Reduction of environmental impact

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

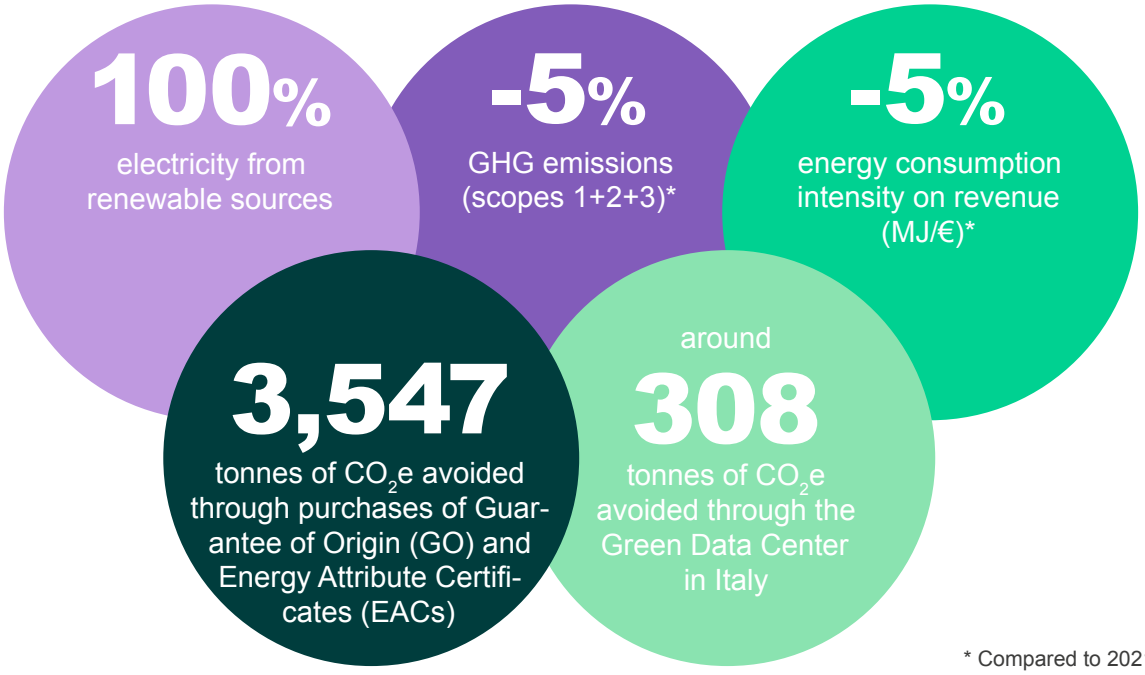
Sisal has launched an action plan to protect the environment and reduce the consumption of natural resources.

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.



* 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 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 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_2e emissions intensity on revenue (scope 1, 2 - market-based - and 3) compared to 2021

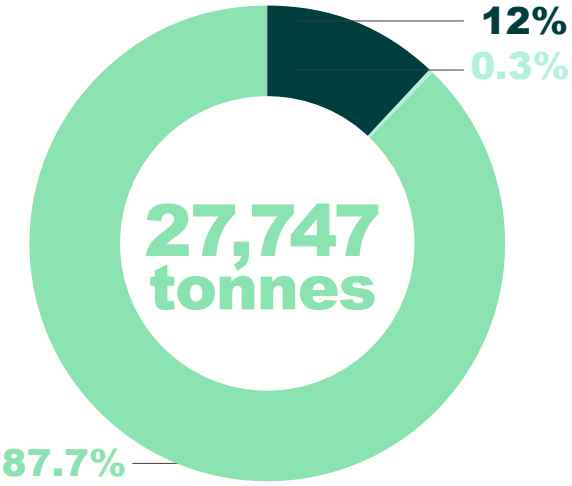
GHG emissions

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.

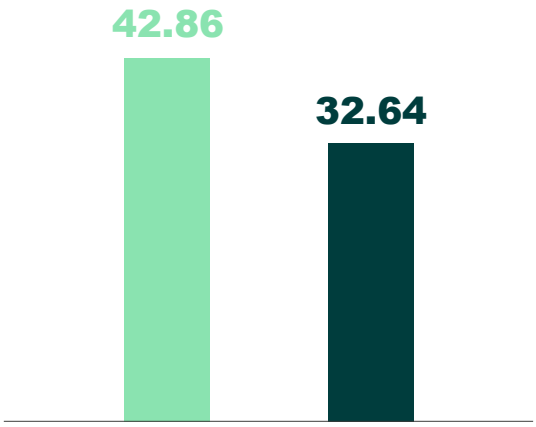
Total GHG emissions amount to 27,747 t of CO_2e (down 15% on 2021) and are mainly Scope 1 direct emissions (around 12%) and Scope 3 indirect emissions (87,7%). Scope 2 indirect emissions associated with consumption of electrical energy from non-renewable sources account for 0.3%. In fact, 100% of electricity purchased is covered by Guarantee of Origin Certificates (GO) in Italy and Energy Attribute Certificates (EACs)[45] for foreign subsidiaries.

[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.



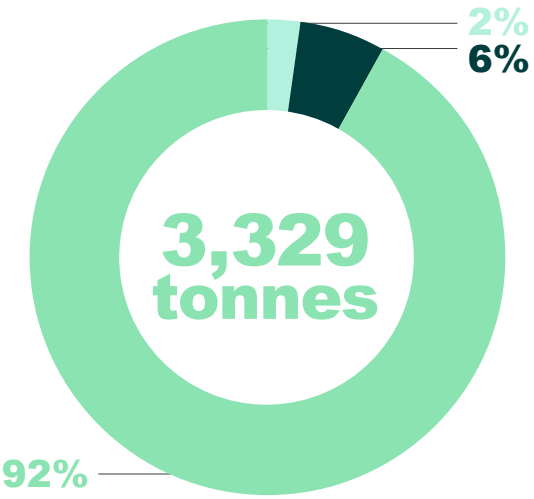
Scope 1, 2 market-based e 3 Emissions

- Scope 1
- Scope 2
- Scope 3



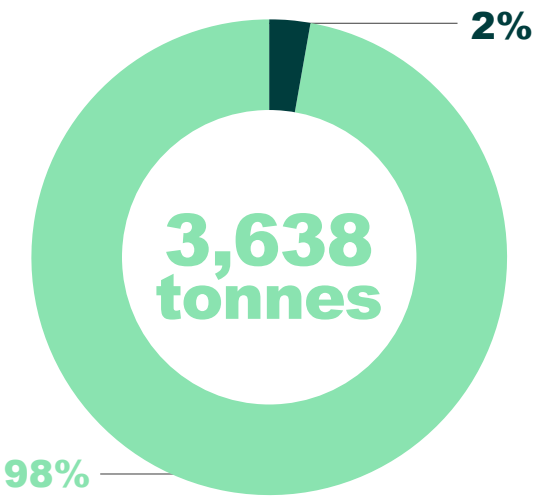
Total emissions (Scope 1 + Scope 2 market-based + Scope 3)/Revenue

- 2021
- 2022



Scope 1 emissions by source

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



Scope 2 (location-based) emissions by source

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

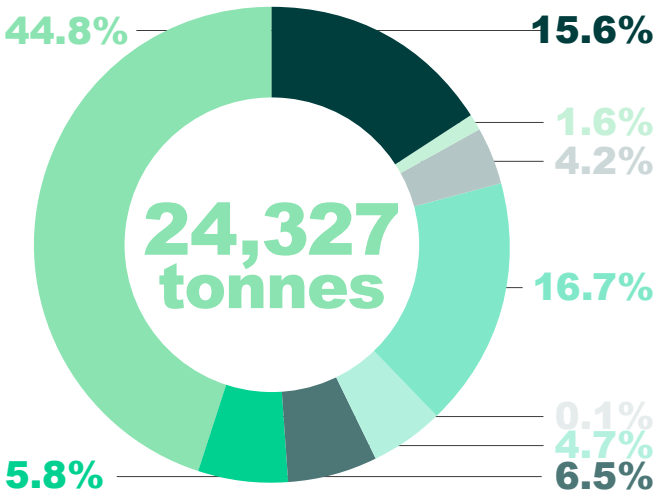
In 2022, we extended our reporting of **indirect emissions (Scope 3) to the following categories:**

- ***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

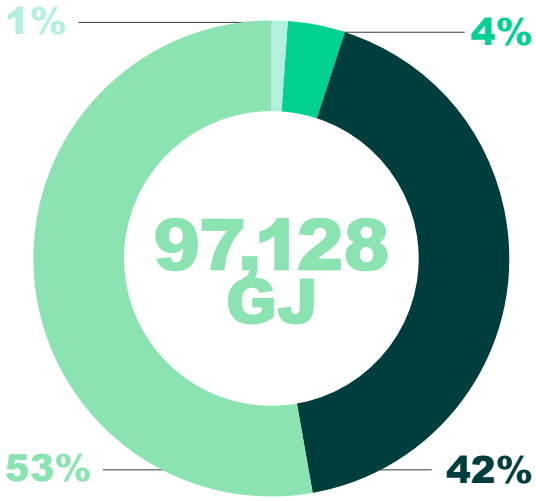
Sisal's direct energy consumption **is mainly associated with building management** (lighting, power for IT resources, heating and cooling for offices and directly managed points of sale) and **fuel consumption by the fleet of company vehicles**.

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.



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



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.

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.

-5%
energy consumption intensity on revenue compared to 2021

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

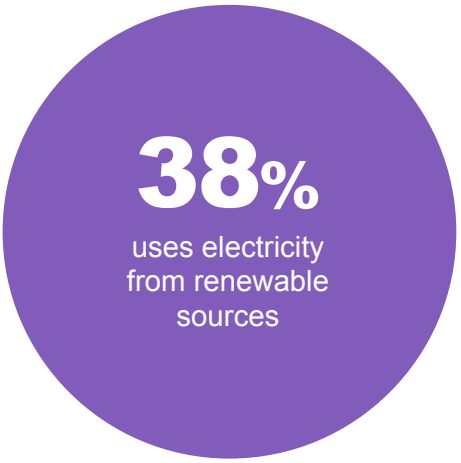
The feasibility study and detailed planning were completed for the installation of two photovoltaic plants at the Rome and Peschiera Borromeo sites in Italy. The plants will be installed by the end of the second half of 2023 and once they enter service, they will make it possible to reduce consumption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

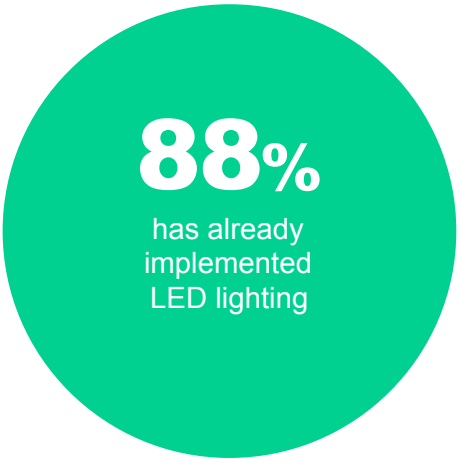
Survey of energy consumption in indirect points of sale

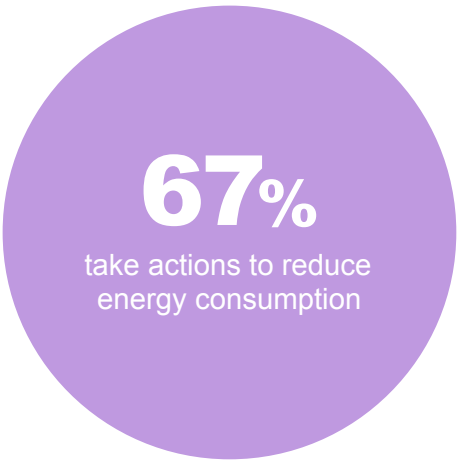
Between November 2022 and February 2023, an initial survey was conducted on points of sale not run directly by Sisal, to which over 400 retailers responded. The survey will help improve measurement of the CO_2 equivalent emissions footprint and identify ways to facilitate the transition of these points 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].







[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.

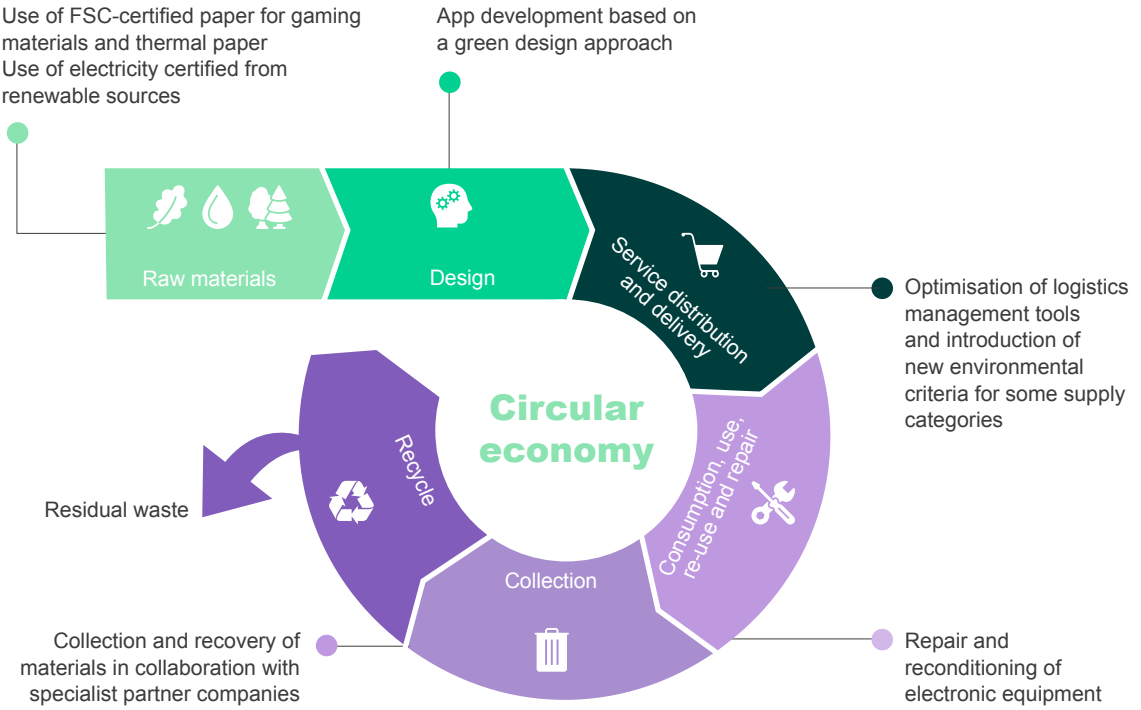
over
460
tonnes of CO_2e avoided in 2022 through smart working and sustainable mobility initiatives[47]

[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)

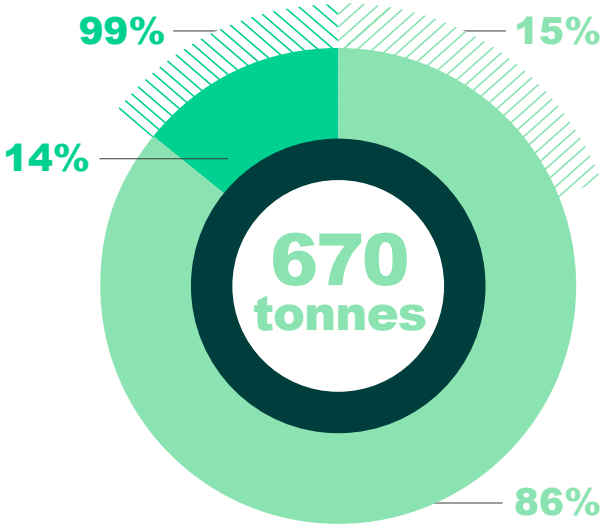


Paper is one of the materials to report the highest consumption because it is used extensively, mainly in points of sale, to provide Sisal's services. We are therefore committed to reducing our impact by seeking to conserve natural resources, by preferring digital solutions and by using renewable and 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.

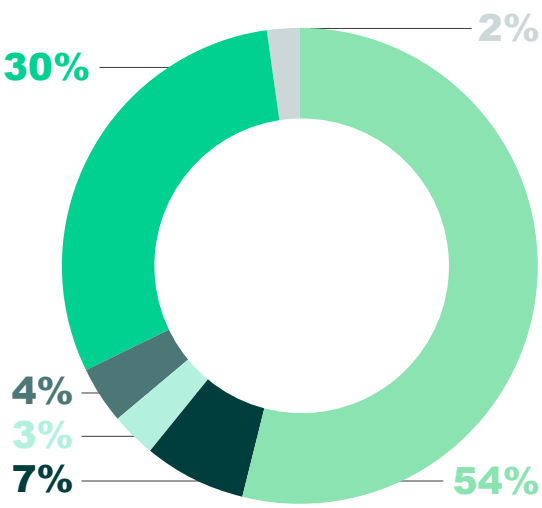
As the services offered are mainly digital, the biggest impact is caused by **waste** deriving from the end of life of **electrical and electronic equipment (WEEE)**, which includes both the IT resources of Sisal employees, as well as the terminals and gaming equipment in points of sale.

[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.



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

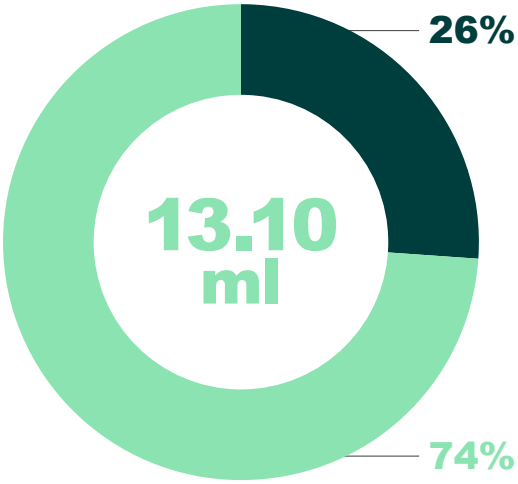
over **87%** of damaged electronic devices were repaired and reconditioned[49]

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.



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.