



# Corporate Governance



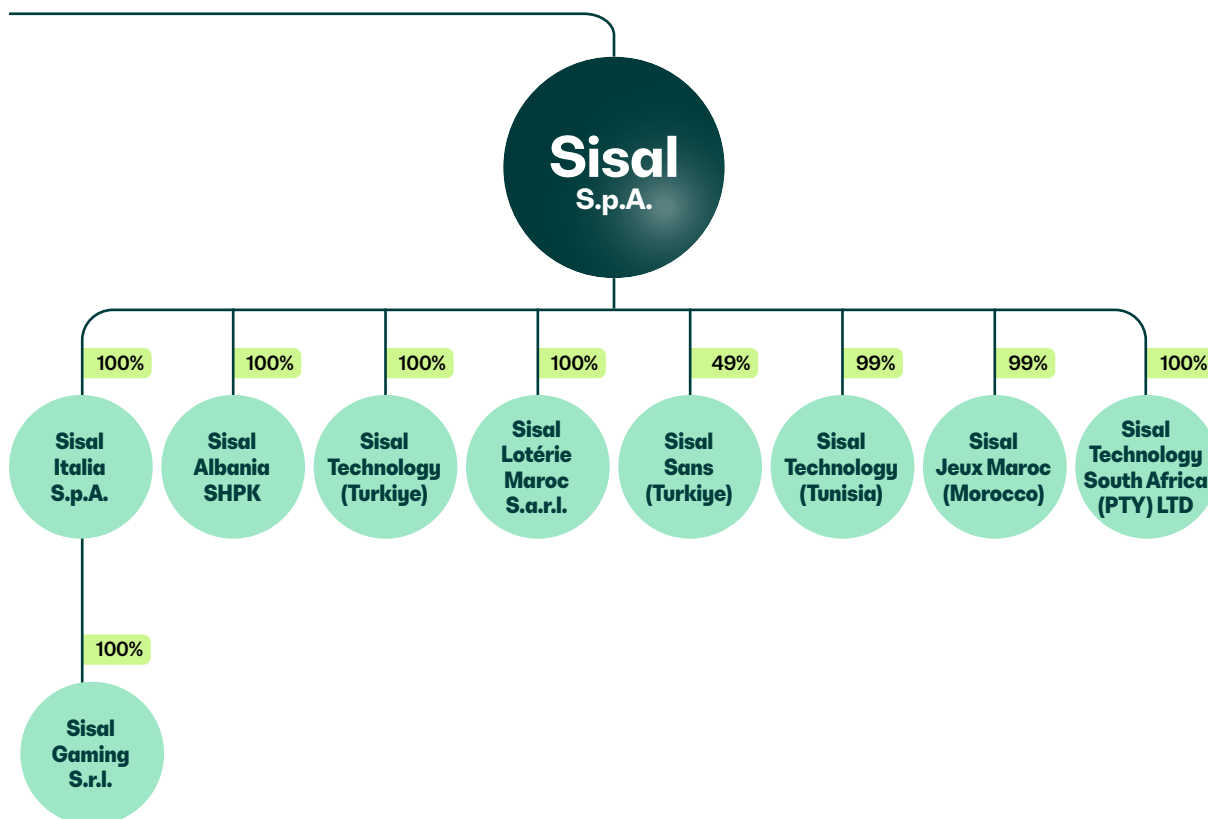


# Our organisation<sup>19</sup>

Sisal Group is part of Flutter Entertainment plc, the world's largest online sports betting and gaming provider. Flutter Entertainment plc has a portfolio of internationally recognised brands and is listed on the London Stock Exchange (FTSE 100 index) in the LSE Index and, since January 2024, also on the New York Stock Exchange.

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 Türkiye and Promosport in Tunisia.

## Flutter Entertainment Holdings Ireland LTD.



<sup>19</sup> For more details on the organisational structure, see the website: Organizational structure | Sisal. The company chart is updated as of the publication date of the 2023 Sustainability Report.

# The governance system

The prime 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 articles 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 action 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.<sup>20</sup>

- Aurelio Regina, Chairman of the Board of Directors (non-executive)
- Francesco Durante, CEO
- Emilio Petrone, Board Director (non-executive)
- Roberto Di Fonzo, Board Director
- Rob Coldrake, Board Director (non-executive)<sup>21</sup>.

## Board of Statutory Auditors

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

## Supervisory Board

- Emiliano Nitti, coordinator for Sisal S.p.A
- Iole Anna Savini, coordinator for Sisal Italia and Sisal Gaming
- 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.

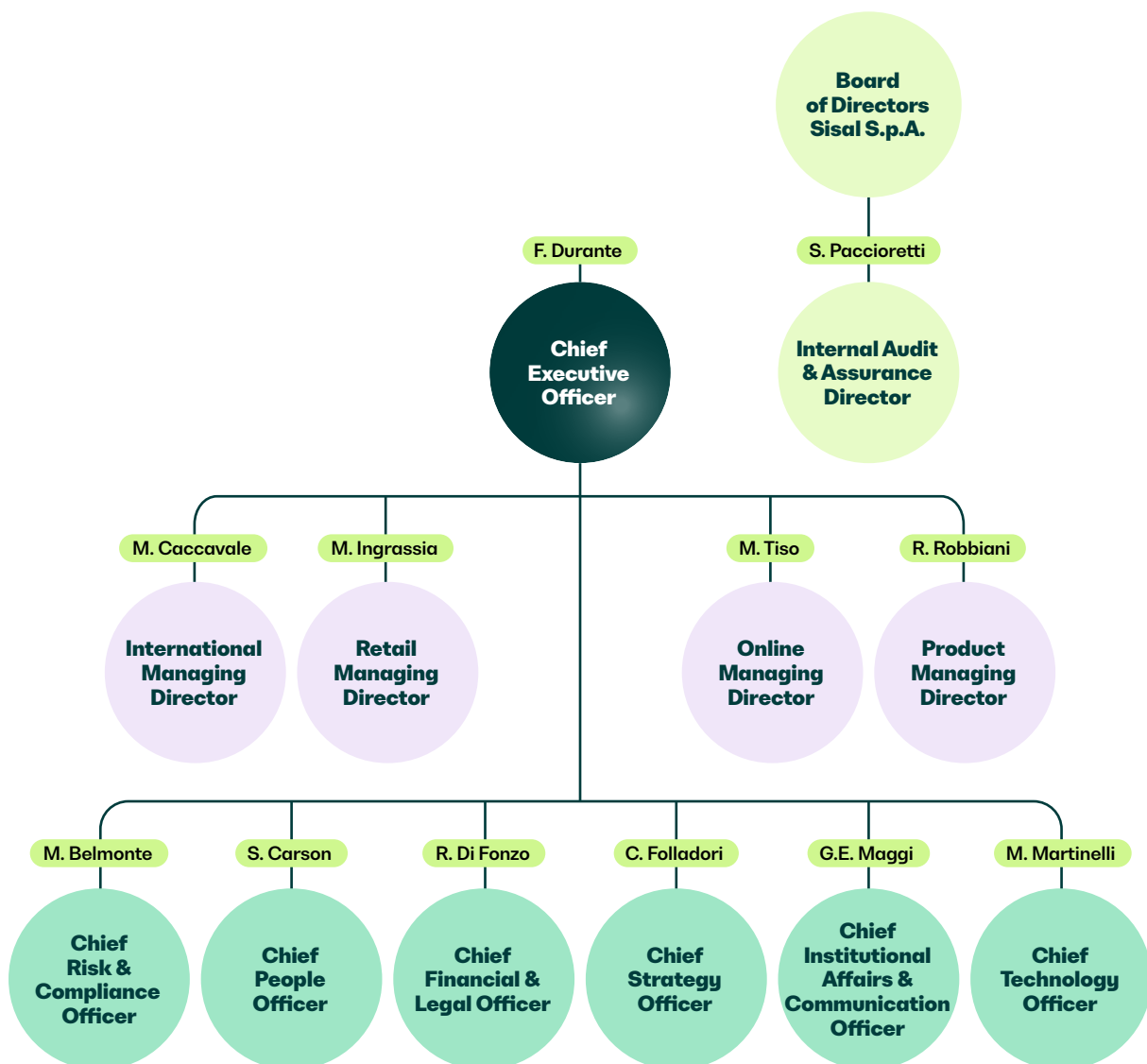
<sup>20</sup> The Board of Directors was appointed by the Shareholders' Meeting on 20 April 2023 and has a one-year term as agreed with the shareholder (Flutter). There are no independent Board Directors, with reference to the relevant requirements of the law, regulations and codes of conduct.

<sup>21</sup> Rob Coldrake is CFO of Flutter International and represents Flutter on the Sisal Board of Directors.

# Our internal structure

Sisal's organisational structure is split into three markets - **Retail Italy**, **Online Italy** and **International** - and a **Product** structure, which is tasked with developing the best offering to compete successfully in the various markets; the corporate structures support, in both Italy and internationally, business development and value creation in a balanced and sustainable way, consistently with values based on responsibility, people and innovation).

The Leadership Team organisation chart is as follows.



# 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 Treadway Commission (CoSO)*”.

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**.



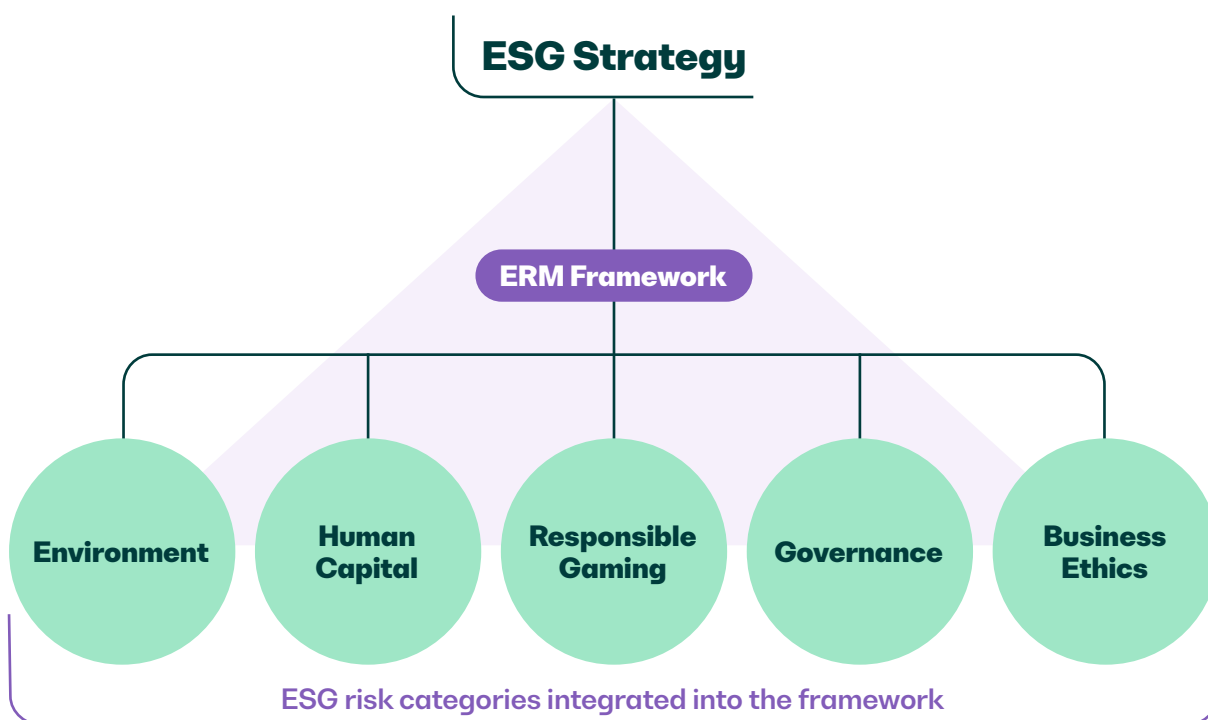
## Risk Assessment in the areas of ESG and Business Ethics

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 damage to 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:



### Environment 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.

Sisal therefore integrated the management of physical and transitional risks associated with climate change into the ERM risk framework and adopted mitigation actions to manage and monitor these risks, which can be grouped into two main categories:

Physical risks	Transitional risks
<ul style="list-style-type: none"> <li>• Lower income due to business interruption at points of sale.</li> <li>• Increased operating costs for non-routine maintenance activities.</li> <li>• Lower income due to the business interruption caused by damage to IT systems.</li> <li>• Increase in asset-related insurance costs.</li> <li>• Injury to employees caused by an extreme weather event.</li> </ul>	<ul style="list-style-type: none"> <li>• Asset write-downs.</li> <li>• High investments in strategic initiatives/projects to implement in order to improve energy efficiency and reduce GHG emissions, with a view to achieving the environmental targets set.</li> <li>• Evolution of the relevant legislation applicable to the business, with particular reference to the inclusion of more stringent environmental obligations.</li> <li>• Loss of market share due to the inability to anticipate market sentiment on environmental issues.</li> </ul>

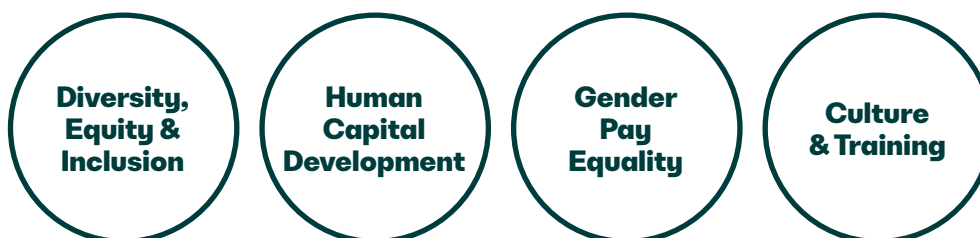
Sisal also has specific insurance coverage for damage caused by natural disasters.

For more details, see the chapter *Reduction of environmental impact*.

## 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:



To limit these risks, Sisal has taken action to promote Diversity, Equity & Inclusion (DEI), training, growth and talent development, and full personal wellbeing.

For more details, see the chapter *Exemplary employer of choice*.

## 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 requirements.

For more details, see the chapter *Responsible Gaming*.



## 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 regulations and international best practices.

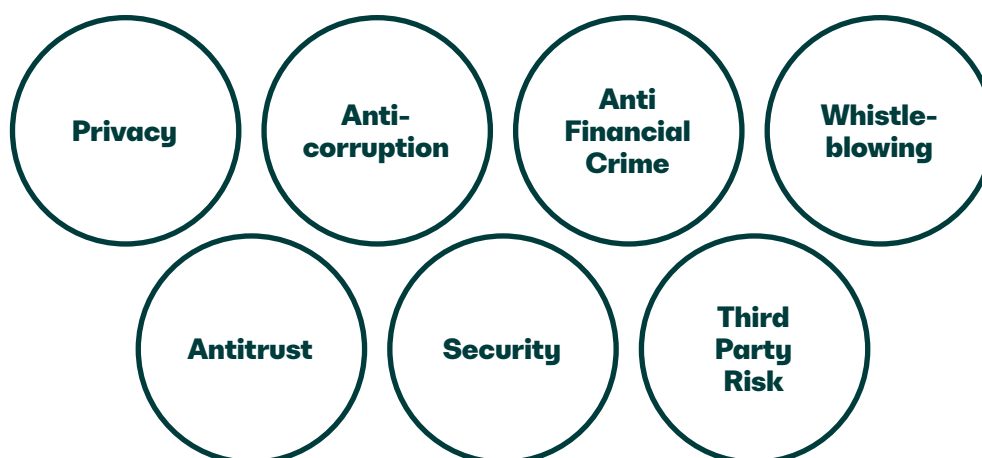
The Company has also adopted an Organisation, Management and Control Model pursuant to art. 6, Legislative Decree 231/01, which aims to ensure fair and transparent business activities, and has established a Supervisory Board.

For more details, see the chapter **Corporate Governance**.

## Business Ethics risks

Sisal carries out a specific assessment of ethical 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:



For more details, see the chapter **Business Ethics**.

# Internal control system

**Internal Auditing** is an independent, objective assurance and advisory activity designed to improve the effectiveness, efficiency and integrity of the organisation.

It provides the Board of Directors, the Board of Statutory Auditors, the Supervisory Board and Top Management with support in the pursuit of corporate 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**.

During 2023, in order to align Sisal's Internal Audit function with the approach used by Flutter, it was split into:

- a **team dedicated to Internal Auditing**, which carries out assurance and advisory activities in line with Flutter's methodology based on international internal audit standards – Risk-Based Assurance Audit Plan, Follow-up activities, High Risk Review and advisory projects;
- a **team dedicated to Assurance activities**, which carries out checks in the Retail sector, performs continuous auditing of concession regulations and requirements, and provides the Supervisory Board with support in relation to the activities set out in Legislative Decree 231/01.

In consideration of the Team's international nature, the Internal Audit function has developed a **Risk-Based Audit Plan** for 2023 consisting of 22 projects in three different countries (Italy, Morocco, Türkiye). The Flutter Group Internal Audit function also carried out four advisory projects mainly related to IT issues.

Using a risk-based approach, the Assurance function planned 33 projects mainly related to continuous auditing of concession regulations/requirements and high-risk processes, and support for the Supervisory Board in relation to the activities set out in Legislative Decree 231/01. In addition, the Assurance function inspected 257 points of sale during 2023, focusing primarily on compliance with internal policies and procedures and on the most important national gaming regulations.

Both plans were drawn up using the ERM Methodology, ensuring oversight by the Team of all processes characterised by higher exposure to risk and drawing on the support of external consultants with regard to the most relevant regulations affecting the industry (e.g. anti-money laundering, anti-bribery, personal data protection - GDPR, Law 231/01 on anti-corruption, health, safety and environment, and Law 81/08). The Internal Audit & Assurance Department conducts a wide-ranging annual analysis of compliance aspects with regard to these regulations.