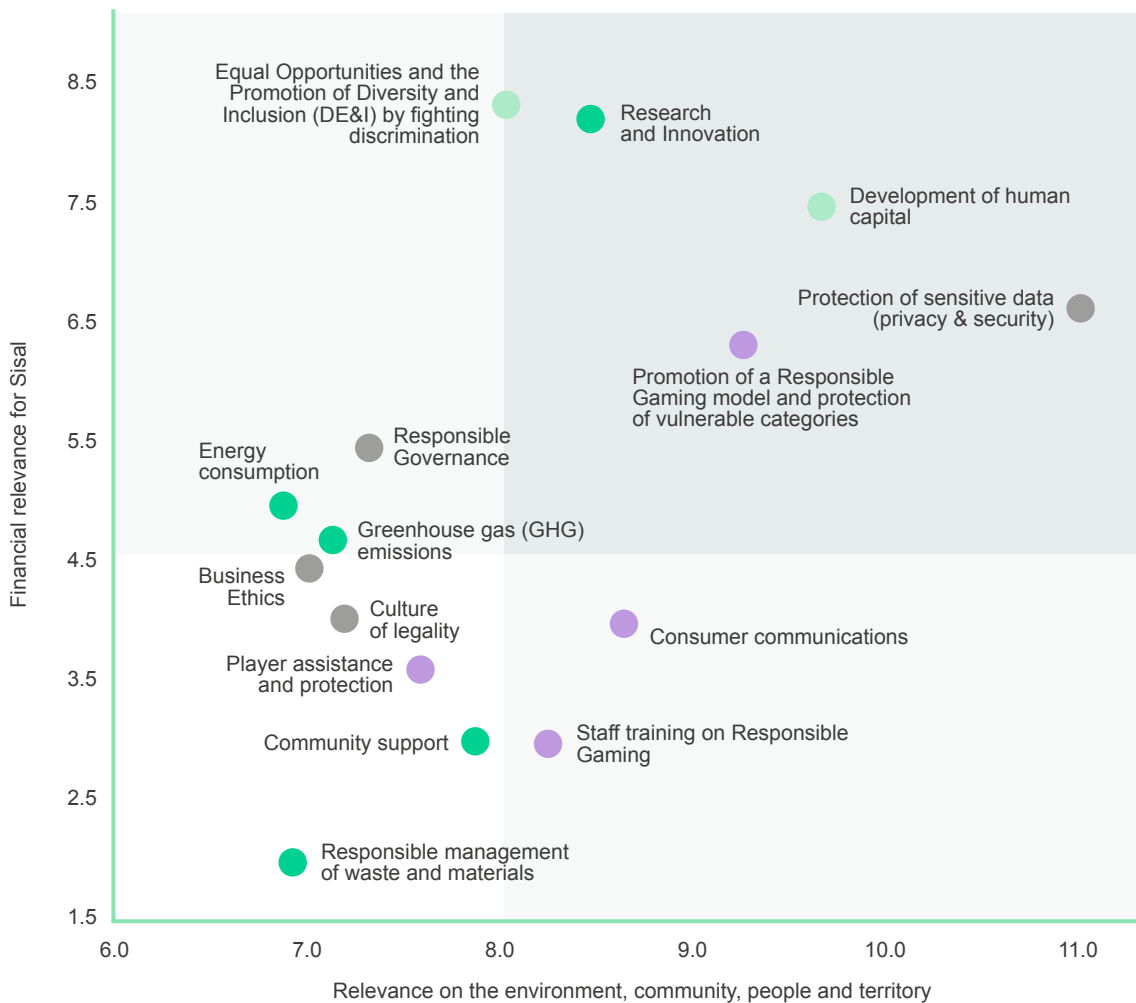
[51] A rating scale from 1 (low) to 4 (high) was used to assess the significance of impacts (severity or benefit of impact; likelihood of impact), as well as the option of not making a judgment.

Impact and financial materiality: detailed list

		Impact materiality	Severity/benefit level
Leadership in Responsible Gaming	**Promotion of a Responsible Gaming model and protection of vulnerable categories** — Opportunities	Reduction in gambling-related issues through targeted point-of-sale staff training to prevent problems of addiction among customers	
		Reduction in gambling-related problems as a result of information and protection policies	
	Risks	Increase in problem customers, also as a result of a portfolio of products/services weighted towards types of games that could lead to the development of problems, or insufficiently effective player protection measures (e.g. the introduction of limits) in bricks and mortar stores	
		Increase in problem customers, also as a result of a portfolio of products/services weighted towards types of games that are more likely to lead to the development of problems, or insufficiently effective player protection measures (e.g. the introduction of limits) in the online portal	
		Infringement of regulations applicable to the business in which the company operates (e.g. limitation of legal gambling and/or distances and times, based on the provisions of central and/or local regulations)	
		Gambling sales to minors by the network, resulting in a negative impact on minors, who are more susceptible than adults, and on the Group's credibilità/attractiveness	
		Failure to protect minors, caused by a lack of training for staff assigned to age control	
	Player assistance and protection — Opportunities	Identification and concrete help for players with gambling-related problems based on a careful assessment by point-of-sale staff	
		Identification and concrete help for players with gambling-related problems using algorithms and information systems designed to recognise cases of extreme gambling both off and oline	
		Activation of protection and assistance policies (freephone number, self-assessment systems, rehabilitation and psychological assistance programmes, financial training) for players who have experienced serious problems due to pathological gambling	
	Risks	Failure to protect the most vulnerable players, with a worsening of their psychological and financial conditions	
	Staff training on responsible gaming — Opportunities	Protection of players and the integrity of the organisation through a high level of staff focus on gambling-related topics about which they have received training	
		Reduction in problems at local points of sale as a result of staff attentiveness	
	Risks	Lack of attention by staff to gambling-related problems, due to insufficient training by the company	
		Incorrect management of customer relations, resulting in dissatisfaction and the possibility of problems arising in connection with users most at risk	
	Consumer communications — Opportunities	Promotion of both off and online gambling as a way to have fun and not as an economic solution, through careful communication that doesn't focus on economic aspects	
		Protect minorities and the people most affected by pathological gambling problems, avoiding communications that target this group of people	
	Risks	Increase in problem cases as a result of misleading communication and/or advertising in the countries where promotion is permitted	
		Gamblers in financial difficult as a result of communications that promote gambling as an alternative to work and a way to escape from financial problems	

		Financial materiality	**Severity/benefit level**
Promotion of a Responsible Gaming model and protection of protection of vulnerable categories	Opportunities	Increase in customers due to recognition in Italy as a leader in responsible gaming and prevention for potential problem gamblers	
	Risks	Reputational and legal problems caused by the increase in problem customers due to a portfolio of products and services weighted towards types of games that lead to the development of problems, or to ineffective player protection measures (online gaming)	
		Reputational and legal problems caused by the increase in problem customers due to a portfolio of products and services weighted towards types of games that lead to the development of problems, or to ineffective player protection measures (bricks and mortar points of sale)	
		Negative feedback (legal and credibility) due to the failure in the organisation's bricks and mortar points of sale (branded) to implement safety protocols and controls on age and entry to the point of sale by minors	
		Negative feedback (legal and credibility) due to the failure of local retailers (unbranded) to apply adequate controls on players	
		Consequences linked to socially negative events (e.g. sales to minors by the network, fraud, etc.) with an impact on the credibility/attractiveness of the company's current and potential customers	
Player assistance and protection	Opportunities	Distinctive positioning vs competitors thanks to player support policies that go far beyond those required by the regulator, resulting in Sisal's market leadership	
	Risks	Bad publicity resulting in loss of market share for Sisal due to a failure to help and support players with a pathological addiction	
Staff training on responsible gaming	Opportunities	Greater customer satisfaction as a result of the service levels offered by point-of-sale employees	
	Risks	Loss of customers because staff (primarily in bricks and mortar points of sale) do not receive adequate training in the management of problematic behaviours	
Consumer communications	Risks	Marketing activities aimed at weak or more sensitive targets, which may result in legal consequences for Sisal	
		Negative media feedback for the organisation as a result of campaigns that are not aligned with Sisal's pathological gambling limitation objectives	

			Impact materiality	**Severity/benefit level**
Environment and local communities	**Greenhouse gas (GHG) emissions**	Opportunities	Reduction of emissions as a result of activities in own scope of business (replacement of energy sources, reduced consumption of energy and materials)	
			Positive contribution to the fight against climate change through the implementation of a Group-wide Climate Strategy	
			Support for GHG emissions reduction across the entire supply chain, e.g. through more environmentally conscious purchasing policies and initiatives to engage with the sales network	
		Risks	Failure to contribute to the fight against climate change as a result of non-alignment with national and international emissions and climate change standards	
	Responsible management of waste and materials	Opportunities	Waste recovery and recycling for the subsequent production of new materials and/or energy generation	
		Opportunities	Waste recovery and recycling to reduce costs for the community linked to disposal and particularly the inefficient use of materials	
		Risks	Significant impacts on the environment and local community due to non-virtuous waste management in terms of volume produced and failure to process for recovery (material or energy)	
			Over-consumption and over-production of paper for office use, particularly in local points of sale	
	Energy consumption	Opportunities	Reduction of environmental impact as a result of energy efficiency initiatives and greater employee awareness (particularly in independent points of sale)	
		Risks	Possible contribution to the national and international energy crisis caused by high consumption levels and the failure to implement efficiency improvement measures in points of sale	
	Community support	Opportunities	Creation of positive socio-economic impact on local areas as a result of specific activities in partnership with local players	
		Opportunities	Network initiatives with local organisations to protect players and reduce gaming-related issues in local areas	
		Risks	Emergence of malcontent in local communities due to activities by Sisal Group in the area	
		Risks	Failure to create value in local areas and failure to collaborate with local organisations tackling addiction issues	
			Increase in gambling-related issues in the country	
	Research and Innovation	Opportunities	Development of technologies to reduce the consequences of problem gambling through ongoing investment in research and development	
		Opportunities	Investments in skills and technologies that create positive external impact for the company and the economy as a whole	
			Investments in skills and technologies that increase the number of people with ICT/STEM skills, including through collaboration with universities and research centres	
		Risks	Lack of in-house innovation and consequent risk of not contributing to the country's technological development, also in terms of training	

		Financial materiality	**Severity/benefit level**
Greenhouse gas (GHG) emissions	Opportunities	Access to sources of financing and economic resources for organisations that draw up climate change Adaptation and Mitigation Plans	
	Risks	Weather and natural events, also due to climate change, on such a scale as to cause damage or compromise the operations of the company and/or those of customers and suppliers (i.e. physical risks such as hurricanes, floods, earthquakes, etc.)	
		Non-alignment with national and international emissions standards, resulting in fines for Sisal and negative publicity	
Responsible management of waste and materials	Opportunities	Access to sources of financing and economic resources through virtuous management of a strategic raw materials, i.e. paper	
	Risks	Penalties arising from non-compliance with waste management regulations	
		Failure to improve paper consumption efficiency, with consequences outside Sisal but also on its business	
Energy consumption	Opportunities	Cost savings on electricity and gas bills associated with improved energy efficiency in buildings and local points of sale	
	Risks	Failure to optimise energy consumption, leading to higher energy costs for Sisal	
		Failure to align with energy consumption reduction targets, with consequent economic (fines) and reputational damage	
Community support	Opportunities	Reduction in issues with local communities as a result of close co-operation and local initiatives	
	Risks	Economic damage due to malcontent with Sisal's business arising from failure to collaborate with local organisations or insufficient communication with citizens (pressure by local communities on local legislators)	
		Failure to pay taxes on the part of the Company and/or on behalf of its employees, resulting in liabilities for the Company and an increase in penalties to pay	
Research and Innovation	Opportunities	More customers for the Group thanks to an increasingly innovative and avant-garde product offering	
	Risks	Failure to invest in research and innovation, leading to loss of market share to competitors	

			Impact materiality	**Severity/benefit level**
Exemplary Employer of choice	**Equal Opportunities and the Promotion of Diversity and Inclusion (DE&I) by fighting discrimination**	Opportunities	Contribution to the development of a more inclusive model for society through the spreading of knowledge and awareness of issues involving diversity, equity and respect for individuality	
			Increasing employees' wellbeing in both offices and points of sale across the country thanks to a more inclusive environment	
			Support for the development of a more inclusive environment among suppliers through procurement policies incorporating DE&I criteria	
		Risks	Discrimination and unfair treatment of people in the Group because of their gender, religion, age, sexual orientation, geographical origin or other individual characteristics	
	Development of human capital	Opportunities	Development of the Group's human capital and training of new hires in the skills required for their jobs and professional growth	
		Risks	Failure to satisfy employees' expectations and personal and professional development needs	
			Failure to implement training programmes, leading to the stalling of skills development for both point of sale and office employees	

		Financial materiality	**Severity/benefit level**
Equal Opportunities and the Promotion of Diversity and Inclusion (DE&I) by fighting discrimination	Opportunities	Improved economic performance due to the heightened appeal of the brand in HR selection processes thanks to its focus on diversity (medium/long term)	
		Improved economic performance due to heightened appeal to women managers thanks to Sisal's policies in favour of women's career advancement	
	Risks	Negative consequences of verified discrimination events in offices or points of sale	
		Inadequate implementation of Diversity, Equity & Inclusion measures leading to a fall in performance levels, erosion of employee incentive/motivation, lack of customer satisfaction and loyalty, lack of appeal to new talents and stakeholders, etc.	
Development of human capital	Opportunities	Improved economic performance due to the presence of high-profile, well-trained staff capable of positioning Sisal as an avant-garde operator ahead of its competitors	
		Better guarantees of business continuity thanks to full staffing, ensured by correct employee management, capacity to attract new employees, and good human resource management year round	
	Risks	Lowering of business performance levels due to insufficient training of employees for the tasks assigned to them	
		Personnel insufficiently engaged or aligned with the company's objectives due to lack of communication on corporate values and mission	
		Shortage of human resources in certain business areas or difficulties attracting new talents in specific areas, due to problems aligning recruiting capability with the company's needs (in terms of demand pipelines)	
		Uncontrolled increase in turnover due to inadequate HR policies leading to the risk of increased demand for unplanned resources	
		Loss of resources strategic for the company or definition of inadequate succession plans due to difficulties in retaining talent	
		Weakening of talent attraction and retention due to inadequate remuneration and incentives policies for key personnel	
		Lowering of work performance quality and ineffectiveness of business processes due to inadequate sizing of business structures leading to excessively high actual work loads for individual business areas/divisions	

Impact materiality

Severity/benefit level

		Impact materiality	Severity/benefit level
Governance and business ethics	**Protection of sensitive data (privacy & security)** — Opportunities	Adoption of maximum cybersecurity levels to guarantee absence of data loss or theft and operational continuity for users	
	Risks	Illicit use of personal data, false notification to the Privacy Watchdog, failure to adopt measures to protect personal data, failure to comply with provisions of the Privacy Watchdog and applicable law	
		Possible loss of data following a cyber attack resulting from partial coverage of security requirements in the development process	
		Possible interception due to use of non-secure protocols on the company network or possible visibility of confidential data due to lack of encryption	
		Possible accidental erasure of data through direct access to production databases by Business users	
		Unavailability/shutdown/malfunctioning of IT systems (hardware and software) causing interruption of operations (e.g. systems that enable internal and technical users for access, display and use of information, gaming software such as the lottery platform, etc.)	
	Culture of legality — Opportunities	Guarantee of integrity and contribution to legality in the gaming market by limiting illegal gambling risks	
	Risks	Lack of transparency in the organisation's operating and decision-making processes, leading to diffidence on the part of markets, investors and customers	
		Infringement of a country's anti-corruption regulations, which may constitute a breach of the law, non-fulfilment of contractual obligations arising from current relationships, and a disciplinary offence	
	Responsible governance — Opportunities	Contribution to progress towards a global sustainable development model through voluntary adoption of best governance practices guaranteeing greater transparency and control over sustainability strategy across the entire organisation	
	Risks	Inadequate response by Sisal to external stakeholders' expectations regarding corporate sustainability	
		Inappropriate structuring or lack of diversity on boards of directors and committees (e.g. % of independent directors, presence/absence of women, distribution of skills, etc.)	
	Business Ethics — Opportunities	Spreading of a business ethics culture capable of promoting correct and equitable behaviour both within and outside the company perimeter	
	Risks	Infringement by internal employees and collaborators of self-regulatory provisions in internal rules and procedures (policies, internal rules, etc.) or internal rules and procedures not adequate for the Company's business	
		Infringement of competition rules with further risk of fines from national antitrust authorities	
		Infringement of rules under legislative decree 231/2001	
		Failure to define, or to correctly define, adequate whistleblowing policies, use of tools inadequate for the purpose of whistleblowing or insufficiently prompt report processing	

		Financial materiality	Severity/benefit level
Protection of sensitive data (privacy & security)	Opportunities	Reduction/zeroing of data loss resulting in better guarantees for customers and enhanced Sisal brand appeal	
	Risks	Legal consequences of the illicit use of personal data, false notification to the Privacy Watchdog, failure to adopt measures to protect personal data, failure to comply with provisions of the Privacy Watchdog and applicable law	
		Negative repercussions of possible cyber attacks resulting from partial coverage of security requirements in the development process	
		Interception of confidential information due to use of non-secure protocols on the company network or possible visibility of confidential data due to lack of encryption	
		Accidental erasure of data through direct access to production databases by users, with legal and economic consequences for Sisal	
		Loss of customers due to unavailability, shutdown or malfunctioning of IT systems causing interruption of business operations	
Culture of legality	Risks	Legal and reputational consequences of verified cases of corruption	
		Fines and penalties due to incorrect tax policies not in line with national legislation	
Responsible governance	Opportunities	Market leader positioning, with benefits on financial markets, as a result of innovative leadership willing to work to improve its business and anticipate global trends	
	Risks	Disadvantages for the Group due to inappropriate structuring or lack of diversity on boards of directors and committees (e.g. % of independent directors, presence/absence of women, distribution of skills, etc.)	
		Negative returns due to failure to obtain or renew certifications (e.g. ISO 27001, WLA-SCS, ISO 9001, etc.)	
Business Ethics	Opportunities	Reduction in legal and reputational issues arising from non-observance of ethical and moral principles by the organisation and its employees	
	Risks	Legal and economic repercussions for Sisal following an infringement by internal employees or collaborators of self-regulatory provisions in internal rules and procedures (policies, internal rules, etc.)	
		Legal consequences of infringements of the provisions of legislative decree 231/2001	
		Occurrence of non-ethical conduct by employees, collaborators or executives due to failure to define and apply, or to correctly define and apply, whistleblowing policies, as well as any insufficiently prompt report processing	
		Sanctions by national antitrust authorities following infringement of competition legislation	
		Infringement of a country's anti-corruption regulations, which may constitute a breach of the law, non-fulfilment of contractual obligations arising from current relationships, and a disciplinary offence	

Data tables

Social Indicator

GRI 2-7 General disclosure on employees

Employees by gender and type of contract

Gender	Unit	2020			2021			2022		
		F	O	Total	F	O	Total	F	O	Total
Men	no.	93	1,236	1,329	98	1,467	1,565	111	1,717	1,828
Women	no.	63	778	841	70	921	991	64	1,064	1,128
Total	**no.**	**156**	**2,014**	**2,170**	**168**	**2,388**	**2,556**	175	**2,781**	**2,956**

Employees by country and type of contract

Country	Unit	2020			2021			2022		
		F	O	Total	F	O	Total	F	O	Total
Italy	no.	156	1,732	1,888	162	1,777	1,939	173	1,898	2,071
Spain	no.	0	0	0	5	6	11	2	10	12
Morocco	no.	0	59	59	0	71	71	0	72	72
Albania	no.	0	107	107	0	415	415	0	612	612
Turkey	no.	0	116	116	1	119	120	0	189	189
Total	**no.**	**156**	**2,014**	**2,170**	**168**	**2,388**	**2,556**	**175**	**2,781**	**2,956**

F = fixed-term contract
O = open-ended contract

Employees by gender and type of contract

Gender	Unit	2020			2021			2022		
		FT	PT	Total	FT	PT	Total	FT	PT	Total
Men	no.	1,249	80	1,329	1,517	48	1,565	1,780	48	1,828
Women	no.	618	223	841	814	177	991	982	146	1,128
Total	**no.**	**1,867**	**303**	**2,170**	**2,331**	**225**	**2,556**	2,762	**194**	**2,956**

Employees by country and type of contract

Parameter	Unit	2020			2021			2022		
		FT	PT	Total	FT	PT	Total	FT	PT	Total
Italy	no.	/	/	/	/	/	/	1,877	194	2,071
Spain	no.	/	/	/	/	/	/	12	0	12
Morocco	no.	/	/	/	/	/	/	72	0	72
Albania	no.	/	/	/	/	/	/	612	0	612
Turkey	no.	/	/	/	/	/	/	189	0	189
Total	**no.**	**/**	**/**	**/**	**/**	**/**	**/**	**2,762**	**194**	**2,956**

FT = full-time contract
PT = part-time contract

GRI 2-8 Non-employee workers

Parameter	Unit	2020			2021			2022		
		Agency staff	Interns	Tot.	Agency staff	Interns	Tot.	Agency staff	Interns	Tot.
Italy	no.	26	31	57	25	26	51	10	52	62
Spain	no.	0	0	0	0	0	0	0	0	0
Morocco	no.	0	0	0	0	0	0	0	0	0
Albania	no.	0	0	0	0	0	0	0	0	0
Turkey	no.	0	0	0	0	0	0	1	0	1
Total	**no.**	**26**	**31**	**57**	**25**	**26**	**51**	**11**	**52**	**63**

GRI 401-1 New hires and employee turnover

New hires by country and age group

Parameter	Unit	2020				2021				2022			
		< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.
Italy	no.	105	171	8	284	111	170	10	291	171	279	38	488
Spain	no.	0	0	0	0	4	7	0	11	3	0	1	4
Morocco	no.	3	18	0	21	6	14	0	20	4	13	0	17
Albania	no.	61	16	0	77	203	176	1	380	186	198	0	384
Turkey	no.	13	95	0	108	14	23	0	37	45	57	1	103
Total	**no.**	**182**	**300**	**8**	**490**	**338**	**390**	**11**	**739**	**409**	**547**	**40**	**996**

Hiring rate by country and age group

Parameter	Unit	2020				2021				2022			
		< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.
Italy	%	43	13	3	15	45	12	3	15	66	19	11	24
Spain	%	n.a.	n.a.	n.a.	0	80	117	0	100	75	0	100	33
Morocco	%	33	38	0	36	43	25	0	28	29	23	0	24
Albania	%	70	80	0	72	86	99	100	92	66	60	0	63
Turkey	%	100	94	0	93	100	22	0	31	88	43	20	54
Total	**%**	**52**	**20**	**3**	**23**	**66**	**23**	**4**	**29**	**67**	**27**	**11**	**34**

New hires by country and gender

Parameter	Unit	2020			2021			2022		
		Men	Women	Tot.	Men	Women	Tot.	Men	Women	Tot.
Italy	no.	182	102	284	170	121	291	318	170	488
Spain	no.	n.a.	n.a.	n.a.	6	5	11	2	2	4
Morocco	no.	19	2	21	15	15	30	13	4	17
Albania	no.	51	26	77	233	147	380	223	161	384
Turkey	no.	69	39	108	26	11	37	68	35	103
Total	**no.**	**321**	**169**	**490**	**450**	**299**	**749**	**624**	**372**	**996**

Hiring rate by country and gender

Parameter	Unit	2020			2021			2022		
		Men	Women	Tot.	Men	Women	Tot.	Men	Women	Tot.
Italy	%	16	14	15	15	16	15	25	21	24
Spain	%	n.a.	n.a.	n.a.	100	100	100	29	40	33
Morocco	%	38	22	36	25	125	42	20	50	24
Albania	%	71	74	72	90	94	92	63	63	63
Turkey	%	95	91	93	33	28	31	50	67	54

Turnover by country and age group

Parameter	Unit	2020				2021				2022			
		< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.
Italy	no.	54	110	25	189	55	164	21	240	98	217	41	356
Spain	no.	n.a.	n.a.	n.a.	n.a.	0	0	0	0	2	1	0	3
Morocco	no.	2	3	0	5	0	8	0	8	4	12	0	16
Albania	no.	10	1	0	11	43	29	0	72	102	85	0	187
Turkey	no.	2	6	0	8	10	21	1	32	6	27	0	33
Total	**no.**	**68**	**120**	**25**	**213**	**108**	**222**	**22**	**352**	**212**	**342**	**41**	**595**

Turnover rate by country and age group

Parameter	Unit	2020				2021				2022			
		< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.
Italy	%	22	8	9	10	22	12	7	12	38	15	12	17
Spain	%	n.a.	n.a.	n.a.	n.a.	0	0	0	0	50	14	0	25
Morocco	%	22	6	0	8	0	15	0	11	29	21	0	22
Albania	%	11	5	0	10	18	16	0	17	36	26	0	31
Turkey	%	15	6	0	7	71	20	33	27	12	20	0	17
Total	**%**	**19**	**8**	**9**	**10**	**21**	**13**	**7**	**14**	**35**	**17**	**12**	**20**

Turnover by country and gender

Parameter	Unit	2020			2021			2022		
		Men	Women	Tot.	Men	Women	Tot.	Men	Women	Tot.
Italy	no.	117	72	189	140	100	240	215	141	356
Spain	no.	n.a.	n.a.	n.a.	0	0	0	2	1	3
Morocco	no.	5	0	5	6	2	8	14	2	16
Albania	no.	7	4	11	47	25	72	128	59	187
Turkey	no.	7	1	8	18	14	32	16	17	33
Total	**no.**	**136**	**77**	**213**	**211**	**141**	**352**	**375**	**220**	**595**

Turnover rate by country and gender

Parameter	Unit	2020			2021			2022		
		Men	Women	Tot.	Men	Women	Tot.	Men	Women	Tot.
Italy	%	10	10	10	12	13	12	17	17	17
Spain	%	n.a.	n.a.	n.a.	0	0	0	29	20	25
Morocco	%	10	0	8	10	17	11	22	25	22
Albania	%	10	11	10	18	16	17	36	23	31
Turkey	%	10	2	7	23	35	27	12	33	17

GRI 403-9 Accidents occurred

Parameter*	Unit	2020	2021	2022
Men	no.	4	8	10
Women	no.	2	4	5
Commuting	no.	3	6	11
Workplace	no.	3	6	4

* Italian perimeter only.

Trade union agreements on health and safety topics (non GRI)

Parameter	Unit	2020	2021	2022
Agreements that cover/include health and safety topics	no.	1	1	1
Total number of agreements with trade unions that cover/include health and safety topics	no.	2	2	2
Percentage of agreements with trade unions	%	100%	100%	100%

Accidents occurred

Parameter	Unit	2020	2021	2022
Italy				
Total worked hour	hours	/	2,833,478	3,389,560
Accident rate	%	/	2.1	1.2
Total accidents recorded	no.	/	6	4
Accidents with serious consequences (excluding fatal ones)	no.	/	0	0
Fatal accidents	no.	/	0	0
Morocco				
Total worked hour	hours	/	/	118,080
Accident rate	%	/	/	0
Total accidents recorded	no.	/	/	0
Accidents with serious consequences (excluding fatal ones)	no.	/	/	0
Fatal accidents	no.	/	/	0
Albania				
Total worked hour	hours	/	/	1,003,680
Accident rate	%	/	/	0
Total accidents recorded	no.	/	/	0
Accidents with serious consequences (excluding fatal ones)	no.	/	/	0
Fatal accidents	no.	/	/	0
Turkey				
Total worked hour	hours	/	/	376,488
Accident rate	%	/	/	0
Total accidents recorded	no.	/	/	0
Accidents with serious consequences (excluding fatal ones)	no.	/	/	0
Fatal accidents	no.	/	/	0
Total				
Total worked hour	hours	/	/	**4,887,808**
Accident rate	%	/	/	**0.8**
Total accidents recorded	no.	/	/	**4**
Accidents with serious consequences (excluding fatal ones)	no.	/	/	**0**
Fatal accidents	no.	/	/	**0**

GRI 404-1 Average training hours by employee

Average training hours by employee*

Average training hours by gender (net of mandatory training)	Unit	2020	2021	2022
Italy				
Men	no.	8.3	15.6	13.7
Women	no.	8.2	16.3	17.0
Average training hours by category (net of mandatory training)	**Unit**	**2020**	**2021**	**2022**
Apprentices	no.	14.2	12.1	n.a.
Blue collars	no.	2.4	2.6	11.8
White collars	no.	7.8	15.7	13.4
Line managers	no.	16.2	24.3	30.6
Managers	no.	5.8	10.6	20.3

* It is hereby specified that the data relating to average hours broken down by gender and professional category only includes the Italian perimeter.

Total training hours by gender net of mandatory training (Non GRI)

Parameter	Unit	2020	2021	2022*
Men	no.	9,388	18,148	17,314
Women	no.	6,190	12,633	13,702
Total	**no.**	**15,579**	**30,781**	**31,016**

Total training hours by category net of mandatory training (Non GRI)

Parameter	Unit	2020	2021	2022
Apprentices	no.	751	641	1
Blue collars	no.	257	250	1,224
White collars	no.	12,006	25,293	23,247
Line managers	no.	2,333	4,109	5,507
Managers	no.	231	488	1,037
Total	**no.**	**15,579**	**30,781**	**31,016**

GRI 404-1 Average training hours by employee

Total hours of mandatory training provided (Non GRI)

Parameter	Unit	2020	2021	2022*
Apprentices	no.	106	89	22
Blue collars	no.	226	260	252
White collars	no.	3,709.3	6,334.5	4,358
Line managers	no.	423	1219	449
Managers	no.	82	264	94
Total	**no.**	**4,627**	**8,167**	**5,175**

* About 7,000 online training hours were not accounted for by the internal training hour tracking system.

Average training hours mandatory and non-mandatory (Non GRI)*

Parameter	Unit	2020	2021	2022
Italy	no.	n.a.	n.a.	22.6
Spain	no.	n.a.	n.a.	0.8
Morocco	no.	n.a.	n.a.	5.6
Albania	no.	n.a.	n.a.	0.4
Turkey	no.	n.a.	n.a.	4.4
Total	**no.**	**9.3**	**15.2**	**16.4**

* The data includes trainee and contingent.

Training provided by field (Non-GRI)

Parameter	2022*
	Number of employees involved
Health and Safety	412
Business ethics, integrity and anti-corruption (Legislative Decree 231/2001 Organisational Models)	1,395
Anti-Money Laundering	480
Responsible Gaming	493
Data privacy	442
Security	444

* The data refers only to training online provided in Italy, with the exception of some in-person training activities related to the area of Business ethics, integrity and anticorruption (Legislative Decree 231/2001).

GRI 405-1 Diversity of governing bodies and employees

Diversity of governing bodies

Parameter	Gender	Unit	2020				2021				2022			
			< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.
Board of Directors	Men	no.	0	4	5	9	0	2	4	6	0	1	4	5
	Women	no.	0	0	2	2	0	0	0	0	0	0	0	0

Employees by gender and age group

Parameter	Unit	2020				2021				2022			
		< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.
Uomini	n.	/	/	/	/	/	/	/	/	361	1,255	212	1,828
Donne	n.	/	/	/	/	/	/	/	/	249	737	142	1,128
Totale	**n.**	**/**	**/**	**/**	**/**	**/**	**/**	**/**	**/**	**610**	**1,992**	**354**	**2,956**

Employees by country and gender

Parameter	Unit	2020			2021			2022		
		Men	Women	Tot.	Men	Women	Tot.	Men	Women	Tot.
Italy	no.	1,134	754	1,888	1,162	777	1,939	1,265	806	2,071
Spain	no.	0	0	0	6	5	11	7	5	12
Morocco	no.	50	9	59	59	12	71	64	8	72
Albania	no.	72	35	107	258	157	415	355	257	612
Turkey	no.	73	43	116	80	40	120	137	52	189
Total	**no.**	**1,329**	**841**	**2,170**	**1,565**	**991**	**2,556**	**1,828**	**1,128**	**2,956**

Employees by country and age group

Parameter	Unit	2020				2021				2022			
		< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.
Italy	no.	243	1,360	285	1,888	246	1,389	304	1,939	259	1,467	345	2,071
Spain	no.	0	0	0	0	5	6	-	11	4	7	1	12
Morocco	no.	9	47	3	59	14	55	2	71	14	56	2	72
Albania	no.	87	20	0	107	237	177	1	415	282	329	1	612
Turkey	no.	13	101	2	116	14	103	3	120	51	133	5	189
Total	**no.**	**352**	**1,528**	**290**	**2,170**	**516**	**1,730**	**310**	**2,556**	**610**	**1,992**	**354**	**2,956**

Employees by professional category and gender

Parameter	Unit	2020			2021			2022		
		Men	Women	Tot.	Men	Women	Tot.	Men	Women	Tot.
Italy										
Apprentices	no.	29	24	53	10	9	19	0	0	0
Blue collars	no.	93	14	107	87	10	97	95	9	104
White collars	no.	876	668	1,544	916	692	1,608	1,020	716	1,736
Line managers	no.	106	38	144	116	53	169	113	67	180
Managers	no.	30	10	40	33	13	46	37	14	51
Total	**no.**	**1,134**	**754**	**1,888**	**1,162**	**777**	**1,939**	**1,265**	**806**	**2,071**
Spain										
Apprentices	no.	/	/	/	/	/	/	0	0	0
Blue collars	no.	/	/	/	/	/	/	0	0	0
White collars	no.	/	/	/	/	/	/	6	5	11
Line managers	no.	/	/	/	/	/	/	0	0	0
Managers	no.	/	/	/	/	/	/	1	0	1
Total	**no.**	**/**	**/**	**/**	**/**	**/**	**/**	**7**	**5**	**12**
Morocco										
Apprentices	no.	/	/	/	/	/	/	0	0	0
Blue collars	no.	/	/	/	/	/	/	0	0	0
White collars	no.	/	/	/	/	/	/	57	5	62
Line managers	no.	/	/	/	/	/	/	3	3	6
Managers	no.	/	/	/	/	/	/	4	0	4
Total	**no.**	**/**	**/**	**/**	**/**	**/**	**/**	**64**	**8**	**72**
Albania										
Apprentices	no.	/	/	/	/	/	/	0	0	0
Blue collars	no.	/	/	/	/	/	/	0	0	0
White collars	no.	/	/	/	/	/	/	343	253	596
Line managers	no.	/	/	/	/	/	/	11	4	15
Managers	no.	/	/	/	/	/	/	1	0	1
Total	**no.**	**/**	**/**	**/**	**/**	**/**	**/**	**355**	**257**	**612**
Turkey										
Apprentices	no.	/	/	/	/	/	/	0	0	0
Blue collars	no.	/	/	/	/	/	/	0	0	0
White collars	no.	/	/	/	/	/	/	107	31	138
Line managers	no.	/	/	/	/	/	/	24	15	39
Managers	no.	/	/	/	/	/	/	6	6	12
Total	**no.**	**/**	**/**	**/**	**/**	**/**	**/**	**137**	**52**	**189**

Employees by professional category and age groupt

Parameter	Unit	2020				2021				2022			
		< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.	< 30	30-50	> 50	Tot.
Italy													
Apprentices	no.	42	11	0	53	11	8	0	19	0	0	0	0
Blue collars	no.	13	78	16	107	8	71	18	97	2	75	27	104
White collars	no.	188	1,124	232	1,544	227	1,140	241	1,608	256	1,208	272	1,736
Line managers	no.	0	123	21	144	0	142	27	169	1	154	25	180
Managers	no.	0	24	16	40	0	28	18	46	0	30	21	51
Total	**no.**	**243**	**1,360**	**285**	**1,888**	**246**	**1,389**	**304**	**1,939**	**259**	**1,467**	**345**	**2,071**
Spain													
Apprentices	no.	/	/	/	/	/	/	/	0	0	0	0	0
Blue collars	no.	/	/	/	/	/	/	/	0	0	0	0	0
White collars	no.	/	/	/	/	/	/	/	0	4	6	1	11
Line managers	no.	/	/	/	/	/	/	/	0	0	0	0	0
Managers	no.	/	/	/	/	/	/	/	0	0	1	0	1
Total	**no.**	**/**	**/**	**/**	**/**	**/**	**/**	**/**	**0**	**4**	**7**	**1**	**12**
Morocco													
Apprentices	no.	/	/	/	/	/	/	/	0	0	0	0	0
Blue collars	no.	/	/	/	/	/	/	/	0	0	0	0	0
White collars	no.	/	/	/	/	/	/	/	0	14	46	2	62
Line managers	no.	/	/	/	/	/	/	/	0	0	6	0	6
Managers	no.	/	/	/	/	/	/	/	0	0	4	0	4
Total	**no.**	**/**	**/**	**/**	**/**	**/**	**/**	**/**	**0**	**14**	**56**	**2**	**72**
Albania													
Apprentices	no.	/	/	/	/	/	/	/	/	0	0	0	0
Blue collars	no.	/	/	/	/	/	/	/	/	0	0	0	0
White collars	no.	/	/	/	/	/	/	/	/	282	314	0	596
Line managers	no.	/	/	/	/	/	/	/	/	0	15	0	15
Managers	no.	/	/	/	/	/	/	/	/	0	0	1	1
Total	**no.**	**/**	**/**	**/**	**/**	**/**	**/**	**/**	**/**	**282**	**329**	**1**	**612**
Turchia													
Apprentices	no.	/	/	/	/	/	/	/	/	0	0	0	0
Blue collars	no.	/	/	/	/	/	/	/	/	0	0	0	0
White collars	no.	/	/	/	/	/	/	/	/	50	88	0	138
Line managers	no.	/	/	/	/	/	/	/	/	1	37	1	39
Managers	no.	/	/	/	/	/	/	/	/	0	8	4	12
Total	**no.**	**/**	**/**	**/**	**/**	**/**	**/**	**/**	**/**	**51**	**133**	**5**	**189**

GRI 405-2 Ratio of basic salary of women to men for each category of employee*

Category	Unit	2020	2021	2022
Blue collars	%	-9.1	-3.6	-12.1%
White collars	%	-6.7	-6.4	-5.2%
Line managers	%	-6.9	-4.7	-3.1%
Managers	%	4.0	2.8	-11.9%

* Italian perimeter only

Environmental Indicator

GRI 302 Energy

Energy Consumption within the organisation (GRI 302-1)	Unit	2021	2022
Non-renewable energy consumption	**GJ**	**7,488**	**4,993**
Natural gas	GJ	4,452	3,718
Diesel oil for energy and/or heat production	GJ	-	22
Energy for heating purchased under outsourcing agreements	**GJ**	**3,036**	**1,253**
Diesel oil	GJ	3,036	1,112
Natural gas	GJ	0	141
Electricity	**GJ**	**42,630**	**50,949**
Electricity from conventional sources	GJ	1,481	0
Electricity from renewable sources	GJ	41,149	50,949
Fuel for corporate fleet	**GJ**	**32,647**	**41,186**
Petrol consumption	GJ	3,502	4,661
Diesel consumption	GJ	29,145	36,525
Total	**GJ**	**82,765**	**97,128**
Energy intensity (GRI 302-3)	**Unit**	**2021**	**2022**
Energy consumption within the organisation/Revenue	MJ/€	0.12	0.11

GRI 305 Emissions

CO$_2$e emissions (GRI 305-1/2/3)	Unit	2021	2022
Direct emissions (Scope 1)	t	2,669	3,329.42
Indirect emissions (scope 2 - market-based)	t	398	90.48
Indirect emissions (scope 2 - location based)	t	3,206	3,637.96
Indirect emissions (Scope 3)	t	26,180	24,327.37
Total scope 1, 2 market-based, 3	**t**	**29,247**	**27,747**
Total scope 1, 2 market-based, 3	**t**	**32,055**	**31,295**

CO$_2$e emissions intensity (GRI 305-4)	Unit	2021	2022
Total emissions (Scope 1 + Scope 2 market-based)/Revenue	t/M€	42,86	32,64
Total emissions (Scope 1 + Scope 2 location-based)/Revenue	t/M€	46,98	36,81

GRI 306-3 Waste

Waste produced	Unit	2021	2022
Non-hazardous	**t**	**360**	**574**
of which non-hazardous WEEE	t	56	86
Hazardous	**t**	**103**	**96**
of which hazardous WEEE	t	102	95
Total waste produced (hazardous and non-hazardous)	**t**	**462**	**670**

GRI 301-1 Materials

Materials used	Unit	2021*	2022
Renewable materials used	**t**	**3,350**	**4,134**
Regular printer paper	t	44	35
Regular thermal paper	t	1,338	1,753
Paper for advertising in direct and indirect PoS	t	28	40
Paper for game products	t	1,940	2,307
Non-renewable materials used	**t**	**0**	**0**

GRI 303-3 Water**

Water consumption	Unit	2021*	2022
Water from third parties	Megalitres	14.60	13.10
Total	Megalitres	14.60	13.10
Water consumption from areas subject to water stress [WWF's Water Risk Filter]	**ML**	**2021**	**2022**
Consumption from areas subject to water stress	Megalitres	/	3.40
Consumption from areas not subject to water stress	Megalitres	/	9.70

Notes: If actual data is not available, environmental data is estimated.
* The 2021 data on paper consumption has been recalculated to include additional types of paper consumed in the organization. The figure is comparable with the value reported for 2022.
** Many locations or points of sale, such as those in apartment buildings, are not equipped with their own meters for monitoring water consumption. The amount reported for Italy is therefore the result of an estimate based on the only data confirmed by objective evidence (bills), regarding the head office in Rome, Via Sacco e Vanzetti, adjusted to reflect the total number of employees in Italy.

Business ethics and economic indicators

GRI 2-16 Communication of critical concerns

Reports received by field	Unit	2022
Conflict of interest	No.	0
Corruption	No.	0
Privacy	No.	0
Discrimination	No.	1
Harassment	No.	1
Violations of Internal Procedures	No.	2
HSE	No.	0
Human resource selection, management and development	No.	0
Relations with suppliers	No.	0
Other (player complaints with no relevance pursuant to 231/01)[52]	No.	43
Total	**No.**	**47**

[52] Most of the reports received concerned players who complained of malfunctions in online and retail games (forwarded to the competent functions to be managed through the corporate channels responsible for such reports).

GRI 207-4 Country by Country Report[53]

Tax Jurisdiction	Current income tax	Income Tax Accrued (current and deferred)
Italy	(3,978,288)	86,202,606
Luxembourg	0	0
Morocco	(32,489)	(32,489)
Turkey	0	(3,088,979)
Albania	(59,825)	(59,825)
Spain	(3,620)	(3,620)
Germany	0	0
Total	**(4,074,221)**	**83,017,693**

(Data in thousands of euros)

[53] The CbC Report refers to the year 2021 on the basis of current regulations on tax reporting and related information communication timing. For reasons of confidentiality, only the items relating to income taxes paid and accrued income taxes (current and deferred) are reported.

GRI Content index

Disclosure with reference

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2-23 Policy commitments	Business Integrity	page 100
2-26 Mechanisms for seeking advice and raising concerns	Business Integrity	page 100

Standard Disclosures	Section/page		Notes/ Omissions
2-28 Membership associations			*The main trade associations with which the Group has relations are:* *• European Lotteries (EL)* *• World Lottery Association (WLA)* *• Sistema Gioco Italia (SGI)* *The main associations of which the Group is a member, engaged in fields linked to sustainability and the promotion of historical and cultural heritage, are:* *• United Nations Global Compact* *• Valore D* *• Cotec* *• Civita* *• CSR manager network* *• Donna Professione STEM* *• Museimpresa* *• Parks Liberi e Uguali*
2-29 Approach to stakeholder engagement	Materiality analysis	page 40	
2-30 Collective bargaining agreements			*100% of employees in Italy are covered by national trade union agreements and 192 employees are trade union members. There are no collective agreements in other countries.*

GRI 3: Material Topics 2021

3-1 Process to determine material topics	Materiality analysis	page 40	
3-2 List of material topics	Materiality analysis	page 40	
3-3 Management of material topics	Materiality analysis	page 40	Specific disclosures for each topic can be found in the appropriate section of the Sustainability Report

GRI 201: Economic Performance 2016

201-1 Direct economic value generated and distributed	Main financial results	page 55	
201-4 Financial assistance received from government	Main financial results	page 55	

GRI 203: Indirect Economic Impacts 2016

203-2 Significant indirect economic impacts	Community support	page 113	

Standard Disclosures	Section/page		Notes/ Omissions
GRI 205: Anti-Corruption 2016			
205-1 Operations assessed for risks related to corruption	Business Integrity	page 100	
205-2 Communication and training about anti-corruption policies and procedures	Business Integrity	page 100	
205-3 Confirmed incidents of corruption and actions taken	Business Integrity	page 100	
GRI 206: Anti-competitive Behavior 2016			
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			*Sisal was not involved in legal action relating to unfair competition, antitrust regulations or monopoly practices in 2022*
GRI 207: Tax 2019			
207-1 Approach to tax	Tax policy	page 57	
207-2 Tax governance, control, and risk management	Tax policy	page 57	
207-3 Stakeholder engagement and management of concerns related to tax	Tax policy	page 57	
207-4 Country-by-country reporting	Table in annex	page 164	Data refer to 2021
GRI 301: Materials 2016			
301-1 Materials used by weight or volume	Materials management and circular economy Tables in annex	page 130 page 162	
GRI 302: Energy 2016			
302-1 Energy consumption within the organization	Emissions and energy consumption Tables in annex	page 124 page 161	
302-3 Energy intensity	Emissions and energy consumption Tables in annex	page 124 page 161	
302-4 Reduction of energy consumption	Emissions and energy consumption Tables in annex	page 124 page 161	

Standard Disclosures	Section/page		Notes/ Omissions
GRI 303: Water and Effluents 2018			
303-3 Water consumption	Materials management and circular economy Tables in annex	page 130 page 162	
GRI 305: Emissions 2016			
305-1 Direct (Scope 1) GHG emissions	Emissions and energy consumption Tables in annex	page 124 page 161	Emission factors: Greenhouse Gas Protocol UK Defra
305-2 Energy indirect (Scope 2) GHG emissions	Emissions and energy consumption Tables in annex	page 124 page 161	Emission factors: AIB - SUPPLIER MIX 2021 ISPRA 2021 TERNA - CONFRONTI INTERNAZIONALI 2019
305-3 Other indirect (Scope 3) GHG emissions	Emissions and energy consumption Tables in annex	page 124 page 161	Emission factors: EPA - EMISSION FACTORS Quantis Scope 3 Evaluator UK Defra UK Gov BEI - Defra 2019
305-4 GHG emissions intensity	Emissions and energy consumption Tables in annex	page 124 page 161	
305-5 Reduction of GHG emissions	Emissions and energy consumption Tables in annex	page 124 page 161	
GRI 306: Waste 2020			
306-1 Waste generation and significant waste-related impacts	Materials management and circular economy Tables in annex	page 130 page 162	
306-2 Management of significant waste-related impacts	Materials management and circular economy Tables in annex	page 130 page 162	
306-3 Waste generated	Materials management and circular economy Tables in annex	page 130 page 162	
GRI 308: Supplier Environmental Assessment 2016			
308-1 New suppliers that were screened using environmental criteria	Responsible supply chain management	page 110	

Standard Disclosures	Section/page		Notes/ Omissions
GRI 401: Employment 2016			
401-1 New employee hires and employee turnover	Tables in annex	page 152	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee wellbeing	page 84	
GRI 402: Labor/Management Relations 2016			
402-1 Minimum notice periods regarding operational changes			*Sisal respects the contractually agreed notice periods in Italy and abroad. In addition, in the event of structural reorganisations, the Company draws up employee support plans*
GRI 403: Occupational Health and Safety 2018			
403-1 Occupational health and safety management system	Employee wellbeing Workplace health and safety	page 84 page 88	
403-2 Hazard identification, risk assessment, and incident investigation	Workplace health and safety	page 88	
403-3 Occupational health services	Employee wellbeing Workplace health and safety	page 84 page 88	
403-4 Worker participation, consultation, and communication on occupational health and safety	Workplace health and safety	page 88	
403-5 Worker training on occupational health and safety	Workplace health and safety Tables in annex	page 88 page 157	
403-6 Promotion of worker health	Employee wellbeing Workplace health and safety	page 84 page 88	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee wellbeing Workplace health and safety	page 84 page 88	
403-8 Workers covered by an occupational health and safety management system	Workplace health and safety	page 88	
403-9 Work-related injuries	Tables in annex	page 155	
GRI 404: Training and Education 2016			
404-1 Average hours of training per year per employee	Continuous learning Tables in annex	page 82 page 156	
404-2 Programs for upgrading employee skills and transition assistance programs	Continuous learning	page 82	
404-3 Percentage of employees receiving regular performance and career development reviews	Continuous learning Tables in annex	page 82 page 156	

Standard Disclosures	Section/page	Notes/ Omissions
GRI 405: Diversity and Equal Opportunity 2016		
405-1 Diversity of governance bodies and employees	Diversity, Equity & Inclusion Tables in annex	page 75 page 158
405-2 Ratio of basic salary and remuneration of women to men	Diversity, Equity & Inclusion Tables in annex	page 75 page 161
GRI 406: Non-discrimination 2016		
406-1 Incidents of discrimination and corrective actions taken	Business Integrity	page 100
GRI 414: Supplier Social Assessment 2016		
414-1 New suppliers that were screened using social criteria	Responsible supply chain management	page 110
GRI 417: Marketing and Labeling 2016		
417-2 Incidents of non-compliance concerning product and service information and labeling	Business Integrity	page 100
417-3 Incidents of non-compliance concerning marketing communications	Business Integrity	page 100
GRI 418: Customer Privacy 2016		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Education in balanced gaming and awareness	page 67	*During 2022, only one data breach was detected with characteristics such as to present a risk for the rights and freedoms of the data subjects. The Personal Data Protection Authority and the data subjects were therefore notified pursuant to articles 33 and 34 of Regulation (EU) 2016/679.*

Specific Standard Disclosure – Other NON-GRI material aspects

Management approach and performance indicators	Section/page	
Responsible gaming		
Type of initiatives organised over the year to spread knowledge about gaming problems	Education in balanced gaming and awareness	page 67
Methods of publication and frequency of communications about the Company's Responsible Gaming programme	Education in balanced gaming and awareness	page 67
Type of information material distributed in points of sale	Education in balanced gaming and awareness	page 67
Number of new games on which a risk assessment has been performed out of total new games produced by the Company	Player protection	page 70
Number of new games that have obtained Game Gard certification out of total new games produced by the Company	Player protection	page 70
Type of information on on-line gaming platforms	Education in balanced gaming and awareness	page 67
Type of mechanisms provided to contain gaming related risks	Player protection	page 70
Codes of conduct/standards adopted by the Company to regulate gaming communication/advertising	Education in balanced gaming and awareness	page 67
Number and type of institutions/organisations the Company works with to provide assistance/management for gaming-related pathologies	Support for problem players	page 71
Type of services offered to contain gaming-related pathologies	Support for problem players	page 71
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	Support for problem players	page 71
Method of informing PoS staff about the assistance/management services offered by the Company for gaming-related pathologies	Education in balanced gaming and awareness	page 67
Type of information on Responsible Gaming issued by the Company	Education in balanced gaming and awareness	page 67
Methods of distributing information about responsible gaming	Education in balanced gaming and awareness	page 67
Responsible Gaming certifications obtained by the Company	Responsible Gaming strategy	page 62
Centrality of network		
Number and type of points of sale	Sisal's product offering	page 20
Number and type of information/training activities addressing points of sale	Sisal's product offering Education in balanced gaming and awareness	page 20 page 69
Point-of-sale monitoring activities	Sisal's product offering	page 20
Innovation		
Innovation activities developed	Innovation in Sisal	page 91
Activities to promote innovation and digital development in the country	Community support	page 113

Independent auditor's report

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Independent Auditor's Report on Sustainability Reporting 2022

To the Board of Directors of Sisal SpA

We have been engaged to undertake a limited assurance engagement on the Sustainability Report of Sisal SpA (the "Company") and its subsidiaries (hereinafter the "Group" or "Sisal Group") for the year ended 31 December 2022.

Responsibilities of the Directors for the Sustainability Report

The Directors of Sisal SpA are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards") updated in 2021, as illustrated in the "Methodological note" section of the Sustainability Report.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for defining the sustainability performance targets of Sisal Group, as well as for identifying its stakeholders and material topics to be reported on.

Auditor's Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 (ISQM 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Auditor's Responsibilities

Our responsibility is to express a conclusion, based on the procedures performed, on whether the Sustainability Report complies with the requirements of the GRI Standards. We conducted our work in accordance with "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Information" (hereinafter also "ISAE 3000 *Revised*") issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the Sustainability Report is free from material misstatement.

The work performed was less in scope than in a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, we did not obtain assurance that we became 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 included inquiries, primarily of personnel of the Company responsible for the preparation of the information presented in the Sustainability Report, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1) we analysed the process of definition of the material topics reported on in the Sustainability Report, with reference to the method of their identification in terms of priority for the various categories of stakeholders and to the internal validation of the results of the process;

2) we compared the financial information reported in the "Direct economic value generated and distributed" section of the Sustainability Report with the information included in the Group's annual consolidated financial statements;

3) we obtained an understanding of the processes underlying the generation, collection and management of significant qualitative and quantitative information included in the Sustainability Report.

In detail, we inquired of and discussed with management personnel of Sisal SpA and we carried out limited analyses of documentary evidence, in order to obtain information about the processes and procedures supporting the collection, aggregation, processing and submission of non-financial information to the corporate function in charge of the preparation of the Sustainability Report.

Furthermore, for significant information, taking into account the activities and characteristics of the Group:

- at group level

  a) with reference to the qualitative information presented in the Sustainability Report, we carried out interviews and obtained supporting documents to verify its consistency with available evidence;

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b) with reference to quantitative information, we performed both analytical procedures and limited tests to verify, on a sample basis, the accuracy of data aggregation.

- for the following entity, Sisal Albania SHPK, which we selected based on its activities, contribution to performance indicators at a consolidated level and location, we met the persons responsible and obtained documentary evidence, on a sample basis, about the correct application of the procedures and calculation methods applied for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Sisal Group for the year ended 31 December 2022 is not prepared, in all material respects, in accordance with the requirements of the GRI Standards as illustrated in the "Methodological note" section of the Sustainability Report.

Milan, 29 May 2023

PricewaterhouseCoopers Business Services Srl

Signed by

Paolo Bersani
(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 Sustainability Report 2022 translation.