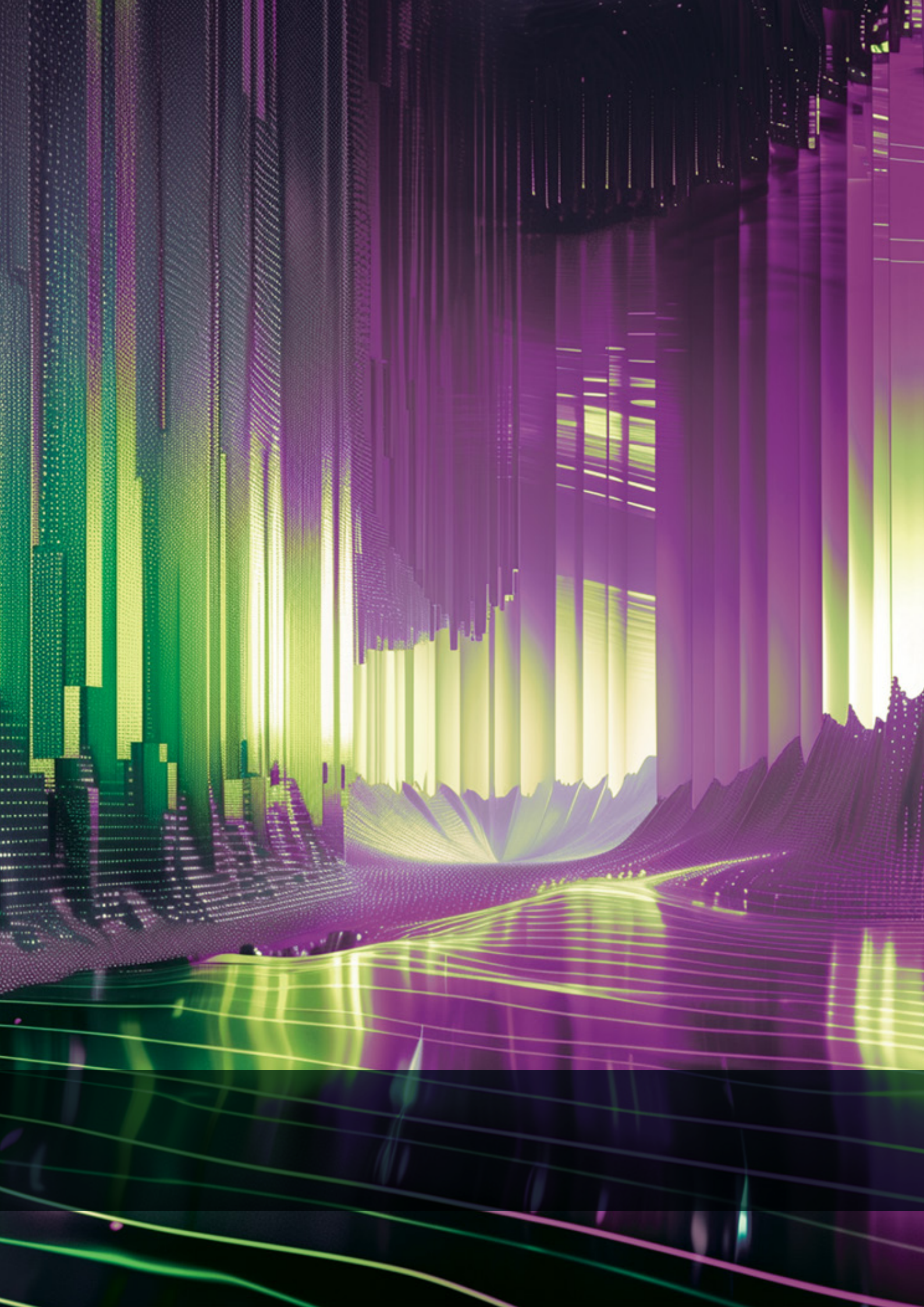
Reduction of environmental impact



Sisal is carrying forward an action plan to safeguard the environment, reduce consumption of natural resources and create sustainable value

To stop or mitigate the effects of our operations on the climate and ecosystems, at Sisal we are committed to driving change in our industry, taking action to **reduce our environmental impact, but also to inspire others to do the same**, be they partners or competitors. We have developed a **process to understand, map and measure our environmental impacts** along the entire value chain, in terms of emissions, energy consumption and raw material use from a circular economy perspective, and **set short- and long-term reduction targets**.

We are also investing in technologies that enable us to precisely monitor and publicly disclose our progress and in innovative solutions that favour the transition to a low carbon economy.
In 2023, Sisal's decarbonisation made a leap forward with the decision to align our target for reduction of GHG emissions with Flutter Group's Science Based Target.

We committed to achieve **Zero net CO_2 equivalent emissions by 2035.**

Main steps forward in 2023

-15% energy consumption

thanks to LED[39] lighting
(vs 2022)

2024 target achieved one year early
(page 141)

-13% energy consumption

across the entire Sisal Group
(vs 2022)

(page 148)

100% of electricity certified from renewable sources

(page 143)

-15% paper consumed

(vs 2022)

(page 152)

3,472 tonnes of CO_2eq avoided

through purchases
of Guarantee of Origin (GO)
and Energy Attribute Certificates (EACs)

(page 143)

1,758 tonnes of digital emissions

neutralised by certified CO_2
storage projects

(page 150)

39 100% of offices and direct points of sale in Italy.

Our goals

	Target value	Year	Progress in 2023	
Reduction of GHG emissions (scope 1, 2 - market-based - and 3)*	-50%	2030	**18%*** **	+
GHG emissions (scope 1, 2 - market-based - and 3)*	0	2035	**32.684 tonnes CO_2e**	+
Reduction of energy consumption through LED lighting (100% of the offices and direct points of sale in Italy)	-5%	2024	**-15%**	◎

* Including offsetting. Baseline 2022.
** Baseline 2022.
*** In 2023, Sisal upgraded its reporting of Scope 3 emissions, the company fleet increased by 2% leading to an increase in Scope 1 emissions, the number of partner outlets increased by 3%, and the number of employees increased by 8%. Lastly, the expansion of Sisal's presence in foreign markets involved the purchase of assets that impacted Scope 3 emissions.

The target for reduction of GHG emissions was redefined to align with Flutter's Net Zero objectives.

◎ Target achieved → Progress in line with target + New Target

GO ZERO

Sisal also contributes to the "**Go Zero**" pillar of **Flutter's Positive Impact Plan,** which represents the Group's commitment to climate action and mitigating environmental impact by zeroing net carbon emissions.

Go Zero: Goal

NET ZERO
by 2035

Sisal's contribution

100%
Energy from renewable sources

-13%
energy consumption in 2023

Strategy to combat climate change

On a daily basis, Sisal consolidates its commitment 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 active involvement of suppliers and partners. Action against climate change plays a key role 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**.

We have always seen all of the following as integral parts of our **strategy for combating climate change: environmental governance led by the Sustainability Committee, 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 environmental performance, risks and opportunities, as well as sharing of knowledge and *climate change* and ESG training.

In 2023, we further upgraded our **analysis and measurement** methods for our environmental performance reporting and aim to **widen and consolidate the inventory of GHG emissions** from our activities.

On the basis of analysis conducted to date, we redefined our **direct and indirect GHG emissions reduction targets** in line with **Flutter's Positive Impact Plan**,on which we will work jointly with our suppliers and customers to reduce emissions along the entire value chain. We also updated the baseline for assessing the achievement of goals to 2022[40].

In line with Flutter and given the importance of environmental data and information, we will continue to improve the quality of our reporting by implementing the **Salesforce Net Zero Cloud**, a tool that will enable us to simplify management of environmental data and the monitoring and auditing of reduction activities.

We are pursuing our commitment in **synergy** with Flutter, which presented an **emissions reduction target approved by the Science Based Target initiative (SBTi) in April 2024**.

40 LThe 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.

Main areas of intervention for energy efficiency and 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 e 2)	Replacement of obsolete air-conditioning systems with more efficient heating and conditioning systems	• Electricity savings(1) • CO_2e emissions avoided thanks to reduced losses of refrigerant gas or to losses of greener refrigerant gas, or with lower GWP(2)
	• 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)	• **3,472 tons of CO_2e avoided** in 2023
		Continuation of the relamping programme to replace incandescent lighting with LED lighting (begun some years ago)	• Total energy savings of **over 600,000 kWh** by 2025, **over 150 tonnes of CO_2e avoided**
		Installation by 2025 of a solar power plant (photovoltaic) for self-production of electricity from renewable sources at the Florence, Via Livorno, point of sale	• **Over 20,000 kWh** of electricity from the grid **saved** • Around **8 tons of CO_2e avoided** by 2026 (estimate)
		Implementation of BMS (Building Management System) for centralised monitoring of energy consumption in offices and/or points of sale	• **Detailed measuring of energy** consumption in real time • Partition of the system (general, CDZ and lighting), also to monitor the more energy-intensive devices and promptly identify any losses along the network

(1) 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.
(2) *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.

Areas of intervention

Macro areas	Indicators	Initiatives / Actions	Benefits / Performance
Retail & Building		Externalization of data processing centres for the Rome Sacco e Vanzetti office	• Energy saving
		Regulation of the indoor lighting system with 0-100% dimming	• Energy saving
	• Energy consumption • Indirect GHG emissions (Scope 3)	Sisal uses **Green Data Center** to guarantee reliability for all its business IT needs and deliver high energy efficiency results	• In Italy, the Green Data Centres use **electricity that's 100% from renewable sources**, totalling around **380 tonnes of avoided CO_2e emissions** in 2023. Globally, **over 62%** of the electricity used by Green Data Centres is from **renewable sources**
		Green Clause for indirectly managed points of sale: partners will have to commit to stipulating renewable source electricity supply contracts	• Energy saving • Reduction of Scope 3 emissions • Awareness raising among partners
		Green tariff offer of energy from renewable sources: we offer partners the option to stipulate advantageous green tariff contracts	• Energy saving • Reduction of Scope 3 emissions • Awareness raising among partners
		Pilot project launched to implement environmental requisites in tender processes	• Selection of suppliers with strong commitment in terms of reduction of CO_2e emissions (e.g. target Net Zero) • Reduction of Scope 3 emissions • Third-party awareness raising

Areas of intervention			
Macro areas	**Indicators**	**Initiatives / Actions**	**Benefits / Performance**
Internal processes	• Energy consumption • Direct GHG emissions (Scope 1)	The transition of the company fleet to hybrid and electric models, with no IC engines, continues	• Reduction of direct CO_2e emissions by around 5-10% by 2025 (for the same number of vehicles).
	• Digital emissions	Measuring the carbon footprint of the Sisal.it platform's digital emissions in 2022. Measurements will continue in 2023	• **1,758 tonnes of CO_2e** offset in 2023 by certified CO_2e storage projects
		Project initiated to improve and optimise the energy efficiency of the Sisal.it platform	• Reduction of digital emissions • Awareness-raising efforts towards customers
Environmental Reporting	• GHG Carbon Inventory	In 2023, Sisal strengthened its Carbon Inventory reporting methods and perimeter and also aligned with Flutter's Positive Impact Plan and Science Based Target	• Updating of the baseline (2022) against which to assess achievement of objectives • Updating of Net Zero reduction targets • Reporting on another Scope 3 category

We also set up **seven cross-function work groups** to map, co-ordinate, promote and implement all the initiatives and projects that aim to improve energy efficiency, reduce equivalent CO_2 emissions, and reduce the use of raw materials.

Cross-functional working groups

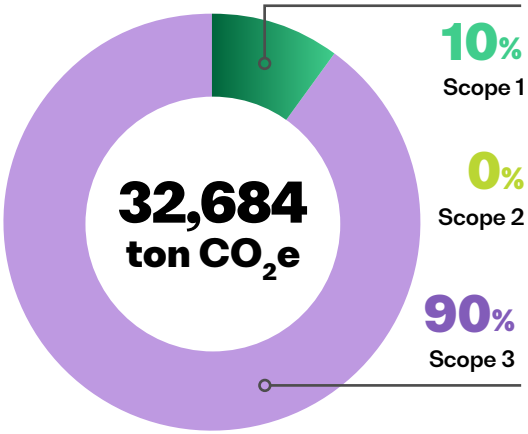
Dematerialisation	Sustainable Technologies	Sustainable Store	Green Mobility
Sustainable Procurement	Thermal Paper	Digital Sustainability	

Emissions and energy consumption

GHG emissions

Sisal calculates greenhouse gas emissions based on the **GHG Protocol Corporate Standard**, with geography- and activity-specific emissions factors applied.

In 2023, we further strengthened and fine-tuned our Scope 3 emissions reporting, introducing further sector-relevant categories in the calculations.

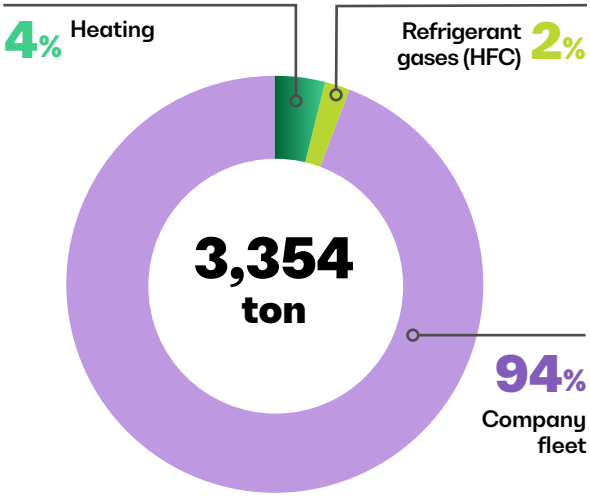


Total GHG emissions amount to 32,684 t of CO_2e (+18% vs 2022), and are mainly Scope 1 direct emissions (around 10%) and Scope 3 indirect emissions (90%). Indirect Scope 2 emissions associated with the consumption of electricity from non-renewable sources stand at 0%, as 100% of the electricity purchased is covered by Guarantee of Origin (GO) Certificates in Italy and Energy Attribute Certificates (EACs)[41] for the foreign subsidiaries.

The increase in emissions in 2023 was mainly due to the following factors:

- upgrading Scope 3 emissions reporting;
- 2% increase in the company vehicle fleet;
- 3% increase in the number of partner points of sale;
- 8% increase in the number of employees compared to 2022;
- acquisition of assets involved in Sisal's expansion on foreign markets, the impact of which contributed to Scope 3 emissions

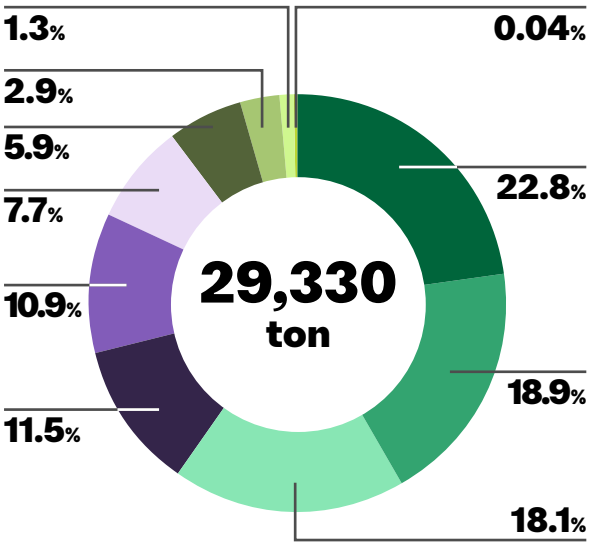
Scope 1 emissions by source



Scope 1 GHG emissions amount to 3,354 t of CO_2e (up 1% on 2022), and were mainly associated with fuel consumption by the company fleet (94%) and natural gas consumption for heating (4%), which was down 24% on 2022 thanks to the replacement of the boiler with a heat pump powered 100% by electricity in the Rome office in Viale Sacco e Vanzetti. Consumption of refrigerant gas, on the other hand, accounted for 2%.

41 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.

Scope 3 emission by source



- Energy consumption of indirect points of sale (Technology)
- Energy consumption of indirect points of sale (Building)
- Purchase of technology
- Logistic services outsourced
- Purchase of paper
- Business travel
- Employee commuting
- Energy consumption not already included in Scope 1 and 2
- Data Centres
- Waste generated in operations

In 2023, we further extended our reporting of **indirect emissions (Scope 3) to the following nine categories:**

- **Purchased goods and services**: purchase of paper and energy consumption for IT infrastructure (data centres) provided by external suppliers.
- **Capital goods**: purchases of technology (e.g. cabinets, terminals, monitors, etc.).
- **Fuel- and energy-related activities**: consumption not already included in Scope 1 and 2, related to the transport and distribution of energy.
- **Waste generated in operations**: production of special waste, including RAEE, and urban waste.
- **Business travel**: made in non-company vehicles (rail and air).
- **Employee commuting**: home-work travel of our people.
- **Upstream leased asset**: energy consumption in indirect point of sale buildings[42].
- **Logistic services outsourced**: to third-party suppliers.
- **Downstream leased assets**: energy consumption by technology installed in indirect points of sale[42].

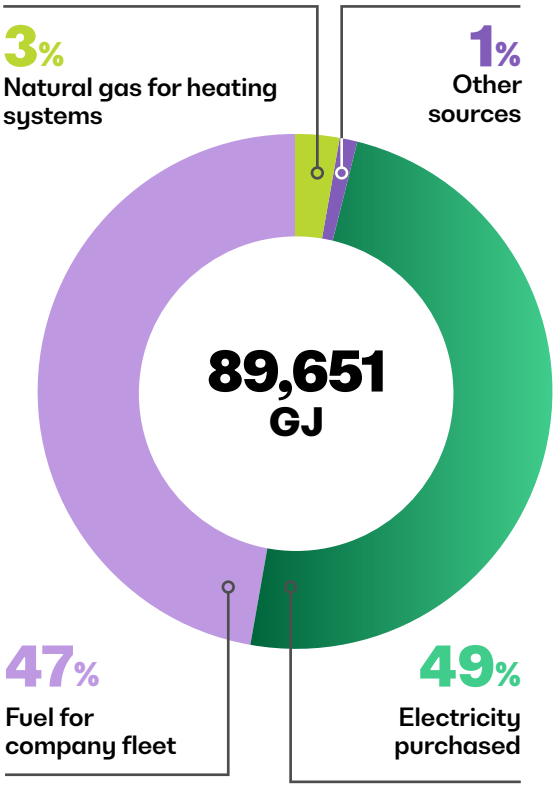
42 **Estimation model for specialist points of sale**: electricity consumption was calculated by adding the consumption of the building to that of the machines in use (gaming terminals). Since 35% of specialist points of sale surveyed said they use electricity from renewable sources, GHG emissions were calculated by applying a correction factor equal to said percentage, thus obtaining a total value of 5,531 tons of CO_2eq. **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 surveyed 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 3,157 tons of CO_2eq. 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 electricity supply is 100% from renewable sources), so the figures are to be considered as estimates on the basis of respondents' statements.

Energy consumption

Our 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 vehicles in the corporate fleet.**

In 2023, we carried forward projects launched in 2022 and planned new initiatives to reduce our energy consumption by improving the efficiency of buildings that host our operations and the technological systems used in our points of sale and to reduce the emission impacts of fuel consumption by IC vehicles.

Energy consumption by source



Energy consumption: 89,651 GJ (-8% vs 2022), of which:

- consumption of purchased electricity: 44,121 GJ, or 12.26 GWh (-13% vs 2022), of which 100% from renewable sources;
- fuel for the corporate fleet: 42,689 GJ (+3.6% vs 2022);
- natural gas consumption: 2,826 GJ, or 79,972 m^3 (-24% vs 2022), used for heating;
- other sources: 412 GJ, -68% vs 2022.

Self-production initiatives

2023 saw the completion of the installation of **two photovoltaic plants** for self-production of electricity in the Rome and Peschiera Borromeo sites, covering around 10% and 45% respectively of the buildings' energy requirement. A project to install a photovoltaic plant in the Florence point of sale is in the feasibility study phase and could be completed and started up in 2025.

Green transition of company fleet

Sisal's fleet in Italy has about 400 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 94% of direct emissions (Scope 1).

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

Thanks to the agreement entered in 2022 to renew the fleet with hybrid models and electric vehicles to replace IC engines, which will be completed by the end of 2025, the fleet currently has 124 hybrid vehicles (31%) and 20 electric vehicles (5%).

The acceleration of our fleet's green transition will also affect the charging infrastructure. In 2022, Sisal entered a **partnership with one of the main operators on the market** and is proceeding with the implementation of further charging stations at our main offices and near the homes of people who have chosen electric vehicles, thus narrowing the autonomy gap that still exists between electric and IC, impacting mainly sales representatives with the need to travel thousands of kilometres every year.

Renewable energy for the indirect point of sale network

In order to raise our partners' awareness of the energy transition and reduce Scope 3 emission impacts[43] relating to electricity consumption in indirect points of sale, we organised the following two initiatives reserved for partners in 2023:

Green Energy offer

Reserved for partners in the MySisal network[44] in Italy. In November 2023, we entered a partnership with one of the main energy providers in Italy to offer our retailers the possibility to stipulate contracts for the supply of electricity from renewable sources at advantageous rates in both points of sale and homes.

39 points of sale
took up the offer and stipulated green energy contracts

43 Upstream leased assets and Downstream leased assets categories.
44 MySisal is a partner support project with a rich portfolio of services tailor made for retailers, including training courses, communication materials, discounts, experiences, employee insurance and much else besides.

In 2024, to effectively contribute to Italy's decarbonisation, Sisal further widened its offer to include an installation service for photovoltaic plants for self-production of energy in partners' homes.

"Green" clause and the commitment made in our new Code of Ethics

In Q4 2023, we wrote a "green" clause into our contracts with partners. In line with Sisal's new Code of Ethics, which sees "protecting the environment" as a primary value, we encourage sales network managers to adopt solutions and behaviours to reduce energy consumption in points of sale, meaning partners will now have to commit to stipulating a renewable source electricity supply contract if they haven't already done so.

Abatement of digital emissions

Driven by our firm intention to combine sustainability and digital innovation, in 2023 we conducted a study to measure the Digital Carbon Footprint[45] of our www.sisal.it gaming platform.

The results of the study provided details on the emissions performance of the website's main pages and this was the first step in the carbon neutrality process for Sisal's digital solutions, enabling us to:

- identify the sources of most impact and appropriate measures to reduce them by improving the efficiency and optimising the platform;
- neutralise these emissions, pending implementation of the reduction measures identified, by supporting the Valle Cà Pisani project in the Po Delta.

Using natural aquaculture, the project maximises CO_2 capture in the algal substrate: emissions are transported to the seabed, where they are deposited, permanently storing the captured CO_2.

1,758 tonnes of CO_2e
captured by supporting the Valle Cà Pisani project

45 Relativa ai dati di utilizzo del 2022.

Further initiatives to reduce emission impact

Zero-impact event with Up2You

The Canvass Retail 2023 was held on 19 and 20 July, with 235 people taking part. In line with the company's sustainability goals, the event was 100% carbon neutral: all the CO_2 emissions produced by the event, equivalent to 13.24 tons, were offset by supporting the Valle Cà Pisani Blue Carbon project to safeguard and develop coastal ecosystems.

First **100% carbon neutral** Sisal event

Sisal's first forest, with Treedom

On the occasion of National Tree Day 2023, during Sisal's Sustainability Month, we created the first Sisal forest, comprising 1,000 trees planted in various parts of Italy in collaboration with Treedom. Trees play a vital environmental role because they absorb CO_2, which improves the quality of the air and fosters the conservation of biodiversity.

1,000 trees planted for National Tree Day 2023

A digital orchard with Biofarm

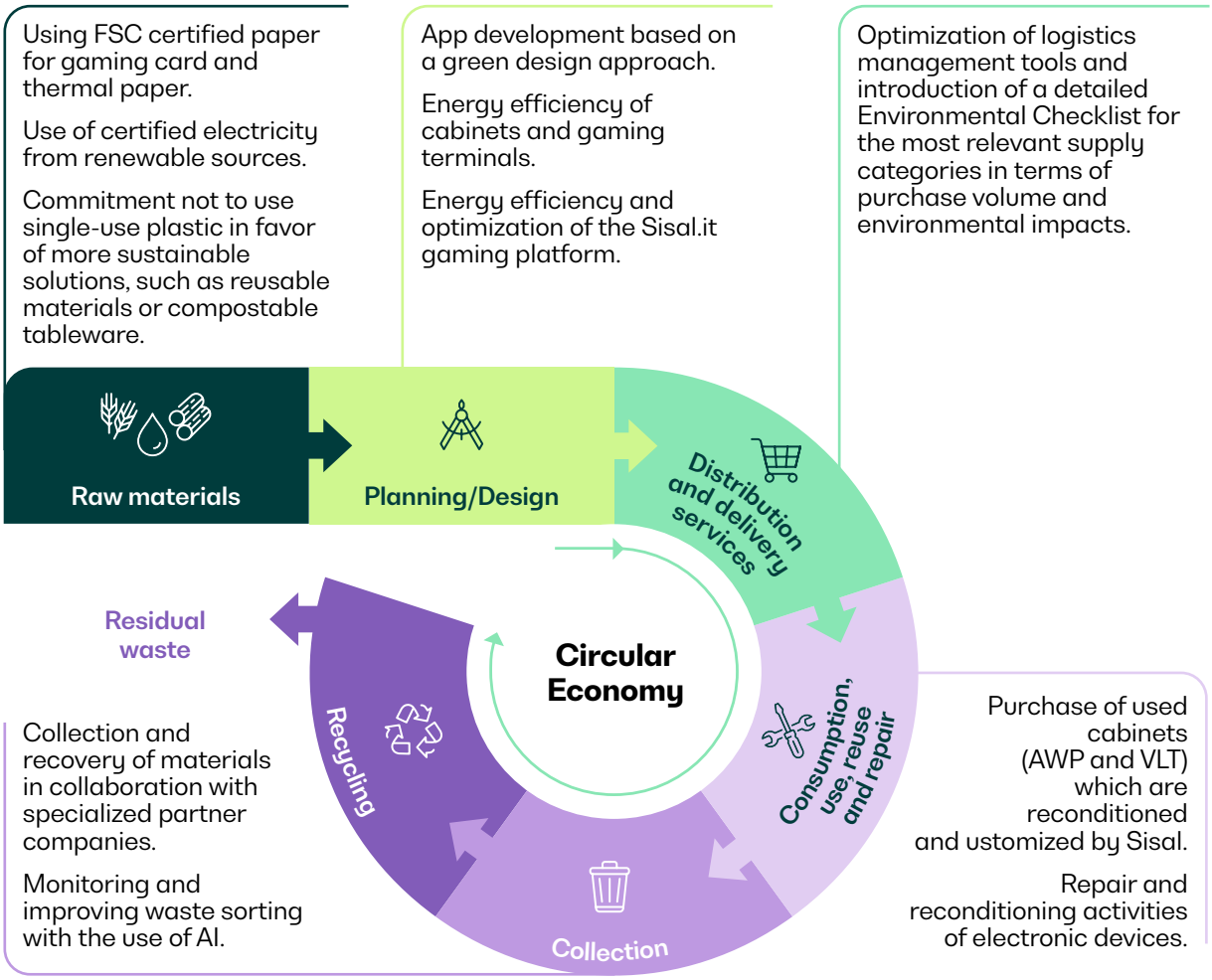
In 2023, we adopted a Biorfarm orchard with the aim of supporting small Italian farms, promoting short and sustainable supply chains, and contributing to CO_2 capture by adopting trees.
Even small actions can help create value responsibly and reflect our sustainability choices.

100 trees grown in Sisal's orchard
6 tonnes of CO_2 absorbed every year

Responsible consumption of raw materials and circular economy

With the rising costs and limited availability of natural resources, it's becoming vital to adopt sustainable and responsible practices throughout the product life cycle. This includes their procurement, development, production, distribution, use and disposal.

A **circular economy model** is fundamental goal that every organisation, in any industry, should aim for. **Sisal's sustainability initiatives** in the field of circular economy can be grouped in the following interconnected areas:



Paper consumption

We have an ongoing commitment to reduce the impact of **paper** consumption, which is one of the materials used most, mainly in points of sale, to provide Sisal's services.

We therefore seek 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.

Biodiversity

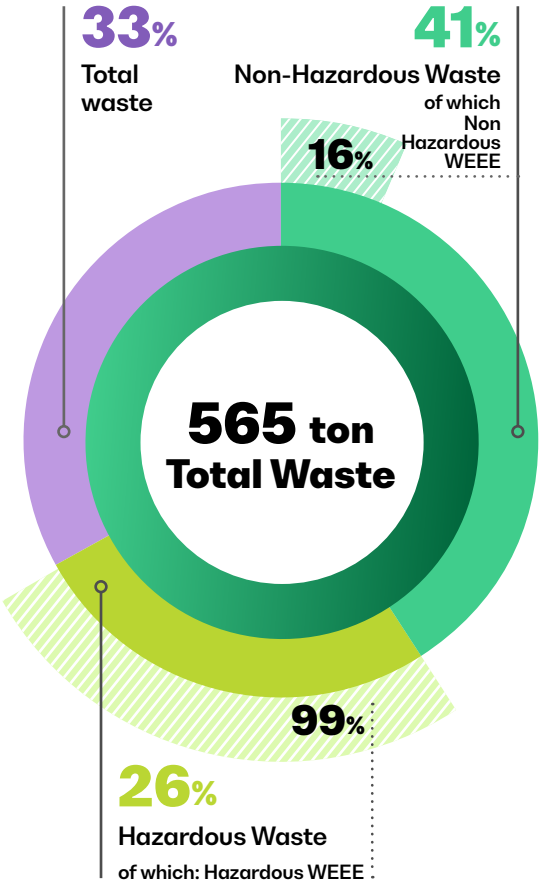
As well as acting on our commitment to tackle climate change, we seek to actively contribute to the protection of biodiversity as a way to limit the impact of our services. Therefore, considering the importance of paper in Sisal's activities, we are committed to forest protection by purchasing FSC-certified paper. FSC® is an international non-governmental, independent, non-profit organisation set up in 1993 to promote responsible management of forests and plantations. FSC certification is a fundamental tool for protecting forest ecosystems threatened by intensive exploitation.

100%
of gaming and thermal paper is **FSC certified** in Italy (73% in the Group)

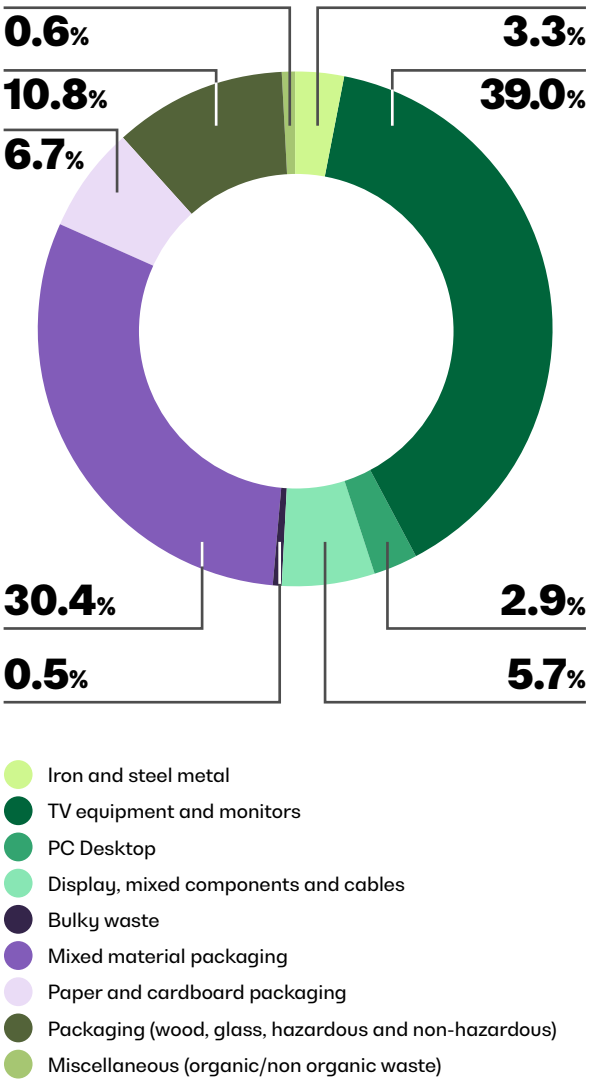
Waste management

Correct waste management not only reduces impacts on the environment and public health but also promotes the development of a circular economy model. This approach sees waste materials as valuable resources to recover and reuse, extending their useful life.

Waste produced



Materials recovery in Italy (about 51% of WEEE)



Sisal adopts the waste hierarchy in its waste management[46], in fact, privileging prevention, reduction, re-use and recycling in its operations. As the services offered are mainly digital, the most important aspect relates to **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. Sisal also has various **repair and reconditioning workshops** 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. In 2024, Sisal commenced in-house spare parts repairs for the VLT division too. Data for such activities will therefore be available in the 2025 reporting.

370 tonnes
of special waste sent for **recycling**

Unrecoverable electronic equipment is managed through specialist consortiums. Tools and devices that are still technologically valid but don't have all the necessary requisites are sometimes donated to associations, schools, parishes and local communities.

WEEE (Waste Electrical and Electronic Equipment)*

around 33,400 electrical and electronic devices were **repaired** or **reconditioned** for re-use	**about 93%** of damaged electronic devices were repaired and reconditioned	**up to 87%** of **materials were recovered** thanks to collaboration with partners on correct waste management

* 2023 data

ReLearn pilot project

In 2023, we decided to work with **ReLearn**, an innovative startup founded in 2021 to use Artificial Intelligence to monitor and manage waste, for the purpose of reducing our environmental impact and promoting **sustainability culture** among employees in intelligent and innovative ways. Using *Nando,* a plug-and-play sensor installed on standard waste bins, ReLearn collects accurate data to analyse waste production and sorting quality. These measurements enable the startup and the customer to produce more accurate sustainability reports and raise people's awareness. We then launched a pilot project with sensors installed in the two sites with the most people – the Milan headquarters and the ground floor of the Rome office – to monitor **urban waste** sorting. Two months after installation, the *people score* (a metric describing recycling quality and community behaviour) was up 22%, reaching 49%. After five months, the score had risen to **60%.**

+50%
increase in recycling quality

46 Introduced by the European Union's waste framework directive (Directive 2008/98/CE), the waste hierarchy aims to minimise the negative impacts of production and waste management and improve the efficiency of resources.

No Plastic More Fun

In 2023, in collaboration con **Worldrise,** we carried forward our sustainability and environmental protection commitment by joining the "No Plastic More Fun" with Sisal's Wincity point of sale in Milan. Sisal's Wincity point of sale in Piazza Diaz thus joined a network of locations committed to **not using single-use plastic** in favour of **more sustainable solutions**, such as re-usable materials or compostable tableware. This decision consolidates our strategy in fact, since the point of sale has for some time preferred the use of glass, aluminium and compostable or recyclable materials. Being eco-friendly means understanding that respect and care for the environment can help save the planet and turn it into a better place for the present and the future.

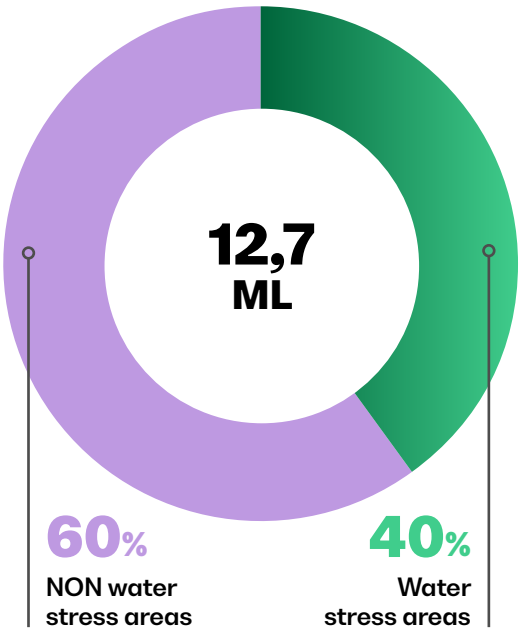
Water consumption

Faced with growing pressure on **water resources** due to climate change, Sisal understands the importance of defending the availability of water and managing it sustainably, especially in areas subject to *water stress*[47]. Although our water consumption is not significant in terms of our business activities, we recognise the importance of a responsible approach to this vital resource.

Management systems

Adoption and certification of management systems in compliance with ISO 14001 and 50001 are key to achieving strategic objectives and one of the main drivers for engaging with personnel and improving processes. With its risk-based approach, Sisal regularly analyses potential critical issues and identifies appropriate mitigation action to maintain an acceptable level of residual risk.

Water consumption



Certifications	
Environmental management system (UNI EN ISO 14001)	**Energy management system (UNI CEI EN ISO 50001)**
Perimeter: Sisal Italia S.p.A., Sisal S.p.A. Our Environmental Management System is focused on integrated risk management and a system-wide approach. With our projects and initiatives, we aim to promote an environmental protection culture and greater awareness of the challenges facing us for the benefit of customers, everyone working in our sites and all other stakeholders. ISO 14001 certification is another tool that strengthens our commitment to protecting natural resources and preventing pollution.	**Perimeter: Sisal Italia S.p.A., Sisal S.p.A.** The implementation of an Energy Management System requires efficient management of energy resources and in-depth knowledge of our systems and processes. This enables us to follow a path of energy optimisation and cost cutting with the aim of achieving our greenhouse gas emissions reduction targets

NB: there are four ISO 14001 and ISO 50001 certified sites, with 1,334 employees working in them.

47 Calculated with the Water Risk Filter tool.