

Sisal Social Report



2011

Sisal Social Report 2011



Michelangelo Pistoletto
Italian Rags
2007

Italy is at the heart of Sisal's history and activity, and this is the leitmotiv that inspired the choice of visual identity for the Sisal 2011 Social Report.

Italy, at the heart of our activity

The white, red and green of Italy are also the colors of the Sisal brand. They are expressed here using the language of contemporary art in a year - 2011 - when Sisal's 65 years of business activity coincide with the celebrations for 150 years of Italian unification.

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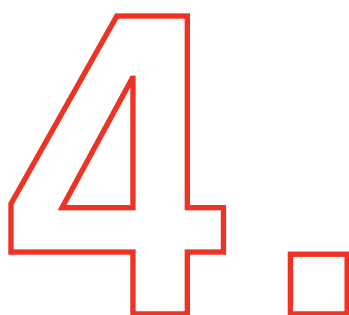
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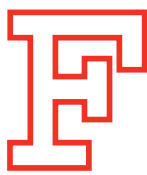
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Italy, Central to our History and Activity



For 65 years, Sisal has played a key role in Italy's economy, mirroring its growth and keeping pace with socio-cultural developments and the changing habits of Italians from the post-war era to date.

In parallel with the major milestones in the country's history since 1945, Sisal has constructed its own Company timeline. During the era of post-war reconstruction, Sisal invented the 'Sisal play slip', since renamed 'Totocalcio', which has been one of the driving factors in the growth of Italian sport. 'Playing Sisal' became a saying, an expression of a community tradition which was synonymous with having fun. Over the years, Sisal has stayed in touch with the changing needs of Italians, launching Totip, Tris and SuperEnalotto on the market, while today it offers a range of online games for the global Internet age. In parallel with the rapid development of social networks in Italy, the Company has also extended its range of online games. In recent years, Sisal has created Vinci per la vita – Win for Life, SiVinceTutto SuperEnalotto and Sisal Wincity, products that have proved to be enormously popular with Italians. Finally, to complement its offering, Sisal has also expanded into the payment services sector.

Sisal has thus always succeeded in creating highly popular brands. The commitment of its employees and partners and the strategy adopted by the Company based on innovation, research and development have made the group a leader in its core market and have helped it to achieve significant results, not just in financial terms: over the last four years, Sisal has created more than 500 new jobs, and in the three years from 2008 to 2010, it contributed EUR 5.6 billion to the country in the form of tax revenue.

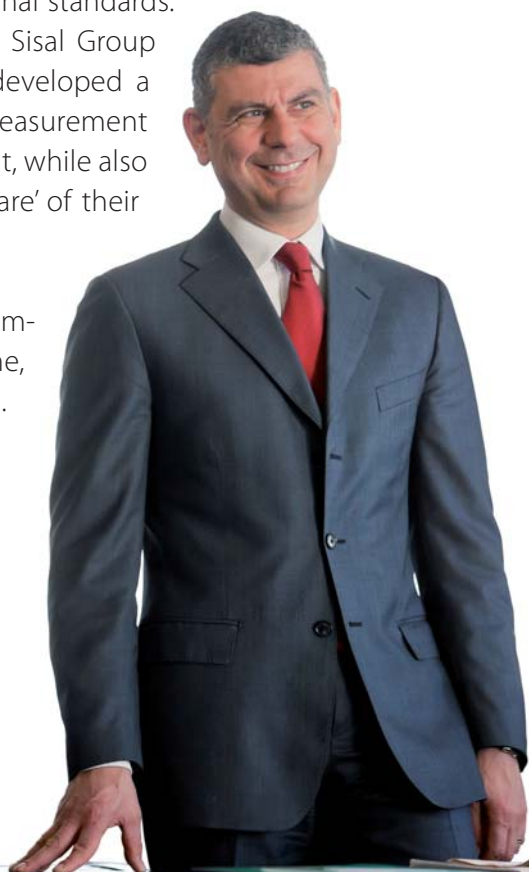
During its expansion, Sisal, which operates as a government licensee and is a long-standing partner of the Government, has decided to adopt a firm

commitment towards corporate social responsibility, a goal shared by many companies in pursuit of excellence. It has done so via a program that specifically focuses on the Community and on young people, helping to improve their prospects for the future. Here are some examples: Sisal has supported projects dedicated to the arts and culture, partly through its partnership with the Piccolo Teatro di Milano – Teatro d'Europa, which has led to the opening of a new civic space, Il Chiostro di Via Rovello, which provides opportunities for positive socialization, particularly among young people. These projects are aimed at children and young people in difficulty, through partnerships with Save the Children and Make-A-Wish, as well as initiatives focusing on youth sport and the nurturing of young talent.

Sisal's aim is to become a leader in sustainability by 2016. Its ethical commitment has also resulted in the introduction of a Responsible Gaming Program, in accordance with the guidelines of the Autonomous Administration of State Monopolies and with best practice and international standards. Furthermore, as part of its stakeholder engagement, the Sisal Group has intensified its dialogue with stakeholders and has developed a reporting system – in other words, a documentation and measurement system – that allows it to 'report' on the activities carried out, while also encouraging stakeholders within the Company to 'be aware' of their actions and consciously quantify them.

These are challenging goals and plans that testify to our commitment to find concrete solutions and, at the same time, open up new prospects for truly sustainable value creation.

Emilio Petrone
CEO, Sisal S.p.A.



Methodological Note

The Sisal Social Report, now in its third edition, is the Group's main tool for reporting and communicating responsible corporate governance and social responsibility. It is, therefore, a final statement of corporate social responsibility activities addressed to all Sisal stakeholders that shows, with absolute transparency, all of the activities already carried out and the guidelines for future development. It thus represents, for Sisal, its affiliated companies and stakeholders, a public monitoring and planning tool for improving the Company's performance.

Compared with previous editions, some significant changes have been made. Among these are:

- >> Focus on the concept of sustainability, i.e. real awareness throughout the company that actions must be geared towards financial, social and sustainable development targets at national and international level. This means sustainability as a governance model, in stakeholder relations and with regard to economic and financial aspects. In addition, special attention is given to responsible gaming: the most significant aspect and the cornerstone of Sisal's CSR strategy.
- >> More importance given to reporting quantitative and qualitative elements according to Global Reporting Initiative (GRI) performance indicators. During a series of periodic meetings of the CSR Unit, held from July to December 2011, indicators were identified and mapped and a reporting procedure was defined, as set out in the document 'Reporting Responsible Gaming and GRI', structured according to the Sisal document format required by its ISO 9001:2008 certification.
- >> More attention to the Company's relations with its stakeholders through the development of extensive stakeholder mapping. This is in addition to the adoption of Sisal's own unique Stakeholder Engagement model.
- >> Description of the commitments assumed by Sisal in 2010, activities carried out in 2011 and the Company's objectives for 2012.

The reporting process used to prepare this report involved the collaboration of all com-

pany departments. To define the contents, consideration was first given to the most important and sensitive issues of the gaming industry, as well as the strategic directives of the CSR Leadership Team.

The frame of reference of the report mirrors the contents of the consolidated financial statements; the figures refer to the year ended December 31, 2011. Also provided is significant information relating to events after the balance-sheet date, such as the achievement of certification for responsible gaming, received from the World Lottery Association in February 2012, which is added to the certification received by Sisal in 2011 and again in February 2012 from European Lotteries.

The following companies fall within the scope of consolidation: Sisal Holding Istituto di Pagamento S.p.A., Sisal S.p.A., Sisal Match Point S.p.A., Sisal Slot S.p.A., and Sisal Bingo S.p.A. The consolidated financial statements as of December 31, 2011 were prepared in accordance with International Financial Reporting Standards.

The word 'Sisal' refers to Sisal Holding Istituto di Pagamento S.p.A., while group companies are mentioned by name.

The data contained in the Social Report represent useful management inputs and derive from sources both within the Sisal Group and sources available to the public: independent research, as well as information provided by the Autonomous Administration of State Monopolies (AAMS) and by international organizations, etc.

The 2011 Social Report is divided into six sections:

1. The Sisal Group
2. Sustainability as a Governance Model
3. Sustainability and Responsible Gaming
4. Social Sustainability: Stakeholder Relations
5. Social Sustainability: the Community
6. Financial Sustainability

The Sisal 2011 Social Report can be viewed in the Corporate Social Responsibility section of the website at www.sisal.com.



Margherita Levo Rosenberg

Triangular Tricolor

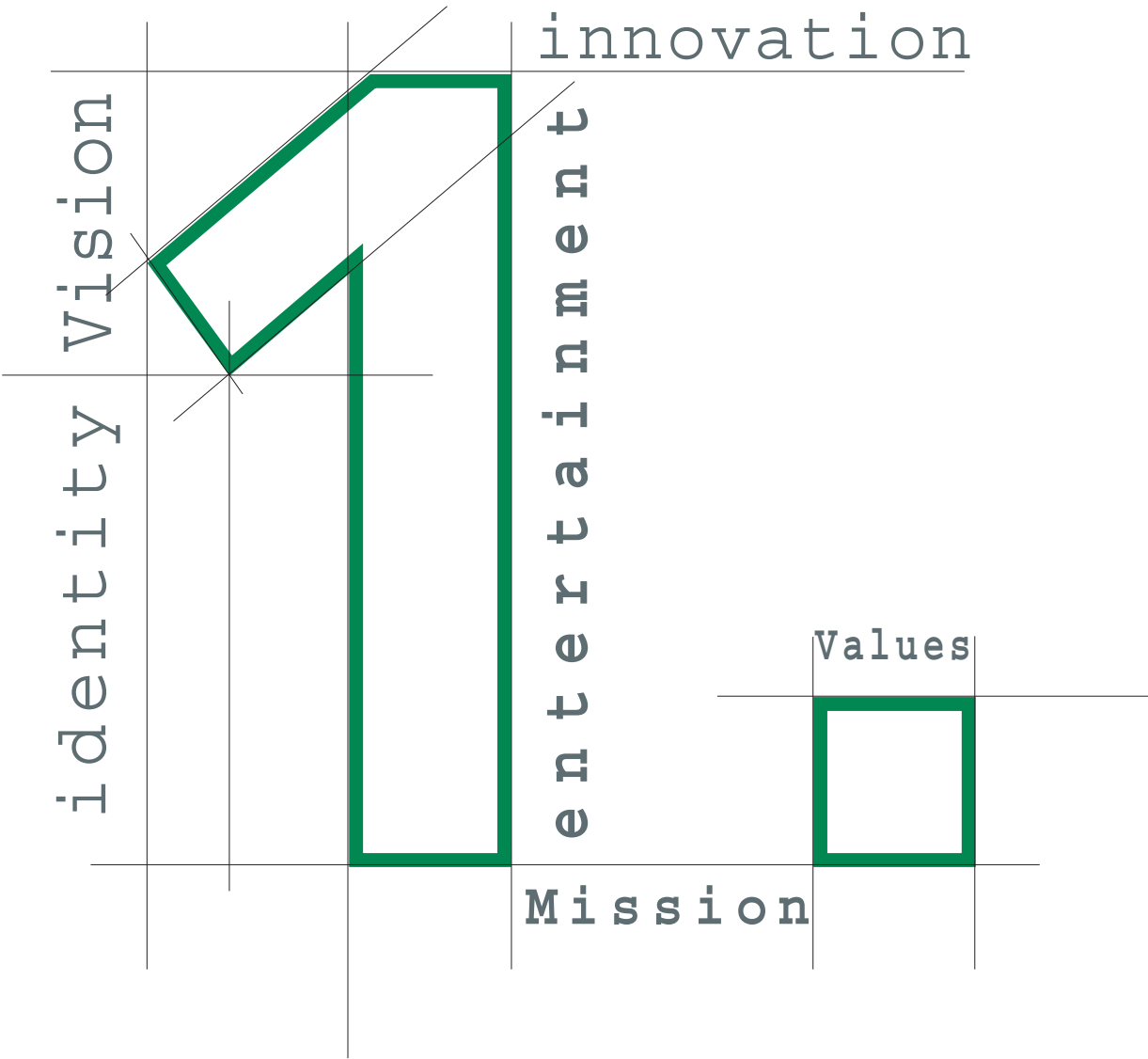
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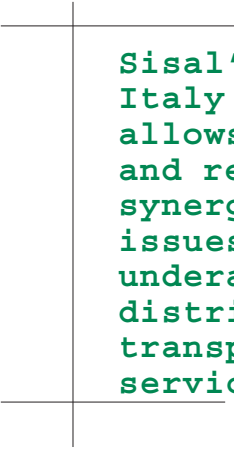
x-ray film

screen print

1. THE SISAL GROUP

1. THE SISAL GROUP





Sisal's widespread presence across Italy represents a social network that allows the Company to offer innovative and responsible gaming experiences, in synergy with the Regulator on sensitive issues such as the prevention of underage and excessive play. The Sisal distribution network also provides a transparent, secure and efficient public service.

The Sisal Group and the Italian Consumers

Sisal is one of Italy's leading heritage brands. It has helped to create and develop the legal gaming market, offering more than 20 million consumers new services and forms of entertainment with high levels of expertise, technology, transparency and security, in strict accordance with the standards laid down by the Regulator.

Sisal was established in 1946 and was the first Italian company to operate in the gaming sector as a government licensee. Today it is a major Italian group and an official government partner that operates in the gaming and payment services sectors. It is known for its innovative and responsible approach, as well as its firm commitment towards sensitive issues such as advertising and the prevention of underage play.

The Company has an impressive track record, outstripping previous years' growth with revenue of more than EUR 13 billion in 2011. It is also popular among players, with the SuperEnalotto Facebook page representing the largest lottery community in the world. However, these achievements were only made possible thanks to an approach based on:

Leadership in Innovation. From the invention of Totocalcio and Totip back in the 1940s, to SuperEnalotto and the new SiVinceTutto SuperEnalotto, Vinci per la vita – Win for Life, Wincity gaming halls, and the launch of Eurojackpot in 2012, Sisal has always been at the cutting edge of the gaming market, developing new products in response to changing consumer preferences and aspirations. To lead the way in responsible innovation means acting as an 'ideas incubator': the Company has set up a special business unit (Business and Product Innovation) dedicated to innovation, research and development, attracting young talent and encouraging their creativity through the implementation of internal development processes.

Confidence. Sisal is seen as dependable owing to a relationship built up with consumers over the company's 65-year history, a history anchored to the values of trust, expertise, integrity, and transparency, characteristics that make Sisal not only a reliable company – an absolute prerequisite for operating in a sensitive market such as gaming – but also a key point of reference for safe and responsible gaming.

Consumer focus. Sisal is devoted to the needs of its stakeholders and consumers, knows how to interpret their preferences and aspirations and is responsive to emerging social trends. Sisal has interpreted the change in consumer habits in Italy by developing a local retail network able to cater for Italian consumers and their needs. This widespread, nationwide presence allows Sisal to devise gaming experiences, amusements, and payment services responsibly and sustainably overtime.

In 2009, Sisal launched a Corporate Social Responsibility Program to protect players and support the Community, strengthening its local ties. Sisal's commitment towards consumers is particularly visible in the following areas:

- >> prevention of underage play,
- >> sustainable commercial policy aimed at encouraging informed, sensible play, with a focus on entertainment,
- >> prevention of forms of excessive play and support for problem players,
- >> certification from the World Lottery Association and European Lotteries.

Community commitment. The Company's Community focus goes beyond simple dialogue and consists of campaigning for social issues. In 2009, Sisal began supporting community projects focusing on the themes of youth training and support, scientific research, culture, arts, and sport. In addition, the Company intends to strengthen its commitment by embarking on a stakeholder engagement process in order to share its priorities and action plans.

In light of its continual Community commitment, Sisal has set out to engage in active dialogue with numerous consumer associations, with leading foreign operators in this sector, and with major international associations. Sisal is a member of European Lotteries and the World Lottery Association.

The commitment to satisfy and protect the Community and consumers is central to the Sisal Group's strategy.

Group companies

Sisal Holding Istituto di Pagamento (SHIP) S.p.A. The Sisal Group holding company responsible for the management and coordination of companies in the group, offering more than 300 payment services with 70 partners, both private and public, authorized by the Bank of Italy to operate as a payment institution. Its registered office is situated at 13 via di Tocqueville, Milan. It is wholly owned by Gaming Invest Sàrl.

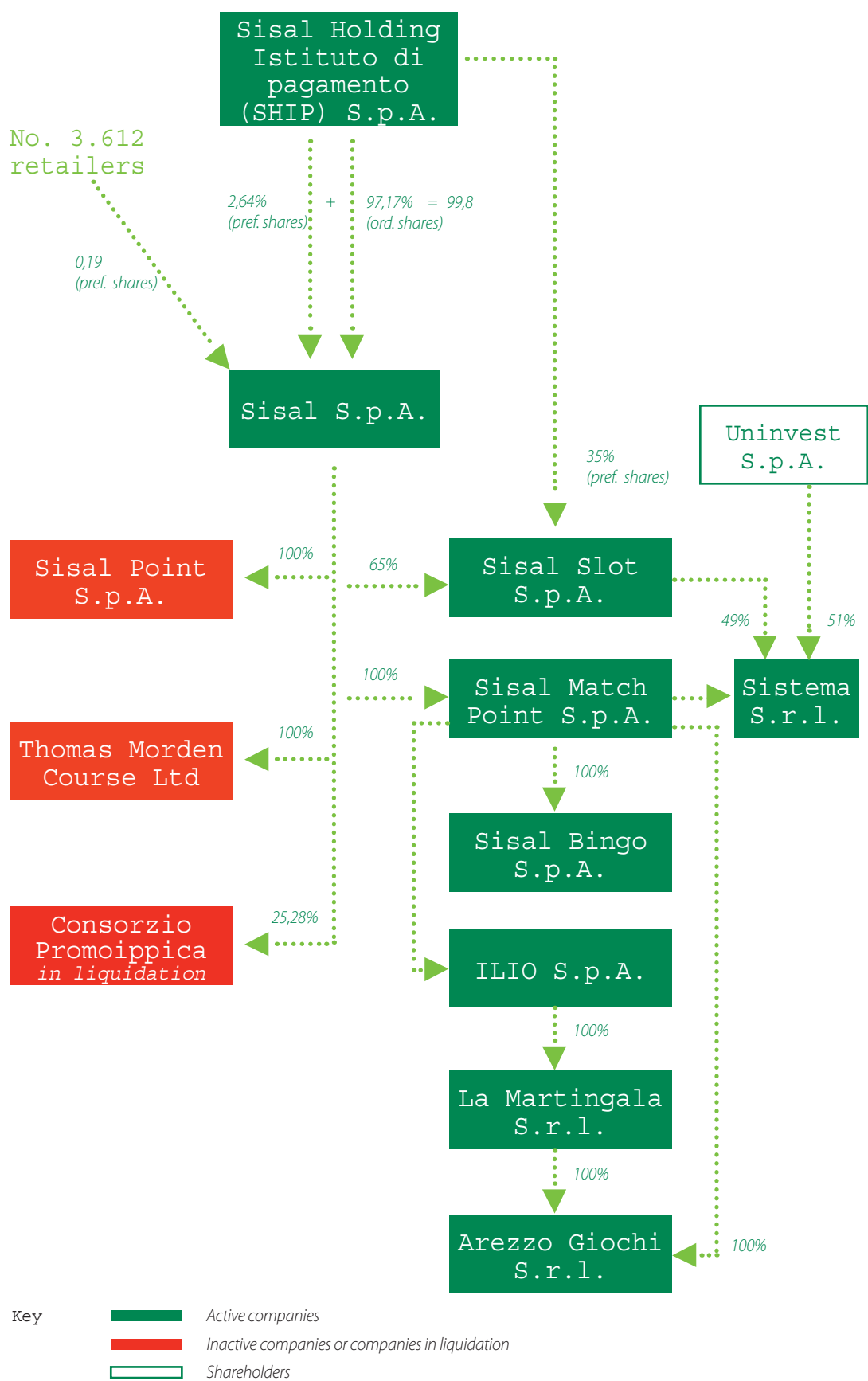
The Group's total profit in 2011 was EUR 13.3 billion, up by 18% compared with 2010.

Sisal S.p.A. Controlled by SHIP S.p.A., this manages a network of 41,659 online merchants offering numerous games including SuperEnalotto, SiVinceTutto SuperEnalotto, Vinci per la vita – Win for Life and Eurojackpot. It also sells a wide range of third-party products and services, such as national and international telephone cards and PINs for mobile phone top-ups for all the major Italian mobile operators, as well as pay-per-view cards for digital terrestrial television.

In September 2010, Sisal signed a memorandum of understanding with the Government for the 'Friends Network' project, a joint venture between public and private networks to increase points of contact between the public and different organizations. Sisal allows its own commercial and IT network to be used by the public to access services easily via a nationwide infrastructure.

Revenue in 2011 was EUR 239.3 million.

Group Structure chart



Sisal Match Point S.p.A. operates in the betting sector based on sporting, horse racing and social events through more than 4,000 points of sale, including 203 betting shops and directly operated points of sale, 1,000 sports betting concessions and 3,108 horse race betting concessions. Sisal Match Point S.p.A. also offers Tris, Totogol and Big Match betting, and, through the online and mobile channels, the games Sisal Poker, Sisal Bingo, Sisal Skill Games and Sisal Casino.

Revenue in 2011 amounted to EUR 142.9 million.

Sisal Slot S.p.A. connects around 38,000 amusement with prize (AWP) machines to the government network. Some 13,000 of these are owned by Sisal through 270 nationwide distributors. In September 2010, Sisal Wincity entered the market with gaming halls based on the concept 'Eat, Drink, Play', where the public can play games or watch performances and events in a pleasant and secure environment.

Revenue in 2011 amounted to EUR 480.7 million.

Sisal Bingo S.p.A. has operated in the bingo hall market since the second half of 2007, and is now also present in online bingo.

Revenue in 2011 amounted to EUR 5.1 million.

Group Brands



Group Structure

The corporate social responsibility commitment that Sisal has assumed towards its customers and the Community has helped to create an organizational model based on three business units: Lottery, Entertainment, and Digital Games and Services.

Sisal relies on the support of nine central departments, among which Business and Product Innovation plays a major role. This department, which is entirely dedicated to innovation, is one of the few in the gaming world and is distinguished by its expertise, reputation and creativity.

Lottery Business Unit

This is responsible for developing the potential of an exclusive concession for national totalisator number games (NTNG), of which the most important product is SuperEnalotto, which Sisal is tasked, as concessionaire, to manage until 2018. This concession was awarded in 2009.

These games are managed through its own distribution network, which consists of approximately 42,000 points of sale, evenly distributed throughout the country, and about 40 retailer sites for online gaming. In this way, the games are accessible through the use of new technologies, in full compliance with the relevant regulations, fully benefiting the consumer.

Entertainment Business Unit

This is dedicated to entertainment and skill games, such as horse betting (another traditional sector occupied by the Company and extremely popular in Italy), sports betting, and amusement with prize machines, as well as the traditional products that remain popular with the public, such as Totocalcio and Tris.

Distribution is via a network of generic points of sale and through dedicated and professionally specialized retail networks (such as the Match Point betting shops and the Wincity gaming halls), to better address the challenges of an increasingly competitive environment.

Digital Games and Services Business Unit

Sisal offers its players the opportunity to play online, via websites, gaming clients¹ and mobile phone apps, using the latest technology to guarantee secure, legal and informed play. Using its own development and innovation structures and strategic partnerships with leading suppliers of games platforms, the Company is able to provide a comprehensive and high quality service. The Digital Games and Services BU also offers the public a wide range of payment services.

¹ Gaming clients are applications specializing in specific types of games and are distributed in the form of programs that can be downloaded and installed on the player's PC

Payment Services

The Sisal Group has been present in the services market since 2002. With cutting-edge solutions and a network of around 42,000 points of sale located throughout Italy, the Sisal Group is able to offer fast, simple and secure solutions enabling consumers to perform day-to-day tasks such as top up their mobile phone or renew their digital TV subscription, pay bills and taxes, top up prepaid cards and many other services besides, while constantly maintaining a highly professional and innovative image.

The Sisal Group's strategy in this area is based on various distinguishing elements which have allowed the Company to achieve a significant competitive position in a short space of time:

- >> widespread, accessible and fully available distribution network;
- >> secure, swift and simple service provision to the end user;
- >> broad-based range of services to meet consumers' needs;
- >> Company's experience of handling a large volume of transactions efficiently;
- >> advanced technology of Sisal IT infrastructure;
- >> firm commitment towards establishing a transparent and collaborative relationship with its network.

Through its retail network, Sisal has brought payment services closer to the end user, creating a 'local' network in which transactions can be carried out swiftly and reliably via an accredited payment institution: in September 2011, the Bank of Italy granted Sisal a license to operate as a payment institution, and this has allowed the Company to continue managing all collection and payment services on behalf both of private companies and the Government, in complete accordance with the directives on transaction security issued by the Bank of Italy.

Payment services are provided by the parent company Sisal Holding Istituto di Pagamenti (SHIP) S.p.A., subject to supervision by the Bank of Italy, using capital set aside for this purpose.

The company's deep-seated commitment towards its network, its consumers, the public and its partners has enabled the Sisal range, consisting of more than 300 services, to be expanded and diversified.

Owing to the growth in consumer confidence, more than EUR 5.3 billion was generated in 2011 from retail services alone, representing the highest growth on record and accounting for some 40% of total revenue.

With a view to the steady expansion of this area, the Sisal Group has embarked on a series of projects aimed at launching new payment solutions in a bid to streamline its extensive service portfolio.

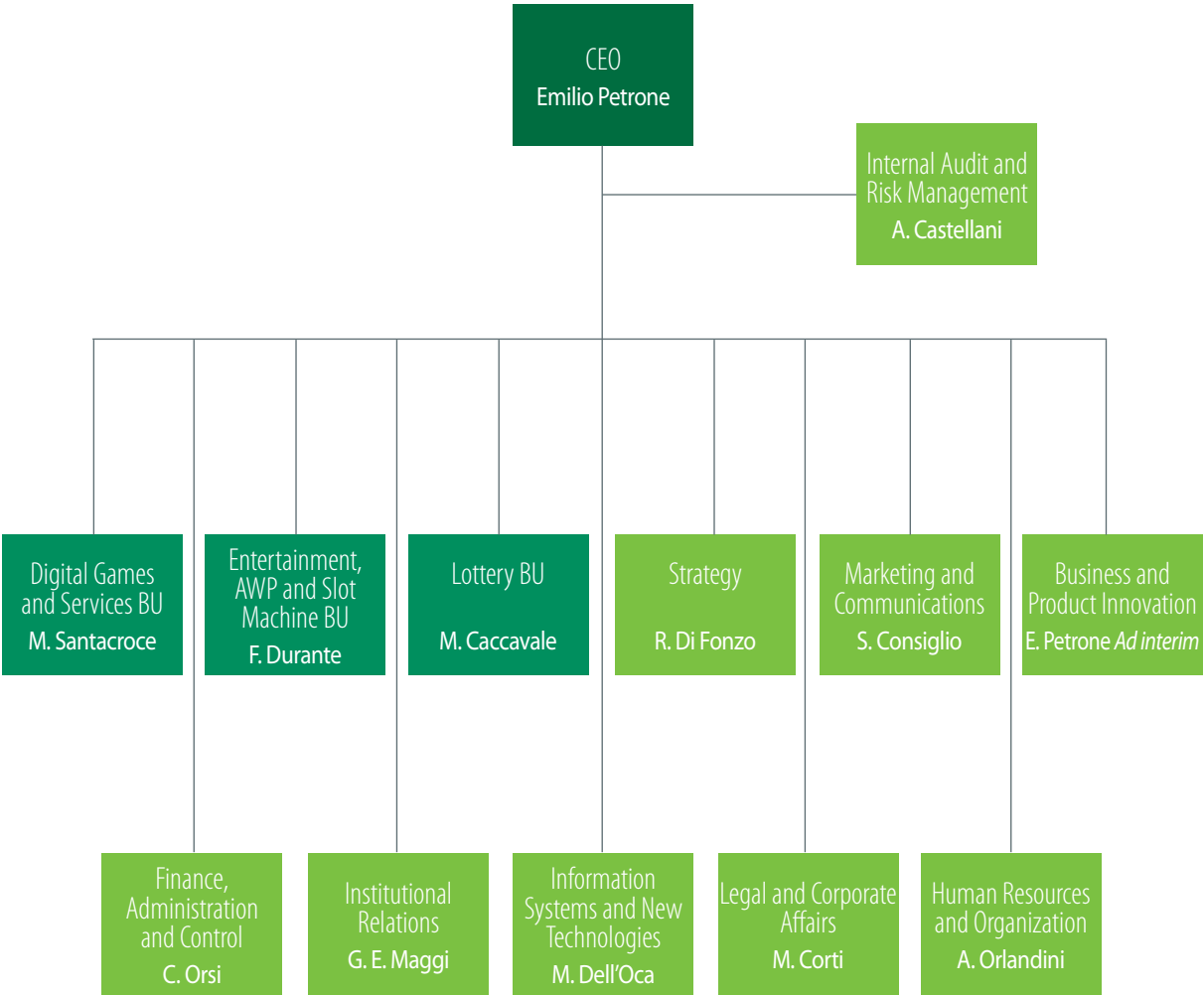
Role of Innovation

Sisal has harnessed contributions from young people, in-house resources, and partnerships with leading national and international scientific institutions and universities with a view to creating an outstanding 'open innovation' model, equipped with cutting-edge tools and open to young Italian talent in a bid to foster responsible innovation.

Set up in 2010 to complement the Sisal organizational model, in 2011 the Business and Product Innovation Department worked both on product innovation, designing the new SiVinceTutto SuperEnalotto and Vinci per la vita – Win for Life games, and structuring internal projects in the area of process and business innovation.

The Company has also joined a new community, the Lottery Innovation Network, alongside the world's leading lottery operators. Based in Finland, this community is in constant contact with the University of Tampere, also in Finland, and aims to develop new ideas based on shared experiences and technologies.

Sisal Group Organizational Chart



Vision, Mission and Values

Sisal bases its identity on certain key values which summarize and epitomize the corporate culture. The profound awareness of the 'original spirit' – the DNA that embodies the core values of the Company and denotes its identity – has always been linked with the ability to innovate and to respond to changes swiftly.

The Company's loyalty to its roots and its commitment to listen to and dialogue with consumers and the Community have allowed Sisal to overcome the challenges of growth without losing sight of its core values. These values have allowed the Company to operate for the past 65 years while keeping pace with the changing trends in our country since the Second World War: an extremely long period of time for an Italian company that has remained true to the corporate spirit that inspires its ongoing development.

From this legacy, which provides a solid foundation for Sisal, derives a real sense of ownership and thus of loyalty and continuing trust between employees and the Company. The cohesion and team spirit that permeate the corporate culture and represent one of its major strengths emerged from day one of the company, when Sisal was the only private operator in a state-controlled market.

It is precisely this sense of ownership and the close ties between employees and the company that make human resources such a vital asset to the business, helping them to develop core skills such as flexibility, commitment, integrity, reliability, and dedication.

Among Sisal's competencies, it is also worth underlining the ability to reinvent products, another core strand of Sisal's DNA. The Company's entire history is studded with success stories, and Sisal has now been recognized as a key player at a global level, owing to its expertise in this sector. This flexibility has given Sisal the means to embark on numerous and complex changes. In recent years, particularly in 2008, Sisal began incorporating new expertise and new resources into its culture, at all levels of the business. These have endowed the Group with working methods and a market approach increasingly in line with developments in the gaming sector.

Today, Sisal recognizes in itself certain key values that summarize and encapsulate the different phases of its history and its corporate culture:

- >> **Reliability**
- >> **Expertise**
- >> **Experience**
- >> **Innovation and sustainable development**
- >> **Responsibility**
- >> **Consumer focus**

The values that Sisal has chosen to subscribe to inform its ethical conduct, business affairs and dealings with all key stakeholders. These values inform the work of its employees, partners, retailers and suppliers, define the relationship with its stakeholders, and provide an ethical basis for the Company, offering a guarantee for all stakeholders. Sisal's mission was defined in 2008 at a time of significant changes both in the core

market and among its senior management and corporate structure. Sisal's senior management has always identified the vision and mission as a strategic concept, described as follows in 2008:

'To be a leader in managing responsible gaming, entertaining players, wherever they are, with safe and innovative games that help them realize their hopes and dreams.'

Mindful of its past and the important changes undertaken to date, and the stronger for it, Sisal has set itself the goal of focusing more on the consumer experience in-store, delivering the best gaming and entertainment experiences, and offering the public additional payment services in a responsible and sustainable manner.

The Gaming Market in Italy

Sisal is currently a government licensee in each sector of the Italian gaming market with a distinct and comprehensive offering:

- >> exclusive management of popular products in the national totalisator number games (NTNG) and Lotteries segment, with SuperEnalotto, SiVinceTutto SuperEnalotto and Vinci per la vita – Win for Life;
- >> in sports and horse race betting, with its own brand Match Point;
- >> in the amusement with prize (AWP) machines and video lottery terminals (VLT) sector, with Sisal Slot and the Sisal Wincity chain;
- >> in the emerging online gaming segment, through the sale of online versions of traditional games and the management, as in the case of poker and skill games, of specially designed models via the website www.sisal.it.

For Sisal, operating in the gaming market as a government licensee means not only adhering to the rules and directives of the body that supervises gaming in Italy, the Autonomous Administration of State Monopolies (AAMS), but also acting as a dependable and proactive partner of the Government on the issues of legality and responsible gaming.

The AAMS commitment of the undertaking to introduce high standards and security, control and transparency requirements into the gaming market – making the Italian market a reference model for the rest of Europe – and its ongoing and active collaboration with concessionaires, including Sisal, have in recent years helped to eradicate illegal or clandestine elements of the market, making it transparent in a bid to protect the entire Community.

The gaming market in Italy has witnessed significant growth in the last five years, generating EUR 79.6 billion in gross profit in 2011 with a CAGR (Compound Annual Growth Rate) of 17.7%.

Figures in EUR million

The key to these differences in growth can be seen in the table below, which illustrates the relationship between total gross profit and net actual spend by the public.

Figures in EUR million

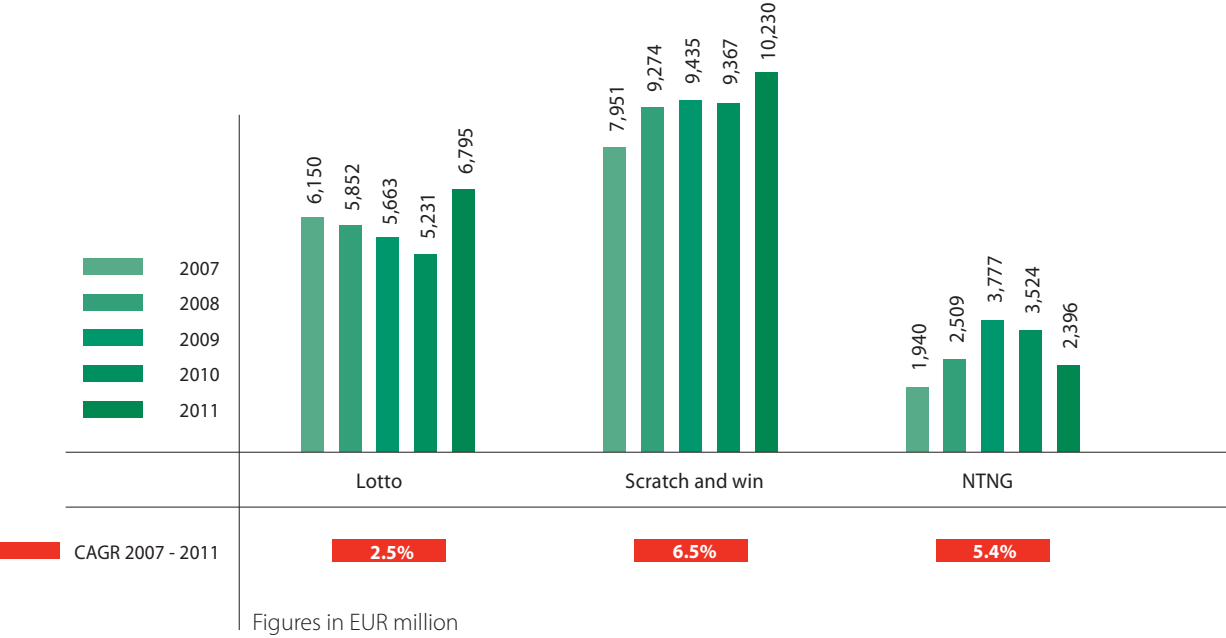
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Segment analysis (2007-2011)

Lotteries

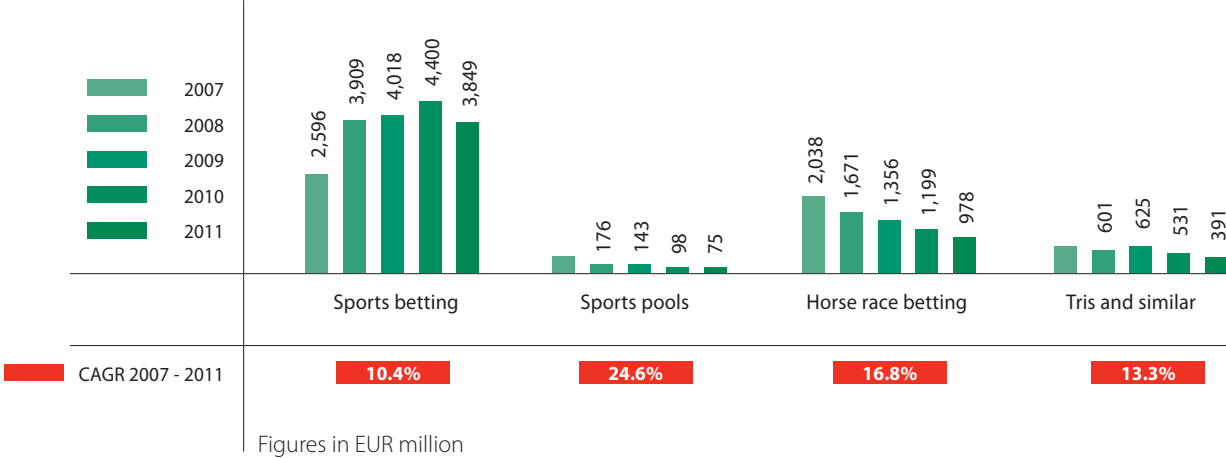
The lotteries segment shows a lower growth rate in recent years, with a total CAGR of 4.9%.

National totalisator number games (NTNG) (SuperEnalotto, Vinci per la vita – Win for Life and SiVinceTutto SuperEnalotto) have a CAGR of 5.4% and a value in 2011 of 23.5%, higher than in 2007 and indicative of the growth of this high-performing segment. In 2011 the Lotto consisted of a combination of the Lotto and the new 10eLOTTO game. The CAGR for the period 2007-2011 was 2.5%.



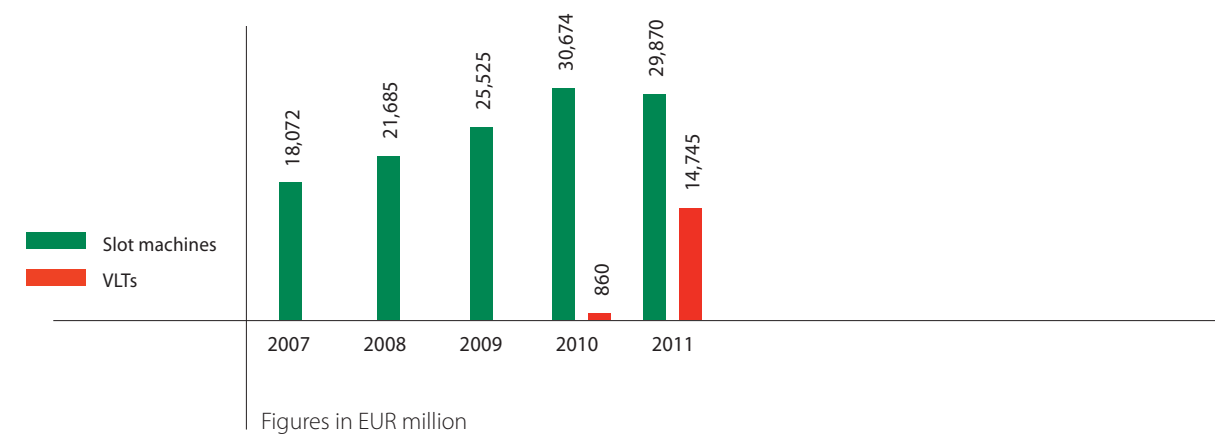
Betting

The betting segment showed essentially negative values for each of the segments analyzed. While for the horse racing segment and the traditional Totocalcio segment (referred to here as the pools), a crisis can be noted which started several years ago, in the case of sports betting, the reasons for the downward trend are essentially linked to the structure of the product itself.



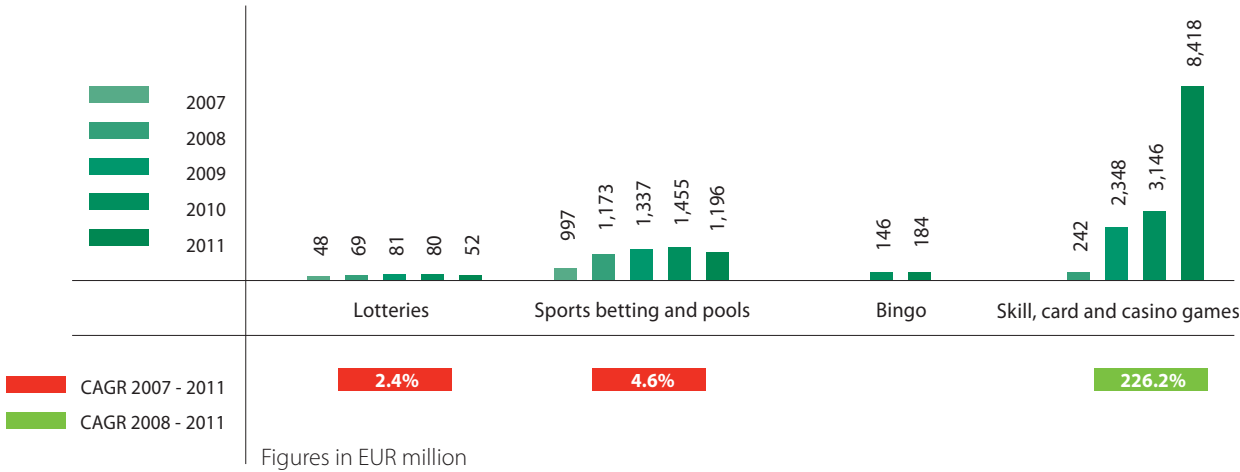
AWP (slot machines and VLTs)

Slot machines represent more than 50% of the total gaming market in Italy. It is estimated that there are more than 380,000 machines in the market, located in over 114,000 points of sale. The total profit of the segment was more than EUR 44.6 billion, with a CAGR of 25.3%. Slot machines alone had a CAGR of 13.4%. In the first year of operation (2011), video lottery terminals (VLTs) generated EUR 14.7 billion, thus becoming the second ranked product in the market.



Online gaming

The online gaming market had a CAGR of 75.2% and represented a percentage of the total games market that rose from 2.5% in 2007 to 12.4% in 2011. For 2011 alone, the total profit of this segment doubled to almost EUR 10 billion following the introduction of new games (cash poker and casino games), which represented more than 60% of online profits. Analyzing the market from a segment point of view, it is clear that the online market is composed essentially of sports betting, skill, card and casino games, and bingo.



Lotteries accounted for a lower percentage of the online segment compared with the offline segment, despite recording a CAGR of 2.4% during the period under review, but with a sharp fall in profit in the last year.

Like the market as a whole, the betting segment was driven solely by sports betting: overall, this generated EUR 1 billion on average during the year with a CAGR of 4.6%.

The highest growth segment was skill, card and casino games. Cash poker and casino games, launched in 2011, contributed more than EUR 1 billion a month to profits. These products have a very high payout (more than 97%), catalyzing the profits of the entire segment.

Online bingo, which was launched in December 2009, generated approximately EUR 184 million over the course of 2011. It is interesting to note that profit rose during the year in response to the growing popularity among the public, both due to the high payout of 70% and the possibility of creating online communities that share a passion for playing bingo.

Payment Services Market

Trends in 2007-2011

The Sisal Group profit from payment services has shown significant growth over the last three years (+96%).

This increase is due both to the expansion of the distribution network, which grew from 26,000 points of sale in 2008 to around 42,000 in 2011 (+45% over the last three years), and to the development and expansion of the retailer services portfolio, combined with a marketing and advertising campaign aimed at increasing awareness among consumers of the possibility of visiting Sisal points of sale not only to play games, but also to use a host of other services.

This is confirmed by an analysis of the local market data (in other words, the sum of the gaming market and the services market), which in 2011 generated a total profit of EUR 96 billion with a CAGR of 19%.

The highest growth rate was obtained by the payment services market, which in 2011 generated a profit of almost EUR 16 billion and growth of 26.3% during the period under review.

	2007	2008	2009	2010	2011	CAGR 2007/2011
Total gaming market	41,425.0	47,555.2	54,402.2	60,984.3	79,597.4	17.7 %
Total services market	6,289.7	8,747.8	10,410.8	13,524.4	15,991.2	26.3 %
Local market	47,714.7	56,303.0	64,813.0	74,508.7	95,588.6	19.0%

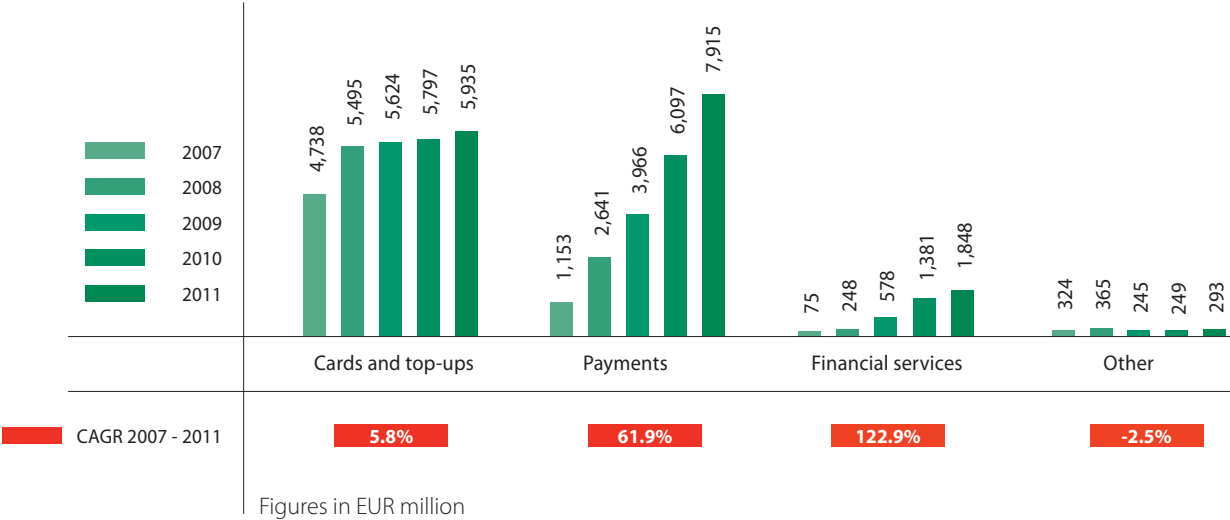
Figures in EUR million

This increase is even more significant when compared with the overall market (including the post office, banking channels, etc.), which is estimated to have reached breakeven point at around EUR 100 billion.

The reason for this significant shift towards 'local' channels (e.g. bars, newsagents, etc.) is primarily due to the widespread presence throughout Italy, which allows the public to use services on their doorstep, as well as greater flexibility in terms of opening hours and the absence of queues, which offers a considerable time saving when making payments.

For this reason, the higher growth rates have been obtained precisely in those segments offering significant added value for consumers (e.g. paying bills, taxes, etc.).

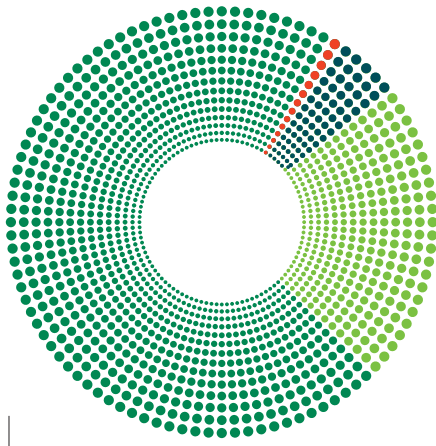
The following graph illustrates the performance of individual segments between 2007 and 2011. It is clear that this market has changed dramatically, shifting from top-ups (CAGR 5.8%) to payments (CAGR 61.9%), to financial services (CAGR 122.9%).



Even more interesting is the comparison of percentages of the various components of profit for this segment between 2007 and 2011.

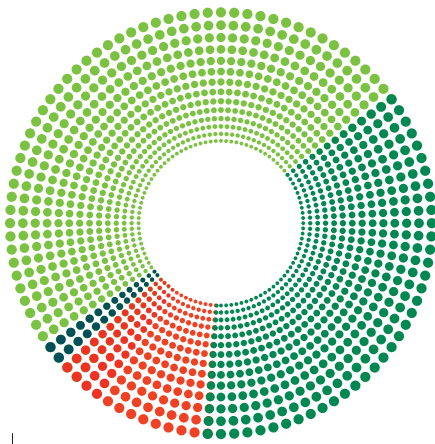
We can see that the percentage of top-ups has fallen from 75% in 2007 to 37% in 2011, while payments have risen from one-fifth of the total to one in every two transactions. In addition, profit has risen from EUR 6.3 billion in 2007 to almost EUR 16 billion in 2011.

In 2011, the Sisal Group successfully handled more than 180 million transactions, an increase of 16% compared with 2010.



- Cards and top-ups 75%
- Payments 19%
- Financial services 1%
- Other 5%

2007



- Cards and top-ups 37%
- Payments 49%
- Financial services 12%
- Other 2%

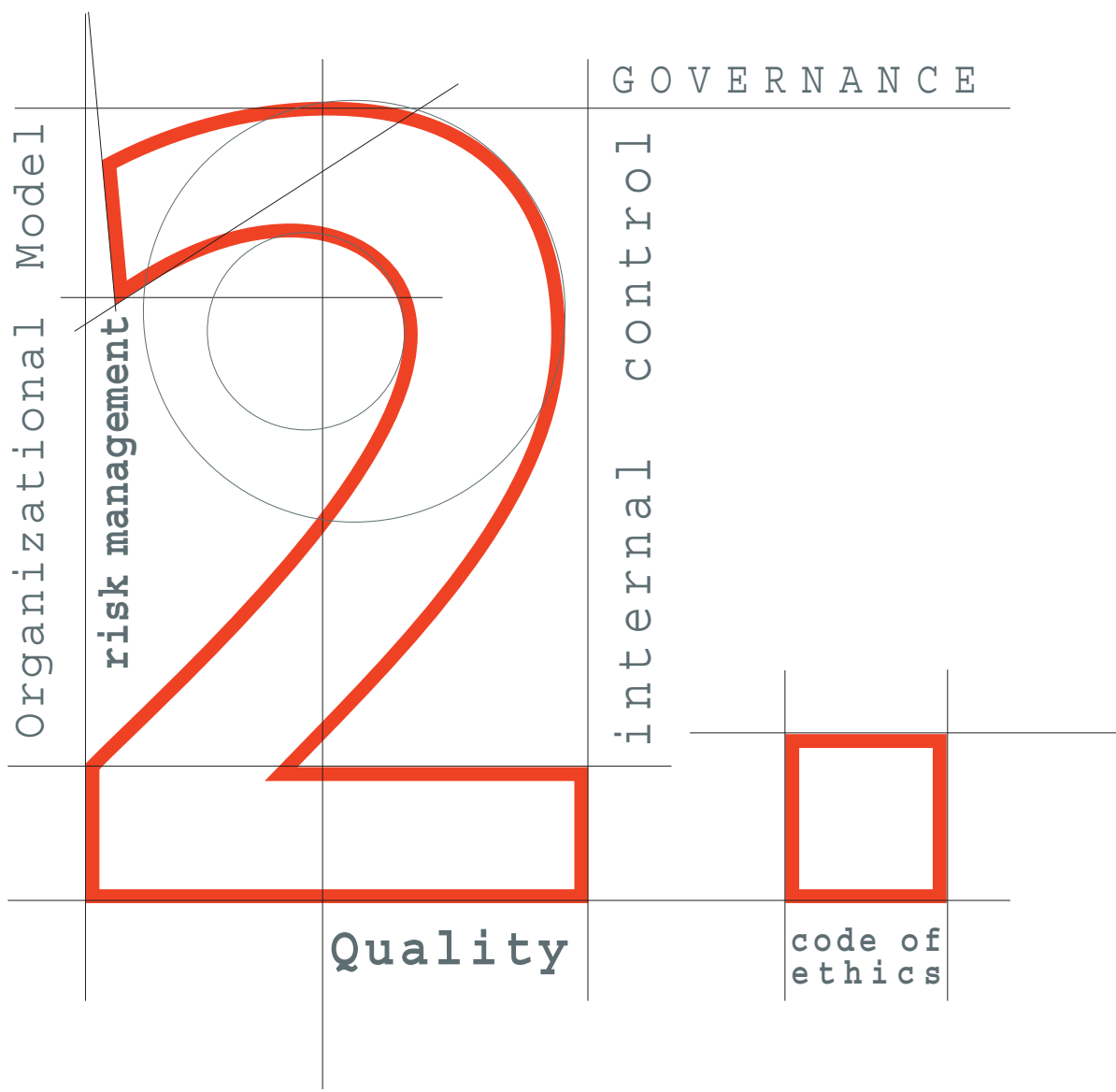
2011

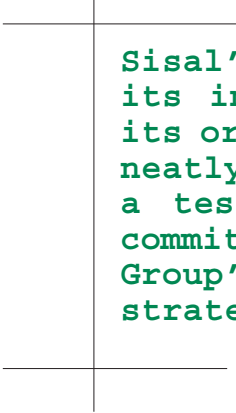


*Italiaæ. 150 street events
to redesign Italy
2011
Castello di Rivoli
Museum of Contemporary Art*

2. SUSTAINABILITY AS A GOVERNANCE MODEL

2. SUSTAINABILITY
AS A GOVERNANCE MODEL





Sisal's corporate governance, its internal control system and its organizational model dovetail neatly with the Company's mission, a testimony to its sustainable commitment towards achieving the Group's medium and long term strategies.

The principles of Sisal's corporate governance

For Sisal S.p.A., there are no legal requirements that impose the adoption of specific rules of corporate governance, other than those established for corporations by the Italian Civil Code. However, the Company has always paid close attention to this aspect in view of the need to guarantee the utmost reliability, given the special nature of its core business. The corporate governance system has been developed over the years by the company and its subsidiaries, and has been consistent in meeting this need; following and at times even anticipating trends.

The Board of Directors

With regard to the current administration of Sisal S.p.A., care has been taken to balance the demands for flexibility and rapid decision-making with the need for control. The Company is governed by a Board of Directors composed of the following members:

- Augusto Fantozzi, Chairman
- Emilio Petrone, Chief Executive Officer
- Giancarlo Aliberti, Director
- Roberto Biondi, Director
- Amedeo Carassai, Director
- Gabriele Cipparrone, Director
- Mario Gian Battista Corti, Director
- Simone Cucchetti, Director
- Roberto Gavazzi, Director (Independent)
- Alessandro Grimaldi, Director
- Alexis Lautenberg, Director (Independent)
- Alessandro Papetti, Director
- Nicola Volpi, Director
- Roberto Zanchi, Director (Independent)

Governing bodies

BOARD OF AUDITORS

Piero Alonzo, Chairman
Massimo Bellavigna, Standing auditor
Carlo Bosello, Alternate auditor
Giuseppe Farchione, Alternate auditor
Francesco Tabone, Standing auditor

NOMINATION AND COMPENSATION COMMITTEE

Roberto Gavazzi, Coordinator
Amedeo Carassai
Roberto Zanchi

LEAD INDEPENDENT DIRECTOR

Roberto Gavazzi

INTERNAL AUDIT COMMITTEE

Roberto Gavazzi, Coordinator
Amedeo Carassai
Roberto Zanchi

EXECUTIVE DIRECTOR FOR INTERNAL CONTROL

Emilio Petrone

RISK MANAGEMENT COMMITTEE

Emilio Petrone
Marco Caccavale
Andrea Castellani
Mario Corti
Maurizio Dell'Oca
Francesco Durante
Giovanni Emilio Maggi
Andrea Orlandini
Corrado Orsi
Maurizio Santacroce

HEAD OF INTERNAL AUDIT AND RISK MANAGEMENT, RISK OFFICER

Andrea Castellani

SUPERVISORY BOARD

Fabio Giarda
Andrea Castellani
Alfredo Spizzico

According to the statement submitted to the European Commission's Directorate General for Competition, Sisal is subject to the joint control of the Apax, Permira and Clessidra funds.

Extensive powers have been granted to the CEO, who is responsible for defining corporate strategies and ensuring that financial targets are achieved, in addition to representing the Company vis-à-vis the authorities. The Board of Directors is presented with development plans relating to corporate social responsibility initiatives that are to be planned each year. The structure outlined above has proven to be consistent with the corporate objectives and in line with the requirements for transparency and accountability dictated by the particular nature of the activities carried out.

Corporate Governance Code

Sisal has always paid close attention to this aspect, in view of the need to guarantee, partly due to the specific nature of the business, the utmost reliability and transparency.

Based on the process implemented by the Company to bring its activity and organization into line with the latest efficiency principles, in 2009 Sisal S.p.A. voluntarily decided to adopt the Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana S.p.A.

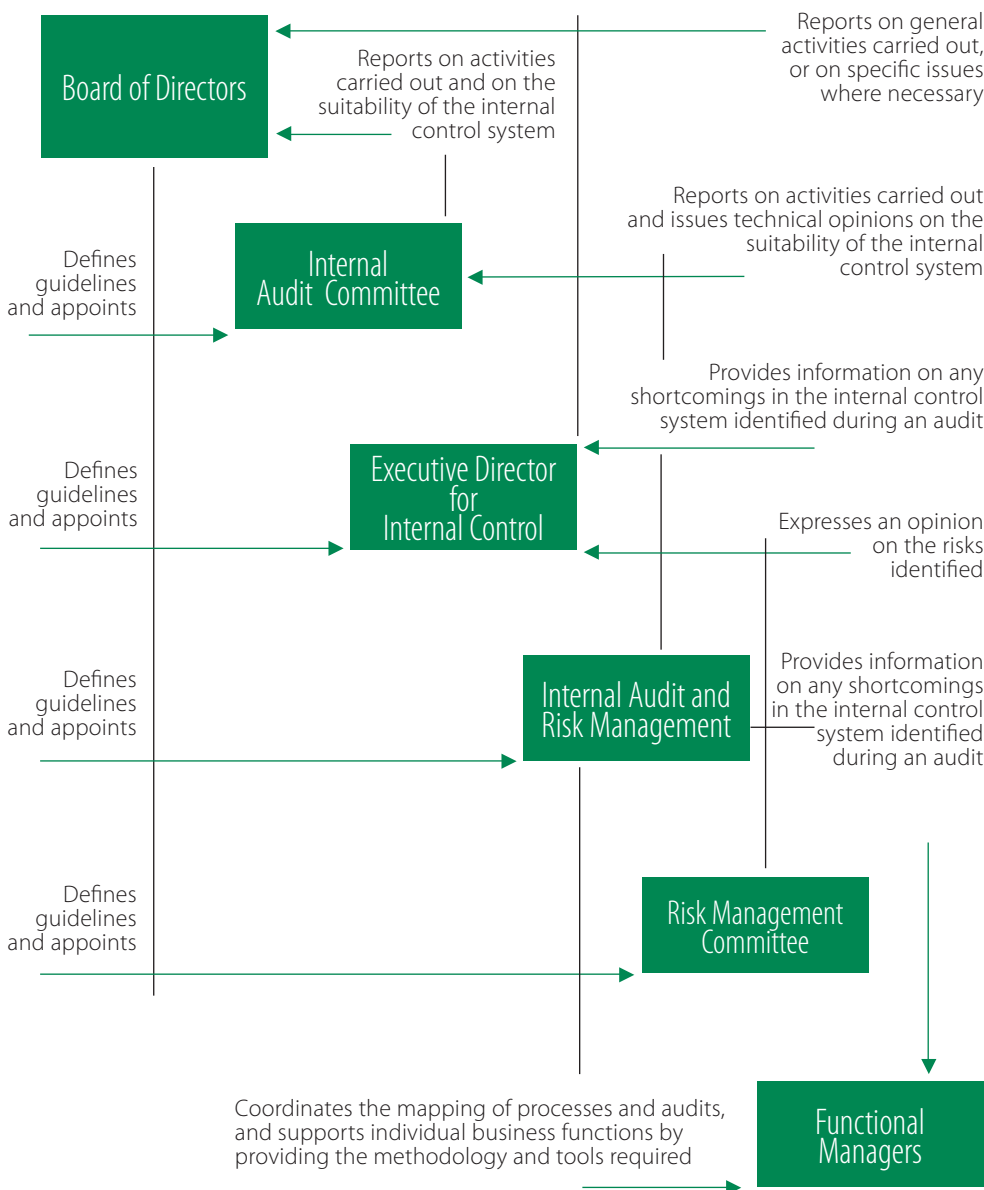
Consequently, the following measures have been implemented:

- >> the introduction of the position of Lead Independent Director on the Board of Directors;
- >> the formation of committees within the Board of Directors for the nomination and compensation of directors and for the internal control system;
- >> the appointment of directors, with the involvement of the relevant committee, in compliance with the procedures and criteria provided for by the Corporate Governance Code implementation plan;
- >> the formation of an Internal Audit Committee and the appointment of an executive tasked with overseeing the efficiency of the internal control system;
- >> the presentation of an annual report on corporate governance, discussed and approved by the Board of Directors;
- >> the establishment of an internal control system based on the following structures: the Board of Directors, the Internal Audit Committee, an Executive Director responsible for supervising the operation of the system itself, an Internal Audit and Risk Management function, in which a Risk Officer is appointed to coordinate the risk management process, and a Risk Management Committee;
- >> reporting between components of the internal control system.

Internal Control and Risk Management System

The internal control system consists of the set of rules, procedures and organizational structures designed to allow, through the proper identification, measurement, management and monitoring of the major risks, sound and proper business management in line with predefined objectives.

Sisal considers a 'risk' to be any event that could adversely affect the achievement of a goal, whether strategic, operational, reporting or regarding compliance. To reduce the possibility of such an event occurring, and thus to address the risk inherent in the Company's activities, Sisal S.p.A. has defined and implemented an internal control system that consists of various functions and organizations that allow the Company to identify, analyze and assess the risks associated with company activities and objectives, establish suitable countermeasures to manage these risks and constantly monitor ongoing activities.



Sisal's sustainability commitment forms part of this system which, in accordance with the corporate mission, also makes a significant contribution towards the achievement of Group's medium to long-term strategies.

The Board of Directors is responsible for the internal control system and determines its guidelines, assesses its suitability and ensures that it functions properly and effectively.

The activities and relations between the principal operators in the internal control system are identical to that illustrated in the graph on p. 34.

Sisal's internal control system establishes a permanent relationship and thus effective and efficient integration between all control bodies.

In this regard, the internal control committee met on four occasions in 2011, with the participation of members of the Board of Auditors, Supervisory Board, Internal Audit and Risk Management functions, independent auditors and managers from various areas of the Company.

Risk Management

Sisal has implemented its own internal control system by adopting a risk management model defined according to the principles laid down by international best practice drawn up by the Committee of Sponsoring Organizations of the Treadway Commission (C.O.S.O.), otherwise known as Enterprise Risk Management (ERM).

ERM is a strategic process that concerns the entire Company, the aim of which is to identify, assess and manage business risks in order to boost the company's ability to create value by achieving its goals.

Through the ERM process, the potential influence of events on achieving the associated targets is identified and measured based on two key aspects: the likelihood of occurrence and the impact on the business. The management, having identified the risk response, decides on possible options for containment or countermeasures based on the acceptable tolerance threshold and risk propensity of the Company; it therefore determines the control activities that will guarantee the effective implementation of the risk responses identified.

The presence and operation of components of the Enterprise Risk Management are monitored continuously in order to manage the internal control system and maintain, update and improve it.

Since 2008, Sisal has adopted its own risk management system: the Board of Directors has approved the guidelines and defined the risk management policy, embracing the principles of the risk management methodology. In this respect, risk assessment and analysis processes have been implemented at various levels and in various contexts of the Company; the bodies identified by the Corporate Governance Code have been incorporated into the risk management process with their various roles and responsibilities, together with the appointment of all persons considered useful for improving control of business risks, including the Risk Management Committee, which was expanded by the Board of Directors from eight to ten members, thereby extending its professional expertise in order to be able to identify and examine all risk areas even more effectively.

Finally, extensive coordination and collaboration has been achieved between control bodies, which has helped to make the system itself even more efficient and to acquire more knowledge about the importance of the internal control system as a strategic asset which helps to create value for the Group.

Organizational Model pursuant to Legislative Decree 231/01

Following the implementation of Legislative Decree No. 231/2001 (hereinafter the 'Decree'), a company can be held directly accountable, and thus receive sanctions, if a person related to the organization commits certain offences in the interest or for the benefit of the Company itself.

In 2006, as part of its risk management, Sisal therefore devised and adopted an Organizational, Management and Control Model (the 'Organizational Model') aimed at reducing the risk of the offences envisaged by the Decree.

This Organizational Model, which is an integral part of the internal control system, consists of the following fundamental and interdependent elements:

- >> Code of Ethics
- >> Set of internal protocols and procedures and countermeasures for preventing the risk of crime
- >> Supervisory Board
- >> Map of powers conferred
- >> Penalty system

The Supervisory Board has the task of monitoring the suitability and effective implementation of the Organizational Model. The Supervisory Board reports directly to the Board of Directors, so as not to be biased towards any one corporate division. To guarantee the autonomy and independence of the Supervisory Board, members are chosen from among highly professional candidates with complementary skills, essential requirements for it to function properly.

All employees and interested parties are required to cooperate fully with the Supervisory Board. Any information or news regarding suspected crimes under the Decree must be declared immediately, any anomalies reported, and any shortcomings of the model suitably highlighted.

Sisal has informed all recipients of the existence and contents of the Organizational Model, both through its publication on the corporate intranet, and through training, organized based on the status of the recipients and the level of risk in the areas in which they operate.

The Supervisory Board has developed a training program, directed in particular at newly hired managers, with the aim of testing their awareness of the principles and contents of the Organizational Model and the risks that exist.

In 2011, individual meetings were held with 27 newly recruited or appointed managers, for whom a training session was arranged on the internal control system and, in particular, on the Organizational Model.

Sisal has adopted a dynamic model which it plans to constantly update. The model was drawn up in line with the most recent legal rulings, with the support of an expert independent law firm which conducted a thorough audit of the company's activities, identifying those areas most at risk, or so-called 'sensitive' areas.

The Company is committed to adapting and modifying the Organizational Model to reflect any changes in the law and changes that could affect the Company at various levels of the business and organization.

Code of Ethics and Conduct

Sisal operates in an institutional, economic, political, social, and cultural context which is rapidly and continually changing. In order to deal successfully with the complexity of the situations in which it operates, it is important to define clearly the values that inspire the Company and that must be observed.

Accordingly, Sisal has drawn up and adopted a Code of Ethics and Conduct (hereinafter the 'Code'), an integral part of the Organizational Model, which defines the principles of conduct to be adhered to by employees, directors, auditors, associates, and business partners in their daily activities. All areas of activity, business or otherwise, and the geographical areas in which Sisal operates are subject to the principles and rules defined in the Code and in the Organizational Model. All partners with whom Sisal works in order to manage its activities have contractually accepted the Code of Ethics and have undertaken to observe it.

Compliance with the Code by directors, auditors, and employees, as well as, where applicable, third parties with whom Sisal does business, is of fundamental importance for the Company to function properly and reliably, as well as to protect its prestige, image and knowledge base. These factors constitute an essential asset for Sisal's success.

In addition to observing the general duties of fairness, integrity and compliance with their employment contract, the recipients of the Code – partners and employees of all grades and levels – must refrain from carrying out activities in competition with the Company, and must also comply with Company rules and procedures and adhere to the principles of the Code.

Each recipient and third party is required to be familiar with and follow the Code, to contribute actively to its implementation, and to report any shortcomings. Any behavior contrary to the letter and spirit of the Code may be punished in accordance with the provisions of the Organizational Model itself, the laws and applicable collective agreement. The principles expressed in the Code are also a source of inspiration for the Board of Directors, which is responsible for defining the corporate objectives. Projects, activities, and investments must be designed and carried out in full compliance with the Code.

The company's task is to disseminate the Code among recipients and third parties, and to check that there have been no infringements of the principles enshrined therein and that there are adequate penalties in place in case of any infringement.

The Code addresses issues concerning staff relations, professional conduct, transparent accounting, health and safety, and the environment.

Human resources are an invaluable asset for the success of the business, while the dedication and professionalism of employees are key values for achieving the company's objectives. Sisal therefore insists on equal treatment for all employees, without discrimination, and offers opportunities for professional development based on a merit system.

Sisal also has a duty to offer employees a safe, secure and stimulating working environment. The Company is committed to fostering a safety culture with a view to preventing risk, developing risk awareness and promoting responsible behavior by all. Finally, all of Sisal's employees and partners receive information and training to ensure complete respect for the rules and internal procedures.

However, a safe workplace is not enough. Sisal also guarantees a working environment free from any form of discrimination based on race, gender, religion, ethnic origin, trade union membership or political affiliation. The Company requires internal and external working relationships to be based on the utmost integrity, without any type of harassment, hostility or intimidation towards individual employees or groups of employees, so that everyone is free to work without interference or impediment.

The Board of Directors, through the revisions made to the Code in 2010, also wanted to stress Sisal's sensitivity towards protecting minors when offering games with cash prizes. Minors, who are often on the lookout for excitement, are most at risk of unhealthy gaming behavior.

For this reason, the Company has instructed the recipients of the Organizational Model, and particularly its retail network, that under no circumstances are they to accept gaming requests from minors. Furthermore, the Company has introduced checks partly as a preventive measure, to reduce the risk of underage play. Sisal has thus shown that it had already identified and was addressing this risk long before legislative measures were introduced in 2011.

In managing the business and business relations, Sisal is guided by the principles of legality, fairness, integrity, transparency, efficiency, and openness. Employees, as well as external partners whose work could be linked to the Company, are required to behave with integrity when handling business for the Company and when dealing with the Government, irrespective of the business implications and importance of the deal.

All forms of corruption, illegal favors, collusive behavior and requests, made directly or through third parties, for personal gain or career advancement for oneself or for others, are strictly prohibited. The use of company funds and property for purposes other than those envisaged and unlawful or clandestine activities are likewise prohibited.

The Company, in conducting its business, which entails the continual acquisition, storage, processing, communication and distribution of information, documents and other data pertaining to negotiations, financial and commercial transactions, know-how, etc., undertakes to ensure that all information is handled correctly, specifically guaranteeing the confidentiality, accuracy and transparency of such information and preventing it from being misused in any way.

In the pursuit of commercial success, Sisal pays special attention to forming and maintaining relations with its partners and subcontractors, ensuring that the requisite ethical standards are maintained, and offers quality products and services in accordance with the rules on fair trading.

The Company demands integrity from its employees, regardless of their level and role. Therefore, notwithstanding the fact that employees have the right to conduct private affairs outside those handled in the interests of the company, such a right may not be exercised in competition with the company, or in a way that could be linked to illegal activities or that affects normal performance at work. In any case, employees have a duty to avoid any situation that could amount to a conflict of interests with the company or that could interfere with their ability to make unbiased decisions in the company's interest.

In the same light of transparency and fairness, employees may not directly or indirectly pay for or offer gifts, material benefits, payments, or other benefits of any kind to third parties, public officials, or private individuals. Simple acts of professional courtesy, such as small gifts or forms of hospitality, are admissible provided they are modest and do not compromise the image or reputation of either party, and cannot be interpreted as a means of obtain undue advantages. Senior management must always approve these expenses. In the same way, any employee who receives gifts, special favors or other donations that cannot be justified as a normal exchange of courtesy must notify his/her supervisor and senior management.

Because of the particular business sector in which Sisal operates, the Company maintains close working relationships with public institutions, their officials, employees, and civil servants. In these relationships, it is critical that employees conduct themselves with the utmost fairness, transparency, and efficiency. Any practices contrary to these principles are strictly prohibited.

The Company Code is published on the website (www.sisal.com), while other parts of the Organizational Model can be found on the corporate intranet.

A copy of the Code is given to each new employee, who must formally undertake to observe the contents. Moreover, all company contracts contain a clause specifically accepting the Code.

Knowledge, acceptance and compliance with the Code are required from anyone who works with the Company. The aim of this approach is thus to define, in terms of values and ethical principles, a clear and potentially lasting relationship with the individuals and corporations who have dealings with the Company.

Quality

In 2002, Sisal S.p.A. embarked on a 'Quality' process which has led the Group, over the years, to implement and maintain three enterprise management systems that are continually changing and expanding, and to certify, in accordance with the standard UNI EN ISO 9001:2008, three companies:

Sisal S.p.A., for the following activities:

- > remote collection and operational management of online games and services data
- > software design and development
- > distribution of material and equipment to points of sale
- > technical support for equipment at points of sale

Sisal Slot S.p.A., for the following activities:

- > operational management of the network for the remote management of official games
- > software design and development
- > manufacture of amusement with prizes machines
- > technical support at points of sale

Sisal Match Point S.p.A., for the following activities:

- > remote collection and operational management of games and betting data
- > software design and development
- > technical support for machines at points of sale

At Sisal, quality, understood as the quality of the organization, is customer-driven, since the levels of performance and compliance are firmly geared towards, and even at times determined by, consumers, our stakeholders.

At Sisal, quality is dynamic and open to the ongoing critical review of the organizational procedures in place, which derive from a responsible attitude receptive to change, firmly orientated towards the ongoing improvement of performance and the satisfaction of all stakeholders. The 10 years of certification are a testimony to this ongoing commitment.

CSR Governance

The gaming sector has always been considered a sensitive area. Consequently, for Sisal, CSR and responsible gaming have assumed an even more strategic role, which translates as the way in which the company acts towards its stakeholders and as a company wide strategy. This is reflected in a corporate governance system for the CSR strategy, which is based on the following bodies:

- >> **CSR Leadership Team:** composed of some directors from departments and business units, this establishes the strategic guidelines for corporate social responsibility and responsible gaming. The CSR Leadership Team meets every six months to define the strategy and evaluate the annual CSR Action Plan, before assessing the achievement of objectives.

- >> **CSR Manager:** has the role of coordinating the various levels of CSR activity in relation to internal and external stakeholders. It also coordinates the CSR Unit.
- >> **CSR Unit:** is responsible for developing CSR projects within the Company (responsible gaming and EL/WLA certification, development of the stakeholder engagement methodology, drafting of the Social Report, etc.) and production of the action plan, which sets out the targets involving Sisal's stakeholders. The CSR Unit, formed of a team of internal employees who represent their respective business units and departments, is coordinated by the CSR Manager and meets each month for training and update sessions.

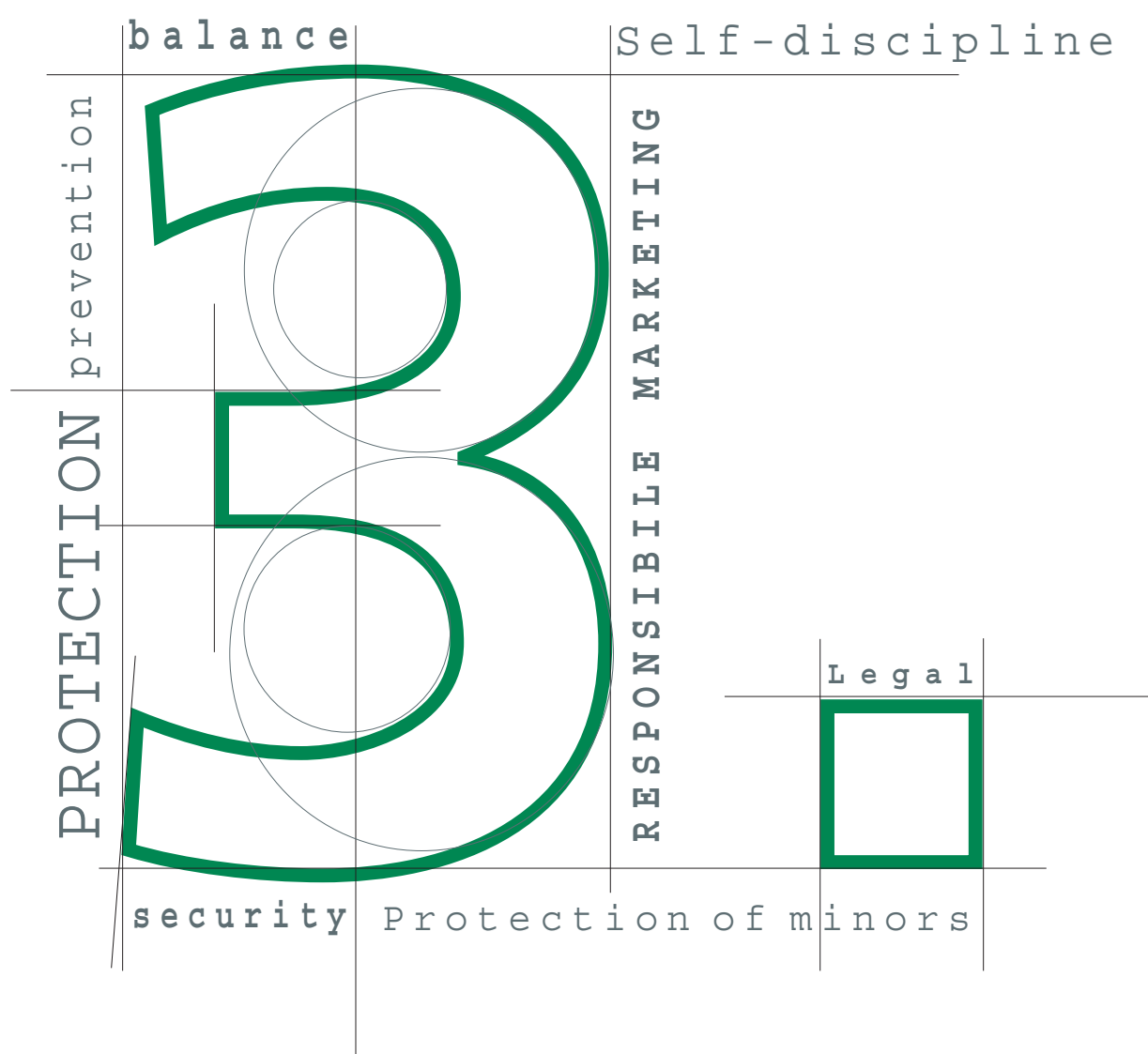
In 2012, to underline the increased strategic importance of corporate social responsibility for Sisal, an organizational division was created within the Marketing and Communications Department dedicated to CSR.

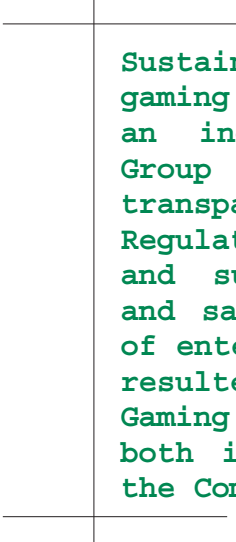


Leila Mirzakhari
Italian Boat
2011
digital on Kodak paper

3 . SUSTAINABILITY AND RESPONSIBLE GAMING

3 . SUSTAINABILITY
AND RESPONSIBLE GAMING





Sustainable, safe, and responsible gaming is an ongoing commitment and an indispensable part of Sisal's Group work, conducted with complete transparency and in alignment with the Regulator. Sisal designs responsible and sustainable gaming experiences and safe, legal, and balanced forms of entertainment. This commitment has resulted in a strategy and a Responsible Gaming Program that involves all levels, both internally and externally, and the Company's units.

Social Sustainability and the Focus on Responsible Gaming

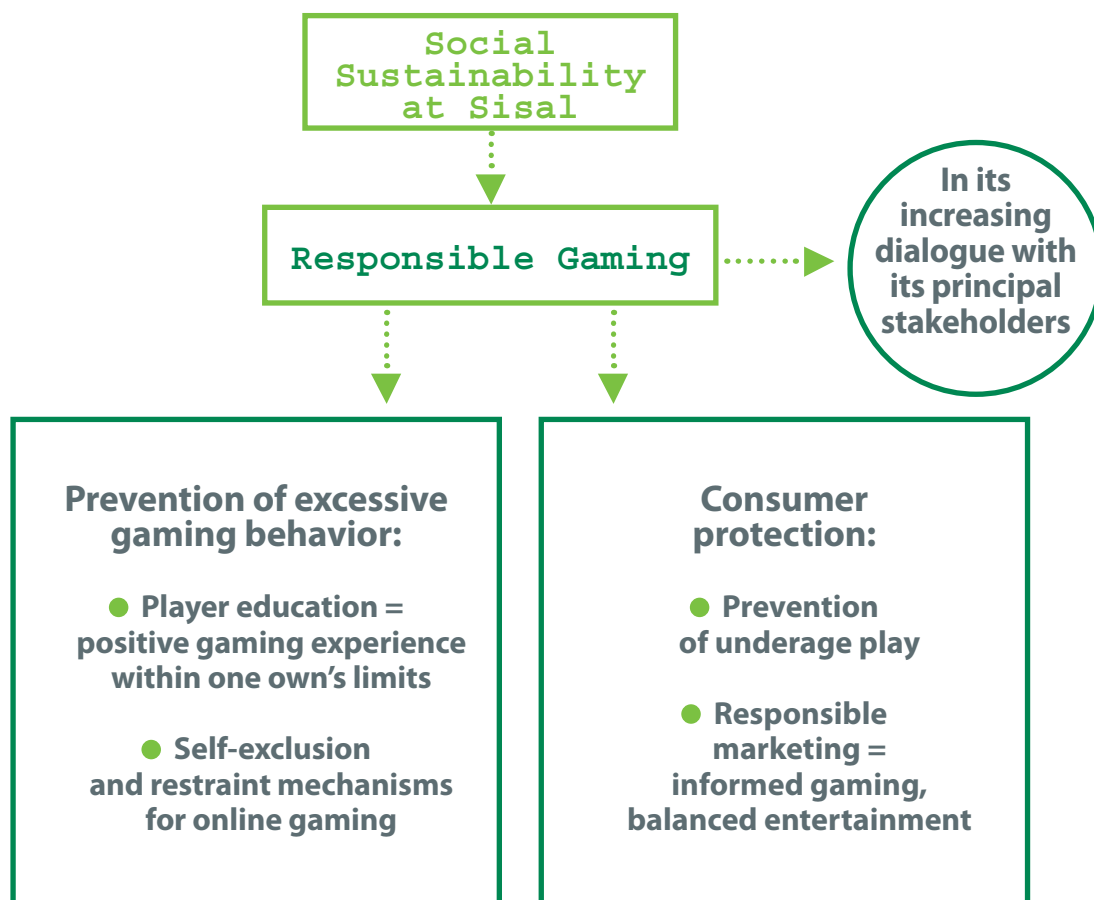
Sisal's 2011 Corporate Social Responsibility Plan has set a target of consolidating responsibility, pursuing sustainable development by sharing the Company's core values at all levels and translating these into concrete attitudes and projects.

The Responsible Gaming Program represents the core and distinctive element of Sisal's social sustainability strategy, and demonstrates the company's profound awareness of operating in a sensitive sector that requires a special focus on protecting players, particularly with reference to the most vulnerable categories. In 2011, Sisal, in line with that already achieved in 2010, further strengthened its commitment towards a structured and responsible gaming strategy based on the goal of consolidating and promoting a gaming model as a form of safe and balanced fun and entertainment, channeled through all aspects of its business and communicated to all stakeholders.

Sisal, as an official licensee of the Autonomous Administration of State Monopolies (AAMS), has adopted and shares its values and principles, the priority being to build and disseminate, together with the Regulator, a safe, legal, and responsible gaming model. This is a choice based on the offering of means of safe enjoyment and excitement of controlled gaming, guaranteed by the Italian Government; a message symbolically represented by the AAMS logo – a stylized rudder with tricolor band – which appears on all products and services as a hallmark of quality and safety and of gaming environments subject to the constant scrutiny of the Regulator, governed by transparent rules and high standards of innovation, in contrast to clandestine and illegal gaming.

To achieve this objective, Sisal has drawn up a strategic plan for responsible gaming based on three main areas of intervention, developed in collaboration and in constant dialogue with its stakeholders:

- >> the protection of children and measures to prevent underage play and the involvement of under-18s in gaming;
- >> responsible marketing, geared towards promoting a responsible gaming model with the aim of providing the recipients with clear and comprehensive information so that they can make an informed choice with due care and responsibility;
- >> the prevention of forms of excessive gaming and support for problem players.



In line with the objectives set, the Responsible Gaming Program is updated each year and is channeled and monitored through ongoing dialogue with the principal internal and external stakeholders: employees, the AAMS, consumer organizations, universities, research and statistical institutes, observatories, and scientific federations. During the game development phase, this dialogue also includes companies with global accreditation for gaming risk assessment tools, specializing in the prevention and treatment of problem gaming.



Sisal also considers it essential to submit its Responsible Gaming Program for evaluation by accredited third parties. Over the years, the conformity of the commitments assumed and implemented with the highest international standards advocated by European Lotteries (EL) has been certified, and in February 2011 Sisal was one of the first European operators to obtain certification for compliance with the EL Responsible Gaming Standards, which it again obtained in 2012.



In 2011, Sisal also commenced the application process for accreditation from the World Lottery Association (WLA), which examined and certified the Sisal Group's commitment in planning, developing and implementing a Responsible Gaming Program aimed at protecting players in accordance with the highest level of certification (level 4) of the WLA Responsible Gaming Framework, thereby confirming Sisal's position as a global leader in responsible gaming.

Responsible Gaming Program

The objectives of the Sisal Responsible Gaming Program are summarized below, in addition to the guidelines for achieving the objectives in nine areas of intervention – which correspond to the areas proposed by the European Responsible Gaming Standards published by European Lotteries – and, with reference to each area, the actions carried out in 2011 and the development commitments assumed for 2012 and over the long term are described.

Social sustainability objectives	<p>To disseminate a safe, legal, and responsible gaming model in association with the Regulator and in accordance with the guidelines.</p> <p>To establish and promote a gaming model as a form of safe, balanced entertainment, present throughout the Company and shared with the stakeholders identified.</p>
Guidelines	<p>To implement and monitor age restriction measures and not to target children in its marketing.</p> <p>To commission studies and research into the prevention of excessive forms of gaming and to help publicize these in order to raise awareness and adopt protective measures towards consumers.</p> <p>To guarantee the security of systems and infrastructure and provide a broad portfolio of sources for all segments, in order to prevent competition from unauthorized sources.</p> <p>To offer innovative games subject to a risk assessment of the individual games offered, examining new games currently under development and taking the appropriate measures to protect consumers and prevent the phenomena of excessive gaming.</p> <p>To engage in responsible marketing to allow consumers to make an informed choice and to protect the most vulnerable categories.</p> <p>To discourage uncontrolled or excessive gaming and to promote a positive gaming experience as a form of entertainment.</p> <p>To provide player support.</p> <p>To train, update, and engage employees and the retail network in the Responsible Gaming Program.</p> <p>To engage its stakeholders in the implementation of the Responsible Gaming Program and to establish and extend its reporting system with the aim to use the data and responses to improve further the responsible gaming strategy in the short and long term.</p>

Areas of intervention of the program	<div>1 Studies and research</div> <div>2 Employee training</div> <div>3 Involvement of the distribution network</div> <div>4 Risk assessment and monitoring mechanisms in game design</div> <div>5 Prevention, self-exclusion and monitoring mechanisms in remote gaming</div> <div>6 Player assistance and support</div> <div>7 Player education and awareness</div> <div>8 Identification and reporting of responsible gaming performance indicators</div> <div>9 Responsible marketing</div>
Certification	<p>Development and ongoing updates to the Responsible Gaming Program and monitoring by third-party certification bodies to ensure compliance with the commitments assumed.</p> <p>Maintenance of EL certification.</p> <p>Accreditation for the highest level of WLA certification.</p>

There is a special section on responsible marketing (section 9) at the end of this chapter.

Areas of Intervention for the Responsible Gaming Program

1 Studies and research

'Giocare per Gioco' Research Project: phase 1

In August 2011, during the "Meeting for Friendship Among People" in Rimini, a seminar was held on 'Gaming: responsibility and communication', which unveiled the results of the first phase of the 'Giocare per Gioco' ('Play for Fun') research project.

The three-year research project was commissioned by ACADI (the Italian Association of Amusement with Prizes Concessionaires) and Giochi e Società, as well as by Sisal and Lottomatica, and was designed and developed partly based on guidance from the Autonomous Administration of State Monopolies (AAMS) on responsible gaming.

The aim of the study, conducted by the Fondazione per la Sussidiarietà in collaboration with the Catholic University of Milan and its Center for the Study of Fashion and Culture (ModaCult), is to closely monitor the perception, trends and popularity of gaming among young people.

In the first year of the study, which began in December 2010, results were published in three key areas:

- >> product advertising by the principal concessionaires
- >> marketing aimed at responsible gaming
- >> the relationship between gaming and socialization, as perceived by young people

The study was divided into three different activities: first, a review was carried out of existing literature on gaming; second, focus groups were set up in order to conduct a major survey on the marketing methods of the various operators; third, a blog was launched, mainly aimed at young people, focusing on gaming issues and how gaming is marketed.

The socio-semiotic analysis of product advertising looked at various commercials and advertisements by Sisal, Lottomatica and the principal gaming concessionaires, identifying the 'narrative' to which the public/players are exposed. The various narratives (12 in total: five for Sisal and Lottomatica, seven for their competitors) demonstrated how operators work on the consumer's imagination by stimulating four areas (utopian, playful, practical, and critical), with commercials describing the features of the games and associating them with images, values, and rhetoric specific to one or more of these four areas. The risk for the consumer is evident in misleading messages overstating how easy it is to play or win and, increasingly, those that make gaming seem like a profession and not simply a fun activity.

A qualitative survey was then carried out to evaluate the perception, reactions, and values associated with gaming and its protagonists, through several focus groups involving young people aged between 18 and 28. The groups expressed different points of view, identifying the issues relating to responsible gaming that they considered most relevant and in need of further investigation. More importantly, however, they helped to identify an interesting series of archetypes that widened the often stereotyped view of player behavior. The focus groups highlighted the ambivalence of gaming, associated with both positive and negative values, depending on how members of society actually experience it. It was possible to

map gaming habits and attitudes, identifying 16 typical player profiles based on the frequency of play and the positive/negative significance assigned to this activity.

The results were used as a basis for discussion in the third step, launched in 2011, which examined gaming issues and how gaming is marketed in a blog set up to encourage participation by young people. This innovative and interactive tool effectively channels the creative ideas and contributions of young people towards the development of responsible values, both in the use and marketing of games. The blog contributors seemed to have an open attitude towards gaming, identifying with the various player profiles depending on the occasion, but were critical of commercials, seen as too focused on the product rather than on promoting responsible gaming. Furthermore, when these did address the issue of responsibility, they were found to be unappealing. In addition, they were highly in favor of allocating the proceeds of gaming to 'good causes', to develop the Country, as well as public policies to supplement those implemented by the Government. The latter was considered inconsistent in its attitude towards gaming, both promoting and criticizing it for the problem behaviours it can cause, while concessionaires were recognized as having a commitment to foster a responsible gaming culture. There was significant demand to make gaming education policies part of the national curriculum.

The research continued in 2012 with a second blog and the creation of an online panel of experts to obtain a wider perspective, comparing their views with those of young people, and identifying the issues and proposals to be included in the public debate on gaming and its risks.

Giancarlo Rovati, Professor of Sociology at the Catholic University of Milan, observes:

'With reference to the main topic of our research, it is worth emphasizing that for the gaming/betting industry to adopt more responsible forms of marketing, this would require constant vigilance not only over the quality of the message (avoiding any false and misleading promises), but also over the quantity, in order to avoid the evident contradiction between the recommendation to "play right", or to play with moderation, and the proliferation, in the media, of product advertising aimed at encouraging people to play more. Without addressing this aspect, the advice on responsible gaming would inevitably be purely rhetorical and relatively ineffective.'

O.N.Da – Sisal Scholarship



Sisal has granted, through the National Observatory on Women's Health (O.N.Da), a scholarship to a young female researcher from the Institute of Psychology at Fatebenefratelli Hospital in Milan, under Professor Claudio Menacchi, Director of the Department of Neuroscience at the hospital.


The research consisted of identifying processes and preventive measures to combat excessive gaming behavior, which operators, communities and families can implement to prevent problems related to the onset of addiction in people at risk. A further objective of the study was to identify risk factors and specific protection and to identify some areas of intervention useful for prevention. The O.N.Da – Sisal scholarship was presented in Rome in January 2011, with a ceremony held at the Italian Senate. The results of the study have been submitted to the Company and will be made public by the end of 2012.²

² See www.ondaosservatorio.it/borsedistudio

In 2011, Sisal also cemented its commitment as an active member of European Lotteries by actively participating in working groups and in awareness - raising groups on the theme of responsible gaming.

The results of the studies and research help to identify any risk areas and to define Sisal's priorities in terms of actions aimed at preventing excessive gaming and promoting balanced and moderate behavior.

2012 Commitments – Research

	O.N.Da research – Scholarship awarded to a young psychologist from Fatebenefratelli Hospital in Milan	Publication of the issues that emerged and the results of the research by the end of 2012
	'Giocare per Gioco' ('Playing for Fun') research	Use the results of the research in the 2012 responsible gaming strategy and in the continuation of the focus group in 2012

2 Employee training

In 2011, Sisal provided all its employees, managers, and supervisors with CSR training, focusing on the Responsible Gaming Program and on Sisal's responsible marketing guidelines.

During the classroom-based training course, managers and supervisors were given the following: the results of the 2010 Responsible Gaming Program, the 2011 program strategy, the targets set, the responsibilities in terms of implementation and proposal of each senior manager and the ethics and integrity criteria permanently applied by the company. The training sessions were attended by, as external observers, specialists from the Institute of Psychology at Fatebenefratelli Hospital in Milan, under Professor Claudio Mencacci, Director of the Department of Neuroscience at the hospital, with a report on the phenomenon of pathological gaming and the related prevention criteria.

For employees, training took place online with modules on responsible gaming, followed by a feedback questionnaire and space for comments and dialogue with the Sisal CSR Unit.

Training has also been organized for staff at the Sisal Call Center (Milan and Rome).

The CSR Unit, formed of Sisal employees from various parts of the business, has worked on identifying performance criteria and indicators and has gathered data to make the reporting process and the results of the responsible gaming actions implemented by Sisal increasingly transparent.


In 2011, Sisal decided to involve them in drafting this Social Report. Among the initiatives carried out, a responsible gaming blog was set up on the WeSisal intranet, asking the question: *In a word, what does responsible gaming mean to you?*

More than 100 employees responded by selecting keywords. Some of these can be found on the following page.

S e l f - c o n t r o l

> Balance > Awareness >
Risk prevention > Restraint >
Play Right (Gioca il Giusto) >
Play sensibly > Helth enjoyment >
Sustainability > Control >
Moderation > Sobriety
Peace of mind >
Honesty > Entertainment

2012 Commitments – Employees


	Sharing the research data and results of the company-wide reporting process with employees	Classroom teaching, blog and WeSisal intranet
	Involving employees in each area of the action plan and in long-term decisions and choices concerning the 2012 Re-sponsible Gaming Program	Classroom teaching, blog and WeSisal intranet

3 Involvement of the distribution network

Sisal believes that the retail network is a strategic channel for teaching and disseminating sensible gaming behavior, thanks to the direct contact between the retailer and players, and the direct involvement of retailers is therefore one of its priorities. This is achieved via a training platform on the retailer portal, by preparing and implementing a special awareness-raising campaign focusing on the prevention of underage play and age restriction measures – partly in sketches featuring the entertaining character Mr. GiG, who spreads the ‘Gioca il Giusto’ (‘Play Right’) message – and through mandatory training modules and optional in-depth study of the issue of responsible gaming, which offer retailers practical advice on how to spot problem players and provide support to players and/or the local community.

In addition, the Sisal network is permanently involved via a dedicated forum, found in the ‘Mondo Sisal’ publication, and the retailer portal.

2012 Commitments – Distribution network

	Production of a video for players on the key concepts of responsible gaming, which emphasizes the minimum age requirement	Retailer training sessions and networking via SisalTV and Sisal websites
	Publication of leaflets with the '10 Rules for the Responsible Player'	Dissemination and explanation of retailer materials
	Mandatory and optional sessions involving retailers via the interactive training platform	Retailer forum, portals with tracking of results, and suggestions for the 2012 program, blog entitled 'Do you know the rules of the game?', and an invitation to share experiences with the company via email on the retailer portal

4 Risk assessment and monitoring mechanisms in game design

In accordance with the EL European Responsible Gaming Standards, Sisal has adopted a policy which involves the use of a specially designed tool to carry out a precise assessment of the social impact of each new game prior to its release (in its development phase) on the market. The aim is to define the elements and criteria for player protection and to adopt useful strategies to avoid potential risks.

Since 2010, Sisal has been licensed for GAM-GaRD, a risk assessment tool developed by a team of international researchers and psychologists that analyses the structural features of the game (e.g. duration, maximum payouts, frequency of draws, etc.) and its components (e.g. accessibility of gaming venues, opening hours, etc.) according to criteria developed and tested by a panel of international experts. The GAM-GaRD tool assigns a unique score to each element. The final total will be the overall risk index for the game, highlighting any potentially problematic elements on which the Company could develop more effective strategies to protect the player, with particular reference to more vulnerable individuals.

a. Analysis and assessment method

Risk assessment using the GAM-GaRD tool involves various stages:



- Step 1 – Definition of the features of the game analyzed
- Step 2 – Assessment of each feature
- Step 3 – Analysis of results
- Step 4 – Recommendations
- Step 5 – Final report

b. Results achieved

In 2011, all of Sisal’s national totalisator number games (NTNG) received a positive assessment, since none of them were found to be risky for players.

c. Training

Sisal has also received specific in-house training from the developers of GAM-GaRD on the analysis of procedures and the methods of using the tool.

2012 Commitments – Risk assessment and monitoring in game design



- | | |
|--|--|
| Use GAM-GaRD for the entire portfolio of games offered or developed by Sisal | Analysis of the level of risk of the entire portfolio of games offered or developed by Sisal using the GAM-GaRD tool |
| | Use of the results obtained with the GAM-GaRD tool to supplement the 2012 Responsible Gaming Program and strategy |

5 Prevention, self-exclusion and monitoring mechanisms in online gaming

Sisal offers its players the opportunity to play remotely via company portals and websites, using the latest technology to ensure safe, legal and informed gaming methods.

To prevent children from registering on these portals and opening gaming accounts, Sisal applies a series of crosschecks relating to the applicant’s date of birth and social security number. To complete registration, a copy of an identification document must be sent together with a copy of the applicant’s social security number or regional service card.

With regard to remote gaming channels, Sisal took swift action to align all its gaming systems with best practice on responsible gaming under recent Italian legislation, providing, directly on gaming sites, self-restraint and self-exclusion tools and measures that allow players to preselect their own gaming profile before being able to start playing, in order to play consciously and within their own limits.

2012 Commitments — Prevention, self-exclusion and monitoring in online gaming



- | | |
|--|--|
| Reinforce online prevention mechanisms | Continually update the ‘Play Right’ section of game websites |
|--|--|

6/7 Player education and awareness-raising and player assistance and support

Player education and awareness-raising

Ensuring that the game does not degenerate into an addiction is not only the duty of all government concessionaires, but is also part of Sisal’s core professional ethics. Therefore, in accordance with the AAMS, Sisal offers safe and legal gaming, ensuring complete transparency for the player through awareness-raising campaigns on responsible gaming and the prevention of gaming addiction.

Although the social and personal context is evidently a key factor in determining the player’s perception and enjoyment of the games offered, individual operators can also play an important role in this regard. Sisal therefore assumes its responsibility to educate and guide its players on the issues of responsible gaming through the message ‘Gioca il Giusto’ (‘Play Right’), found on Sisal promotional materials distributed to around 46,600 retailers across its network and via its websites.

Sisal also helps players to identify and prevent gaming addiction through its '10 Rules for the Responsible Player', drawn up with the support of the Institute of Psychiatry at the Fatebenefratelli Hospital in Milan, and the divulgation of information and practical advice published in special leaflets and available on all Sisal websites.

GIOCA IL GIUSTO

GAMING IS FUN IF YOU PLAY RIGHT

10 RULES FOR THE RESPONSIBLE PLAYER

1. For me, gaming is fun: gaming is not a way to make money.
2. Before playing, I decide how much money to invest in the game: I do not play with the cash needed for daily life, I only use money I can afford to lose.
3. I do not incur debts to play: if I lose, I accept the loss as the cost of having fun. I do not add more money to recover the losses.
4. Tactics are useless: I cannot predict the results and I know that the odds of winning are low.
5. I do not lie about my losses and the money spent on gaming.
6. I decide how much of my day to devote to gaming and I can easily stop or take breaks.
7. Gaming is not my only leisure activity: gaming does not take away time from family, friends, sports and hobbies.
8. I do not play after drinking alcohol or taking drugs.
9. I do not play when I feel lonely, I do not play when I am depressed and I do not feel depressed if I do not play.
10. I do not think of gaming obsessively throughout the day, even when I am not playing.

Find out what type of player you are at www.sisal.com

Under-18s are strictly prohibited
from playing.

Article 24, paragraphs 20, 21 and 22 of Decree-Law No. 98 of July 6, 2011, converted into Law No. 111 of July 15, 2011.



Il segno sul sogno degli italiani.



Focus on the protection of minors

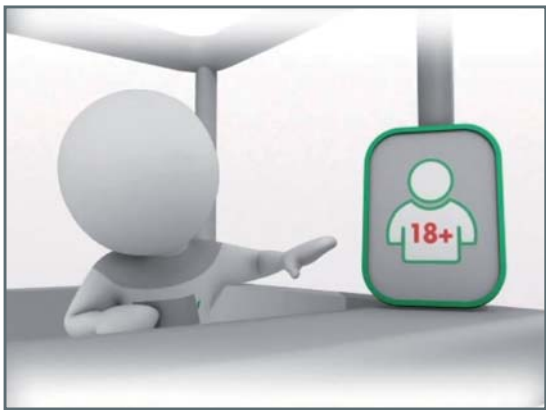
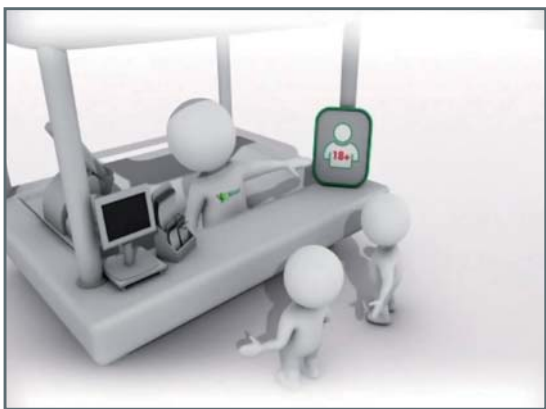


One of the priorities of the Sisal Responsible Gaming Program, with reference to all areas of activity listed above, is the protection of minors. This takes place at several levels:

1. The Sisal Code of Ethics, available on the website www.sisal.com, states that:
Although gaming has positive connotations, the Company does not allow children under the age of 18 to play, to avoid the risk of them acquiring unhealthy gaming habits and behavior in their search for excitement.

In particular, Sisal requires the same commitment from its retailers, who are bound by its Code of Ethics:

To this end, the Company has instructed the retail network not to accept gaming requests from anyone under the age of 18. The operators of points of sale, if in doubt as to the customer's age, must ask to see a form of identification.



Three frames from the Mr. GIG video, which illustrates on the minimum age concept

As regards distance selling:
Sisal has also introduced monitoring tools to prevent minors from playing using the new distance selling channels such as online gaming.

2. The Sisal Penalty System (Organizational Model pursuant to Legislative Decree 231/01) states, in Article 5 (p. 6):
With regard to employees, consultants and partners in general, should any of these violate its Code of Ethics, the Company will impose the measures envisaged on a case-by-case basis in the contracts between the parties and resulting in:
- *termination of the contract for default;*
 - *in special cases, enforcement of a penalty, including liability for damages.*

Furthermore:
The Supervisory Board will have the authority to carry out any investigations and inspections deemed necessary following reports of a possible violation of the Code of Ethics or as a result of action taken by legal authorities. Employees, consultants, and partners must fully and transparently cooperate with the Supervisory Board and provide it with the information requested.

3. Clause 21 of the contract for physical points of sale for national totalisator number games (NTNG) contains a special obligation for retailers to comply with the Code of Ethics:
The retailer declares that he is aware of the Code of Ethics adopted by Sisal, compliance with which is an essential part of the obligations assumed by signing this contract. Any violations of said Code of Ethics could, therefore, in more serious cases, result in the termination of this contract and liability for any damage suffered by Sisal.
4. All gaming play slips carry the logo 18+, as do all Sisal advertising campaigns.
5. Online: to open a gaming account, players (who must be over 18) must enter their age and company policy also requires a copy of an identification document to be sent to Sisal in order to verify the age of the participant.
6. To ensure effective application of the principles set out in the Voluntary Marketing Code – published by the Institute of Advertising Self-Regulation (IAP) and adopted by Sisal – and provide a model of responsible gaming, Sisal has drawn up certain marketing guidelines, incorporating them into its policy on responsible marketing. Among these, the most important is Sisal's commitment *to avoid contacting or referring, even indirectly, to children under the age of 18, in order to avoid the risk of use and abuse by minors.*

The activities listed above referring to the protection of minors have been partly carried out pursuant to Article 1, paragraph 70 of Stability Law No. 220 of 13/12/2010 (published in Official Gazette No. 297 of 21/12/2010).

2012 Commitments — Protection of minors



Strengthen its commitment towards communicating the minimum age requirement in its marketing

Inclusion of an explicit message in advertising campaigns, play slips and information material with the words 'Under-18s are prohibited from playing'

Player assistance and support

In 2010, Sisal enlisted the expertise of the Department of Psychiatry, headed by Professor Claudio Mencacci of the Fatebenefratelli Hospital in Milan, with a view to providing a player help desk and support service.

The operators at the Sisal call center have been trained by medical specialists from Fatebenefratelli Hospital to provide an outreach service and offer guidance on the issues of responsible gaming. Through its operators, Sisal provides a 24-hour helpdesk service, called ‘Sincere Help’. Moreover, on certain days and during certain times, the Company offers a telephone helpline, called ‘Ask the Expert’, for problem players or players at risk, which is directly connected to Fatebenefratelli Hospital and is also available online (see the ‘Gioca il Giusto’ section of all Sisal websites).


For those who need more information, Sisal provides a ‘Sincere Help’ service available over the phone (toll-free number 800.778.866) or online (giocailgiusto@sisal.it).

‘Ask the Expert’ is an independent scientific support service that provides players with direct assistance from specialists at the Fatebenefratelli Institute in Milan, via the dedicated toll-free number 800.974.487 (from 12 p.m. to 2 p.m., Monday, Tuesday and Thursday) and via e-mail (gioco.sicuro@fbf.milano.it).

The ‘Gioca il Giusto’ program does not end here, but will continue to grow with the help of all citizens. All tips and suggestions are invaluable, and can be sent by email to giocailgiusto@sisal.it

Furthermore, on all Sisal websites and in all Wincity Gaming halls, there are self-assessment tests called ‘What type of player are you?’ developed by specialists from the Institute of Psychiatry at Fatebenefratelli Hospital, which allows players to test their own attitudes to gaming.

2012 Commitments – Players

	Dissemination of videos with key responsible gaming concepts which underline the minimum age requirement	Network sharing via SisalTV and Sisal websites
	Dissemination of educational material on the subject of ‘Do you know the rules of the game?’	Online publication and distribution of material to the retailer network
	Revision of the self-assessment test ‘What type of player are you?’ and analysis of results (anonymous)	Dissemination of the test throughout the network so that players can see it



Identification and reporting of responsible gaming performance indicators

In line with the commitments undertaken and in support of the social sustainability program, Sisal has developed a reporting system via a process that has led to the identification of parameters and their measurement, and that has involved the CSR Unit coordinated by the CSR Manager.

The process consisted of periodic meetings, held from July to December 2011, during which the CSR Unit identified key indicators for each area. Having been identified, these were then measured and a formal reporting procedure was defined in a document entitled 'Reporting Responsible Gaming and GRI (Global Reporting Initiative)', structured according to the format of Sisal's documentation system in accordance with ISO 9001:2008 certification.

A survey of the indicators is carried out every six months by representatives in each area, as described in the aforementioned procedure.

The final data is sent to the CSR Manager, who enters the data in spreadsheets available to the various company departments, which can use them to monitor activities that have an impact on CSR policies. The spreadsheets refer to the areas proposed by the EL European Responsible Gaming Standards and the indicators identified for each area.

Finally, on December 14 and 16, 2011, an audit was carried out by an external auditor of the data recorded and the survey process. This certified compliance to the required procedure and the accuracy and reliability of the results.

Responsible Marketing



Sisal considers the full support and approval of the Community in which it operates to be fundamental, and sees player protection as central to its social sustainability plan. This is based on strategic guidelines aimed at anticipating changes in the market and the local community through dialogue and engagement with its core stakeholders. The aim is to maintain and further strengthen the reputation it has built up, based on its professional ethics as a responsible operator.

Therefore, in 2010 the Company adopted specific guidelines on responsible marketing, implemented in 2011. These are based on the knowledge that marketing has a particularly useful role in the social and economic sustainability process and must therefore be inspired by responsibility criteria, particularly with regard to the impact on the consumer. Sisal has chosen to apply its guidelines to all forms of marketing – advertising, promotional and institutional – aimed at the sale of goods or services.


In accordance with the principles of the Voluntary Marketing Code – published by the Institute of Advertising Self-Regulation (IAP) – and European Lotteries standards, the content of the guidelines is focused on the commitment to engage in honest, truthful, and accurate marketing in line with the social need to promote ways of playing based on moderation, integrity, legality, and a responsibility to protect not only the 'consumer', but also the 'individual', his or her family life, work and social life, thus protecting players from the risks associated with excessive gaming behavior.

These rules are informed by the principles of truth and integrity in order to avoid any misrepresentation that could mislead consumers – including any omission, ambiguity or exag-

generation that is not blatant hyperbole – particularly with regard to the characteristics and effects of the product.

Sisal further undertakes to persuade the recipients of its messages to take normal precautions and to exercise vigilance and act responsibly in accordance with the provisions of the Voluntary Marketing Code.

2012 Commitments – Marketing

	Promotion of industry rules ensuring fair competition in the market for the consumer's benefit and protection	Involvement of key stakeholders and competitors in drafting a joint marketing code
	Preventive internal monitoring of communications	Verification of marketing and advertising campaigns and strengthening of the internal approval process by all company functions involved

Sisal Group marketing guidelines

- Avoid encouraging excessive or uncontrolled gaming potentially leading to discriminatory, violent, immoral or illegal conduct.
- Avoid portraying situations of morbid attachment to gaming and addiction in general, or suggesting that playing will help to solve personal problems, and particularly problems of a financial nature.
- Avoid references to superstitions or therapeutic aspects in its messages.
- Avoid targeting or making reference to, even indirectly, children under the age of 18 (in order to avoid the risk of use and abuse by minors) and other vulnerable categories (in relation to social status or gaming skills and ability).
- Avoid encouraging discriminatory behavior or messages.
- Avoid any suggestion that not playing implies physical, psychological, or social inferiority.
- Avoid any negative portrayal of moderation and restraint or abstention from gaming.
- Avoid any suggestion that gaming is an alternative to work.
- Do not lead the public to ignore the different ways of playing and the different limits that must be considered in relation to the characteristics of the individual products and the personal circumstances of the player.
- Avoid using imperatives to encourage play.
- Avoid suggesting or implying that winning is guaranteed, if this is not true.

- Do not offer unreasonable incentives aimed at increasing player loyalty based around the concept that the more you play, the more you win.
- Allow players to easily distinguish between skill games and games of chance, and clearly indicate games in which winning is purely linked to chance.
- Do not use misleading messages (even by omission or ambiguity) and provide comprehensive information about products, prizes and the probability of winning/losing (listed as, but not restricted to, inserting the words 'up to' in the case of national totalisator number games (NTNG) in which winnings are shared).
- Clearly indicate the duration and reference period if statistical or scientific data are used.
- Avoid misleading players about the actual performance of the product or service being marketed and/or the level of ability required to use the product and the amount of the stake. In any case, avoid playing down the price of the product or suggesting that its purchase is a normal household expense.
- Do not cooperate with or support links or connections to other companies whose activities consist of providing quick loans that could be immediately used for purposes linked to gaming, and in particular, do not precede and/or follow commercials from companies that provide such loans.

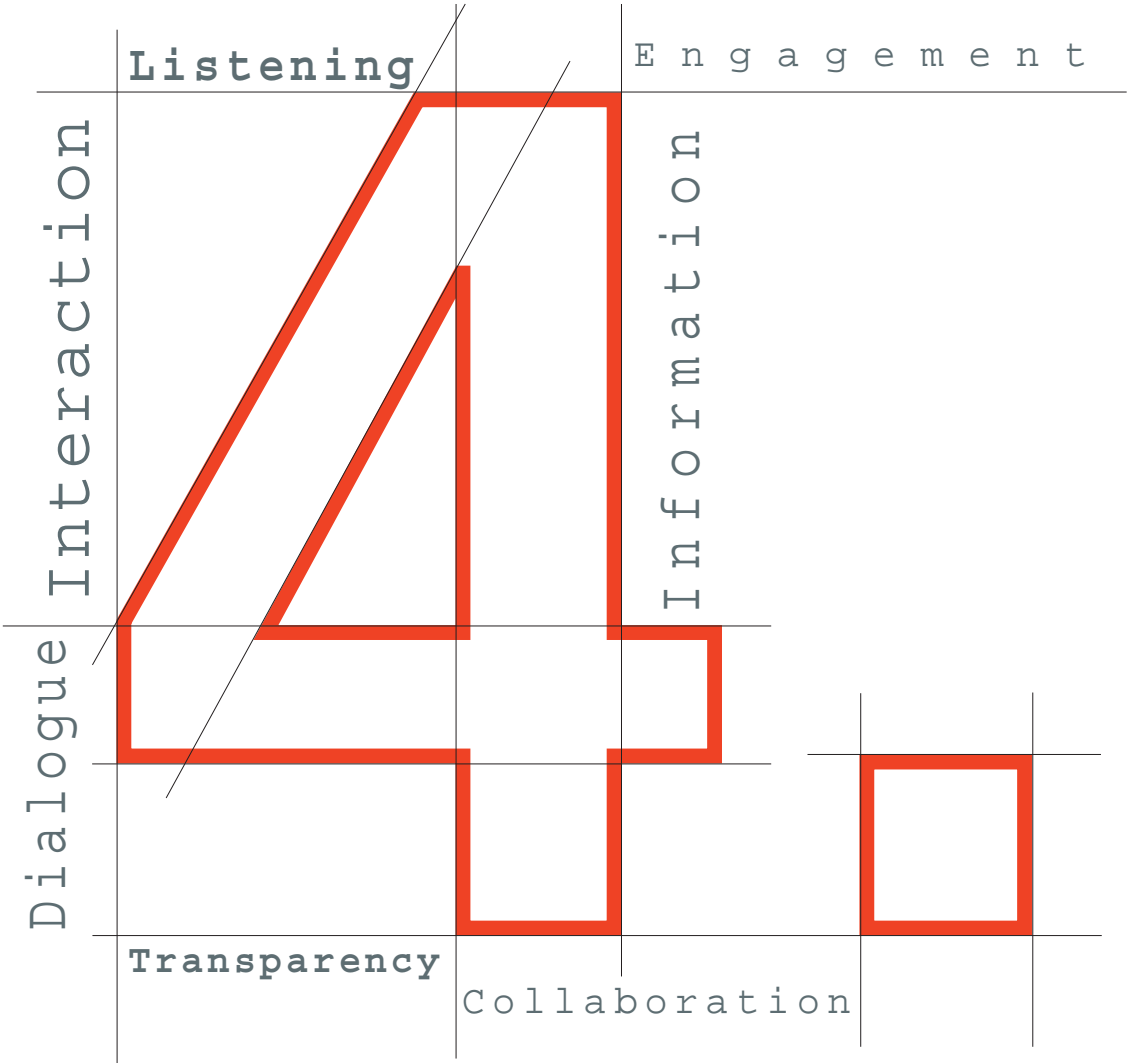


Luciano Barale
Equilibrium
2011
paper

4. SOCIAL SUSTAINABILITY: STAKEHOLDER RELATIONS



4. SOCIAL SUSTAINABILITY:
STAKEHOLDER RELATIONS



Sisal has adopted the stakeholder engagement model to actively involve all stakeholders and to be in constant dialogue with them. The Company, convinced of the need to combine sustainable value creation with the interests of stakeholders, adopts an approach that looks for sustainable growth by balancing the interests and expectations of everyone with whom it interacts.

Stakeholder engagement model

3 Robert Edward Freeman, philosopher and Professor of Business Administration at Darden School of Business at the University of Virginia, formulated the stakeholder theory in his 1984 book *Strategic Management: A Stakeholder Approach*

Robert Edward Freeman³ defines the term ‘stakeholder’ as ‘any identifiable groups or individual who can affect or is affected by organizational performance in terms of its products, policies and work processes’.

Sisal has developed a methodology based on the stakeholder engagement model devised by the United Nations Environment Programme (UNEP). This consists of three stages:

- >> stakeholder mapping
- >> analysis of the level of engagement
- >> development of the engagement plan

Sisal’s stakeholders can be classified in 10 major groups: Regulator (AAMS) and Government; shareholders; banks and financial community; human resources; retailer network; consumers; business partners; associations; environment; Community.

The ‘Community’ stakeholder is dealt with separately in view of the scale and significance of the actions carried out by Sisal in this area and is described in the next chapter.

Sisal is convinced of the need to combine sustainable value creation with the interests of its stakeholders, effectively adopting an approach that looks for sustainable and lasting growth based on balancing, wherever possible, the interests and expectations of everyone with whom it interacts.

Sisal is in constant dialogue with each of its stakeholders: this Social Report represents a fundamental communication tool on issues that concern the economic, social and environmental sustainability of the Company.

In 2011, the Company embarked on various activities which involve, for each stakeholder, the following levels of engagement: INFORM, LISTEN, CONSULT, ENGAGE, and COLLABORATE.

Regulator and Government

AAMS

Engagement with the AAMS

INFORM:	Institutional website Social Report
LISTEN:	pecific meetings
CONSULT:	Consultation on matters relating to the gaming sector (e.g. marketing campaigns, new products, etc.)
ENGAGE:	Advance notification of business and CSR initiatives by the Company
COLLABORATE:	Participation in working groups Support with project development

In Italy, games are controlled and governed by the Autonomous Administration of State Monopolies (AAMS). Consequently, the relationship with the AAMS is a constant and central part of the Sisal Group's activities.

In particular, Sisal, directly or through other group companies, operates as an AAMS concessionaire with regard to collections, both in the retail network and at specialized points of sale, for traditional games such as SuperEnalotto and Vinci per la vita – Win for Life, and SiVinceTutto SuperEnalotto, the new game launched in April 2011 – as part of the concession of national totalisator number games (NTNG), as well as Tris, Totocalcio, Totogol, and Big Match. Due to other specific concessions, the Sisal Group also offers horse race betting and online gaming in the context of fixed odds betting. Furthermore, as of July 2004, Sisal has been an AAMS concessionaire for the management of the NewSlots (amusement with prize machines) telecommunications network.

As stated in the institutional presentation 'AAMS – The Governance of Gaming' (2008):

The Autonomous Administration of State Monopolies carries out administrative activities to govern and control the entire gaming industry, having acquired, in the light of legislative changes, government functions, while retaining some of its traditional powers over tobacco products.

The reason for the presence of Government, both in the gaming and tobacco industry, is to ensure tax revenue compatible with the protection of other important public interests: consumer protection and the fight against illegality. No less important is the role of facilitating the development of economic, production and distribution activities, which have become significant for creating wealth and employment. In the gaming sector, the AAMS carries out its role by drawing up guidelines for a dynamic and rational development of the industry, constantly monitoring the legality of operator conduct. Furthermore, it is involved in tackling all illegal phenomena and takes steps to ensure the best use of tax revenue. [...]

The fight against illegal markets must be exercised with the combined use of two levers: legalization and repression. The AAMS has decided to focus firmly on prevention, not least

of all by expanding and defining the supply in order to align it with consumer demand as much as possible, without however abandoning targeted repressive actions.

Particularly significant in this sense is the initiative conducted in collaboration with the Ministry of Communications, which governs the technical means of restricting access to unlicensed or unauthorized gaming websites. With its 'Decree on the restriction of unauthorized gaming sites', the AAMS implemented the provisions contained in Article 1 of the 2006 Finance Act with a view to tackling on online fraud linked to games of chance by preventing access to more than 4,000 websites (the list of sites can be found on the AAMS website and is constantly being updated).

As well as tackling illegal gaming sites, the AAMS creates awareness-raising campaigns aimed at players, with dissemination of the rules and the possible gaming risks, especially with regard to the protection of vulnerable groups such as children.

The Administration's activities have been – and continue to be – particularly careful with regard to children. The aim is to convey the core message that young people under the age of 18 are strictly prohibited from playing, and that once they turn 18 and can start playing, this should in no way become a way of life, but should remain an enjoyable and entertaining pastime. The approach must always be based on moderation and balance to prevent compulsive gaming and to raise awareness of 'legal and responsible' gaming.



Sisal fully shares and adopts the objectives of the AAMS: together they promote a culture of transparent, legal and safe gaming, taking steps to ensure that this important message is constantly brought to the public's attention through its communications and technological support.

The institutional logo of the AAMS echoes the strong and constant call of the institutional message, aimed at reinforcing:

1. Legality and safety, fundamental requirements for the public gaming sector, with the dual aim of making government-endorsed gaming products even more recognizable, and bolstering actions to combat illegal gaming.
2. The social responsibility of the Administration, which oversees governance, as well as the responsibility of the player to ensure a measured, moderate, and compatible approach to gaming.

In order to pursue these objectives and in a bid to tackle more effectively and efficiently gaming practiced in a form and under terms and conditions contrary to those consistent with legal and safe gaming, on December 21, 2010, the Official Gazette of the Italian Republic published Law No. 220, dated December 13, 2010, entitled 'Directives for Preparing the Annual State Budget – Stability Law 2011'. Sections 64-82 of the law, which has been in force since January 1, 2011, contain important directives with regard to the gaming and betting sector. Specifically, these consist of:

- a) The fight against illegal and irregular gaming ('action to counter gaming managed and practiced in a form and under terms and conditions contrary to those typical of legal and safe gaming') and the preservation of public order and safety ('of law and order, the fight against [...] the infiltration of organized crime in the gaming industry');

- b) The reaffirmation of the government’s exclusive right and the monopoly on gaming and betting under Article 1 of Legislative Decree No. 496 of April 14, 1948 (‘based on the State monopoly of gaming, as provided in Article 1 of Legislative Decree No. 496 of April 14, 1948, ratified by Law No. 342 of April 22, 1953’), by strengthening the role and tasks assigned to the Autonomous Administration of State Monopolies (AAMS);
- c) The protection of consumers and, in particular, children (‘action to protect consumers, especially minors [...] in the fight against underage play’) which, in paragraph 70, by internal management decree, provides for the adoption of actions to prevent, combat and treat ‘ludopathy resulting from compulsive gaming’, while at the same time prohibiting children under 18 years of age from participating in public games with cash prizes, under penalty of administrative fines and disqualification of the owner of the business.

Public institutions

Engagement with public institutions

- INFORM: Institutional website
Social Report
- LISTEN: Specific meetings
- CONSULT: Dialogue with Italian and EU institutions
- ENGAGE: Liaise with central and local government
- COLLABORATE: Joint projects and initiatives

The regulatory framework, as described above, gives ample governing power in this sector to the AAMS, which mainly operates according to specific rules established by governmental and parliamentary initiatives.

Thus, the parliamentary bodies – the House and Senate – as well as the Government and the Ministry of the Economy are important stakeholders for the activities of the Sisal Group, which has resources dedicated to the continuous monitoring of parliamentary work. Furthermore, although Sisal complies with the principle of subsidiarity, which sees national legislation prevail over EU law, the Company must also take account of guidelines issued by the European institutions – Parliament, Commission and Court of Justice – for the proper understanding of the guidance and regulatory development processes in this sector.

Two of Sisal’s longstanding stakeholders are CONI (Italian Olympic Committee) and ASSI (Agency for the Development of the Equine Industry), established by Law No. 111 of July 15, 2011 as the legal successor to the UNIRE (National Union for the Improvement of Horse Breeding).

Together with the Ministry of Food, Forestry and Agriculture, the ASSI (formerly the UNIRE) has been Sisal’s institutional representative since 1948 for the development of horse race betting and pools, both in the betting shop and retail network channels. Although sports betting and pools were initially under the direct responsibility of the CONI, in 2002 they

were entrusted to the AAMS and are now managed by numerous public games concessionaires. Sisal, however, maintains an important relationship with CONI due to the significant amount of funding for Italian sport that comes from the gaming industry.

Recently, with the development of anti-money laundering legislation, another major institutional stakeholder has been added: the Bank of Italy and, in particular, the Financial Intelligence Unit (FIU), which is responsible for preventing and combating money laundering and terrorist financing.

Lastly, Sisal continues to work closely, with full respect for their reciprocal roles, with the law enforcement agencies, with the Ministry of the Interior, and with councils and local authorities in order to communicate transparently on its corporate activities and to take a constructive approach to tackling problem gaming issues in Italy.

Proper, transparent and prompt dialogue between national and European institutions and the Sisal Group, capable of effectively conveying the company's perspective, has always been one of the group's key strategies. This strategy is further enhanced through the decision and desire to operate according to the principles of social responsibility and ethical conduct, essential in a regulated market like that of gaming, which have been adopted in every activity undertaken by the Sisal Group.

Sisal's ongoing dialogue with the Regulator and public institutions

Again in 2011, Sisal sought to strengthen its relationship with public institutions and entities through effective collaboration, transparency, and professionalism, conforming both to the expectations of the Company and adopting behavior and actions consistent with the role of government concessionaire in a regulated market. In this context, in addition to a corporate policy informed by a constant and total adherence to the rules established by the AAMS as the major institutional partner, Sisal has always adopted a policy of sharing the expectations and guidelines of the Administration with regard to both financial return and social and sustainable development aspects.

In engaging in this dialogue, which is essential for a concessionaire, Sisal relies on the professionalism of its Institutional Relations Department, based in Rome. The department works on the continuous mediation and translation of the company's requirements and the needs of the Regulator by guaranteeing the proper application of the concession rules and standards, as well as by reconciling company and market requirements with the various institutional parties.

In addition, the Company pays close attention to a particularly sensitive area: responsible gaming. In synergy with the AAMS and its policies on legal and responsible gaming, Sisal has developed the 'Gioca il Giusto' ('Play Right') program, designed to strike the right balance between fun and responsibility and to prevent forms of gaming that are a potential risk for players.

In this respect, a specific action plan has been implemented with the aim of preventing and combating illegal gaming. This plan consists of ongoing control, reporting, and oversight of nationwide activities in order to provide the authorities with an up-to-date picture of the situation and a useful and effective analysis.

Shareholders

Engagement with shareholders

INFORM:	Updates on business performance Annual financial statements Social Report
LISTEN:	Shareholders' meeting Board meetings
CONSULT:	Feedback from the board of directors following periodic business performance reviews
ENGAGE:	CEO's presentation to the board on CSR initiatives
COLLABORATE:	Translate the strategic guidelines issued by the board of directors into actions

Sisal shareholders

Large and small investors alike believe in the Sisal Group. The corporate structure is organized so as to ensure, at all levels of the control chain, transparency, participation, and solidity. Control of the operating companies is held by Sisal Holding Istituto di Pagamento (SHIP) S.p.A., while 3,612 retailers own shares in Sisal S.p.A.

Those who have indirectly invested in SHIP S.p.A. are:

- >> Apax and Permira, international private equity funds
- >> Clessidra, an Italian private equity fund
- >> the family of co-founder Geo Molo
- >> the chief executive officer and senior managers of the Company
- >> Global Leisure Partners LLP (GLP), a financial consulting company

In the autumn of 2006, when the Apax and Permira funds became part of the shareholding structure, notification was sent to the European Commission's Directorate General for Competition, highlighting the existence of joint control over the Sisal Group by Apax, Permira and Clessidra, according to the statutory provisions relating to the operation of corporate bodies.

The following international and Italian private equity funds are among the indirect shareholders of Sisal.

Apax Partners is one of the largest managers of private equity funds worldwide. Founded over 30 years ago, it manages \$35 billion in funds throughout the world, with offices in nine countries and the global expertise of a team of over 100 professionals. The latest fund, Apax Europe VII, is currently the largest private equity fund in Europe, valued at EUR 11.2 billion. The funds managed by Apax Partners invest in the creation and expansion of world-class companies, creating and strengthening international excellence. Among these, the Apax Europe VI fund is an indirect shareholder of Sisal. Apax funds have allowed these companies to grow and create value in the best interests of all employees, partners, and investors.

Permira is a European private equity firm that operates throughout the world. Capital raised from pension funds and other institutional investors has been channeled towards investments in companies with strong growth potential. The Permira Europe III fund, valued at over EUR 5 billion, is an indirect shareholder of Sisal. Permira has over 130 professionals in 12 offices worldwide, including Milan, Frankfurt, Hong Kong, London, Madrid, New York, Paris, San Francisco, Stockholm, and Tokyo. In the course of their work, the Permira funds have completed over 190 acquisitions, investing in companies in a variety of sectors. Since 1988, when Permira opened its offices in Italy, the company has been a pioneer of private equity, with over 50 investments and a total value of EUR 17 billion.

Clessidra SGR S.p.A., was established in 2003 as an independent company leveraging the significant professional experience of its partners in the field of private equity and complex financial transactions such as mergers, acquisitions and restructuring. It is entered in the SGR register, which is maintained by the Bank of Italy and the National Compensation Fund, and is a member of the Italian Private Equity and Venture Capital Association (AIFI) and the European Venture Capital Association (EVCA). Clessidra SGR S.p.A. manages the funds Clessidra Capital Partners and Clessidra Capital Partners II, the largest private equity funds dedicated exclusively to the Italian market. The funds managed by Clessidra have been raised from various highly regarded institutional, financial, industrial and pension funds, both Italian and foreign, evidence of its dominant position in the Italian market.

Banks and the Financial Community

Engagement with banks and the financial community

INFORM:	Institutional website Social Report Annual financial statements Information on request
LISTEN:	One-to-one meetings
CONSULT:	Meetings aimed at defining the most suitable financial instruments
ENGAGE:	Involvement of financial partners in major investment projects
COLLABORATE:	Operational collaboration with financial partners, characterized by the utmost transparency to ensure the most correct financial sustainability policy

The Sisal Group is continually developing, with a fast-growing business and an operating profit that exceeded EUR 13.3 billion in 2011. This is channeled entirely through the banking system, and the Group has longstanding relations with leading banks in Italy.

Almost all these banks have been with Sisal from the outset, and so the Group considers them key partners. Consequently, the Company adopts a policy of the utmost transparency towards its banks, which results in frequent meetings in order to share business information, and in the submission of monthly reports on the Group's performance.

In addition, the complexity of the various business lines and the volume of investments require the Group to utilize most of the financial instruments available on the market, including surety, leasing, factoring, derivatives, long-term finance, etc.

In particular, short-term finance consists primarily of commitment appropriations, which are used to apply for guarantees in favor of the Group's major counterparties, particularly the Autonomous Administration of State Monopolies (AAMS) and leading service providers.

For each concession, the AAMS requires one or more guarantees to cover all obligations envisaged in the concession itself, such as tax repayments and the payment of prizes to players.

Conversely, service partners require guarantees for the capital managed on their behalf, since cash is withdrawn from points of sale each week but repaid at different times, which vary depending on the contract signed.

% of finance comprised of commitment appropriations

Banks	2011	2010	2009
UNICREDIT	29%	29%	28%
INTESA SAN PAOLO	25%	28%	25%
B. POP. MILANO	13%	11%	12%
B. POPOLARE	12%	13%	17%
MPS	11%	11%	9%
B. POP. BERGAMO	5%	5%	6%
SPARKASSE	5%	5%	5%
OTHER INSTITUTIONS	1%	-	-

Following the entry of new shareholders in 2006 and to finance long-term growth plans, the Group has arranged structured finance of EUR 745 million with a pool of Italian and foreign banks. This consists of various lines of credit with different repayment dates and terms.

Consequently, the Group must comply with certain financial covenants on the debt, which to date have been fully met.

The structured finance entails the payment of variable-rate interest at the Euribor, plus a spread of between 1.87% and 3.68%, depending on the line of finance. In any case, the Group, in order to offset interest rate fluctuations and to stabilize its financial liabilities, has taken out certain interest rate hedges, which at December 31, 2011 covered 57% of its outstanding debt.

% of medium and long-term pool finance

Banks	2011
RBS	33%
UNICREDIT	19%
INTESA SAN PAOLO	19%
CREDIT AGRICOLE	19%
MIZUHO	18%
LEHMAN BROTHERS*	16%
B. POP. MILANO	4%
UBS LTD	1%
OTHER INSTITUTIONS	3%

* in administration

Clearly, the lines of credit and the related financial assets are not concentrated with one bank, but spread evenly between the various banks in order to diversify the risk and to spread operations according to the finance granted.

The Group's net financial position of approximately EUR 1,041.2 million (net debt excluding current assets relating to games and services) has improved, despite the significant investments made in recent years both on the technology side and in terms of new acquisitions, due to the strong performance of results and careful cash flow management.

Human Resources

Engagement with human resources

- INFORM:

Ongoing and direct dialogue (in-house communication and staff information)
CSR newsletter
Training
- LISTEN:

Training
People satisfaction
Intranet: active participation through questionnaires/forums
- CONSULT:

Workshop
- ENGAGE:

Meetings and conferences
Staff cooperative
- COLLABORATE:

Fundraising for CSR projects

People

In order continuously to improve its stakeholder engagement strategy, Sisal firmly believes that employees and partners contribute daily to the creation of value for the Company. This value relates not only to the generation of business and profits, but also the intangible ways of 'doing things': the personal and professional qualities of each individual lend substance to Sisal's projects and aspirations.

Quality, innovation, and responsibility, the fundamental values towards which the Sisal Group's policy is geared, are essential requirements for responding to the day-to-day challenges and expectations expressed by employees, shareholders, and other stakeholders. In 2011, Sisal committed – and will further undertake in future – to build a vision in which people, their performance and their development are as much a focus as business results.

In 2011, Sisal stabilized its organizational structure, a fact that enabled the Group to remain proactive on the market, due to the acquisition of emerging new talent and investment in the creation and organization of internal career paths and the development of expertise throughout all levels of the organization. To provide active support to its human resources, in 2011 Sisal mainly concentrated on:

- >> employment growth
- >> internal communication
- >> training
- >> job evaluation and career development
- >> diversity management
- >> health and safety

Employment growth

In 2011, the strong growth trend in Sisal employment levels continued, a phenomenon that is particularly relevant and significant if we consider the financial crisis and the level of unemployment and joblessness in the wider market. Significant growth in youth employment was also recorded in the 25-35 year-old age group: many of these young people who joined Sisal on internships or as contractors now have a permanent position within the Company.

Overall, the Group has grown from 1,206 employees in 2010 to 1,493 in 2011, an increase of 23%. The reason for this significant growth essentially lies in the increase in business across the retail segment (Match Point and Wincity), Digital Games and Services and the investment in new talent.

Sisal Group employees in 2010	Sisal Group employees in 2011
1,206	1,493

Turnover 2011	2.48%
---------------	-------

Sisal Group employees in 2011 with a part-time contract	267
As a percentage	18%



Sisal Group employees in 2011 by gender and age group			
Age group	M	F	Total
20 - 30 years	199	192	391
30 - 40 years	348	261	609
40 - 50 years	183	127	310
50 - 60 years	105	57	162
Over 60	13	8	21
Group Total	848	645	1,493

Grade-Level	Total
Managers	44
Supervisors	100
Grade 1 employees	117
Other	1,232
Group Total	1,493

Qualification	Total
Degree	258
Diploma	611
Other	624
Group Total	1,493

Internal communications: developing an intranet for everyone

In 2011 Sisal launched its first corporate intranet with a view to sharing the company knowledge base and encouraging collaboration and the exchange of information between employees.

The main objectives are:

- >> consistency between the activities carried out and the institutional and organizational objectives
- >> increased professionalism and collaboration
- >> more effective organization
- >> increase in corporate quality
- >> improvement in corporate culture and promotion of increased employee participation
- >> cultural promotion

The second-generation intranet (2.0), known as 'WeSisal', a name chosen by employees following an internal competition and a final vote, emerged from the need to involve staff and boost their interaction and participation. The guidelines, which will be developed during the two-period 2012-2013, are:

- >> bottom-up approach
- >> flexibility

In prima pagina



03/05/2012 SiVinceTutto Edizione di maggio - 18/04/2

È ARRIVATO EUROJACKPOT

News del giorno

01-06-2012 SiVinceTutto Edizione di Giugno

18-05-2012 CSR: Campagna Every One di

SisalCSR

Corporate Social Responsibility.
L'impegno di Sisal per la
Responsabilità Sociale.



SisalLearning

Alcuni strumenti per il tuo sviluppo personale e professionale.

SisalWellness

Esercizi da scrivania per il tuo benessere fisico ed emozioni in
musica per lavorare in armonia.

SisalWeather

Milano 07.06.2012

Gio	Ven	Sab	Dom
20°	16-25°	14-25°	16-25°

SisalImage

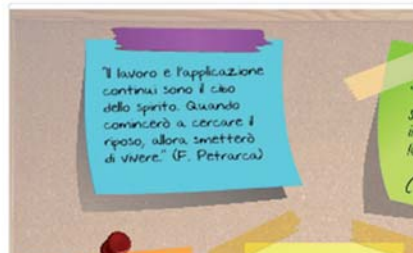
Le campagne di comunicazione Sisal.



SisalBook

Cerca in SisalBook:

Cerca



- >> frequent updates
- >> high levels of interaction
- >> visibility of people
- >> shared content development
- >> use of computer graphics to represent the Company in a new and more modern way

The development of the intranet involves a team of 25 employees (WeSisal Editors), belonging to different levels and departments of the organization, who have the task of designing and publishing the best, the most useful and the most relevant content, and encouraging stimulating and interesting forms of interaction. Thanks to this virtual space, employees can now access company projects easily and instantly, offer their own contributions directly, socialize more easily within the Company, discuss key issues and build up a wealth of inter-departmental relations.

Training: improving professional and personal skills

Investing in the development of professional and personal skills is one of the company's priorities. In line with the standards of excellence towards which Sisal constantly strives, the concept of lifelong learning is central to the group's training program. Offering training programs that are increasingly structured with a view to encouraging the professional development of employees, increasing their career opportunities and boosting their performance at work has been a priority for Sisal in 2011. These programs will require full structuring and implementation during the period 2012-2013, with the



aim of supporting all employees throughout their careers, particularly during major milestones:

Induction: training course for new recruits. This is a basic course that welcomes new members of staff and helps them to settle in within the group, developing their overall knowledge of the business and helping to build a shared corporate identity.

CSR training: courses for disseminating the culture and values of corporate social responsibility at each level of the Company.

'e-Learning on the Job' technical training: training courses aimed at various professional groups (e.g. sales representatives, call centre staff, support engineers, etc.). These programs help to broaden the specialist expertise of employees, thereby increasing their professional value.

Sales training: continuation of the Sisales Excellence course aimed at the Sisal and Sisal Slot sales teams.

Management training: programs to improve the quality of leadership within the various project and departmental teams.

Linguistic training: English-language courses aimed at encouraging interaction between people in different countries.

In 2011, Sisal also introduced new learning tools, with the launch of the learning platform via the e-learning system and the use of training modules within the intranet WeSisal. Sisal is proposing to implement the initiatives already in progress and to develop further training projects by adopting a multi-channel model that uses different learning environments.

Job evaluation and career development

Each part of the organization must understand the valuable contribution made by other roles within the Company. In 2011, Sisal developed a job evaluation program for all management positions: a process that enabled it to determine and assign, using the appropriate methodological tools, the relative value of each position.

This is an 'objective' evaluation in that it ignores the ability, performance and behavior of the person in that role.

It guarantees an in-depth analysis of management roles, in line with Sisal's organizational structure, and has helped to implement a fair and structured process for the definition and assessment of management skills. Sisal can thus ensure satisfactory coverage of strategic positions and map out an internal career path that allows employees to rise from supervisor to manager level.

Diversity management: differences that create value

In 2011, Sisal joined forces with Valore D – Donne al Vertice per l'Azienda di Domani, an association committed to promoting the value of women in the workplace, actively participating in two working groups that have designed two training kits: Board Membership and Women's Leadership Training.

Joining forces with Valore D has led to greater awareness of the important role that women at Sisal have in creating value for the Company, enabling it to obtain better results whether financially or in terms of organizational performance, competitiveness, and image.

It is therefore crucial for Sisal to address the issue of women employees within the Company, adopting a strategic and planned approach based on the specific situation within the Company and its unique characteristics. In 2011, plans therefore began for an ambitious project due to be launched in early 2012, which proposes:

- >> to disseminate an awareness-raising campaign of the role of women within the Company, to foster cultural change, and to improve collaboration between mixed teams;
- >> to recognize, encourage, and promote female talent within the Company in order not to waste vital human capital;
- >> to remove internal and external obstacles that women face in their careers.

In 2012 the Group, as well as continuing these initiatives, will conduct its first survey of the Sisal business climate intended for all company employees. The aims are:

- >> to verify systematically the experience of employees in certain areas considered important for achieving business targets (intangible assets);
- >> to define areas of improvement and the resulting actions;

- >> to improve the transparency and effectiveness of communication with all employees;
- >> to have a baseline for future surveys in this domain.

The survey will be preceded by training for all senior and middle management on the issues of organizational climate, on the parameters assessed in the survey, and on the handling of results in terms of action plans to be implemented.

"Cantiere Valori" Project

Another project planned for 2012 is the 'Cantiere Valori' project, in the belief that values need to be understood and shared in order to be able to engender behaviors and concrete actions by the people who work for the Company. The project will define good management practice relating to conduct which creates value and leadership within Sisal. In 2012, Sisal also intends to develop its youth development policy. Companies that are learning and constantly expanding need young people who can grow according to a skills model centred on innovation. The project consists of a permanent scheme to involve young people from various departments in 'real' business challenges, focusing on strategic projects for the Company.

Health and safety

Sisal always pays the utmost attention to the enforcement of all procedures relating to safety in its offices and at work. Knowing the risks present in the workplace means that the chances of an accident occurring, with the resulting damage to property or personal injury, can be eliminated or dramatically reduced. The risk is not represented by the event, but by the possibility that this will happen. Prevention, which is based on a risk assessment and compliance with the rules and obligations both by the Company and its staff, thus remains the crucial starting point.

A health and safety culture is now widespread throughout the Company. This goes beyond the simple prevention of sickness or accidents, and focuses on continued wellbeing.

To achieve wellbeing at work, apart from standard practices (periodic health checks, record of accidents) and roles (safety director, company doctor and head of accident prevention and occupational health and safety, in accordance with Legislative Decree No. 81/2008), Sisal is in the process of preparing special tools. For example, a 'Sisal Wellness' section can be found on its intranet. This can be accessed by anyone at any time and offers an extensive and practical demonstration of the exercises that employees can do at their desk to relax and de-stress. In addition, in the 'Music' section, 10 different pieces of music are available, specially designed to be uplifting and revitalizing, helping staff to deal with stressful moments during their working day.

The Sisal Distribution Network

Engagement with the Sisal distribution network

INFORM:

- Sisal websites
- Social Report
- Professionals who monitor the network, ensuring that contractual standards are met
- Network development plans

	Support programs (e.g. training, definition of standards, etc.)
LISTEN:	Dedicated call center for retailers
CONSULT:	Two-way communication via the web and dedicated telephone numbers
ENGAGE:	Daily contact and periodic meetings with retailers
COLLABORATE:	Fundraising at points of sale for CSR projects

Distribution Network

The Sisal Group relies on a network of around 46,600 points of sale in total, enabled for the collection of games under concession, some of which are also active in the payment services market. The network is spread throughout the national territory and is made up of newsstands, bars, tobacconists, betting shops, concessions, dedicated points of sale, and the new Sisal Wincity retail concept.

In detail:

- >> 41,659 points of sale for national totalisator number games (NTNG) and public payment services (including more than 4,000 horse race and sports concessions)
- >> 4,900 points of sale exclusively dedicated to AWP (amusement with prize) machines
- >> 203 Match Point betting shops and gaming halls
- >> 5 Sisal Wincity gaming halls

The network is supported by a sales team divided into business areas and more than 270 administrators of the Sisal Slot distribution network. The 42,000 or so points of sale of the Sisal retail network are supported by a team of approximately 120 people working in the trade marketing and sales departments.

The trade marketing department, which together with the sales department is tasked with defining the business strategies to be implemented in the Sisal distribution network, is managed by a trade marketing manager and is composed of the trade team, formed of three trade marketing specialists and three trade marketing assistants, and by the data analysis team, consisting of one data analysis manager and three specialists.

The sales force and the systems dashboard team report to the head of sales. The systems dashboard team is tasked with developing gaming systems and offering them to retailers via the sales force and via a dedicated web portal.

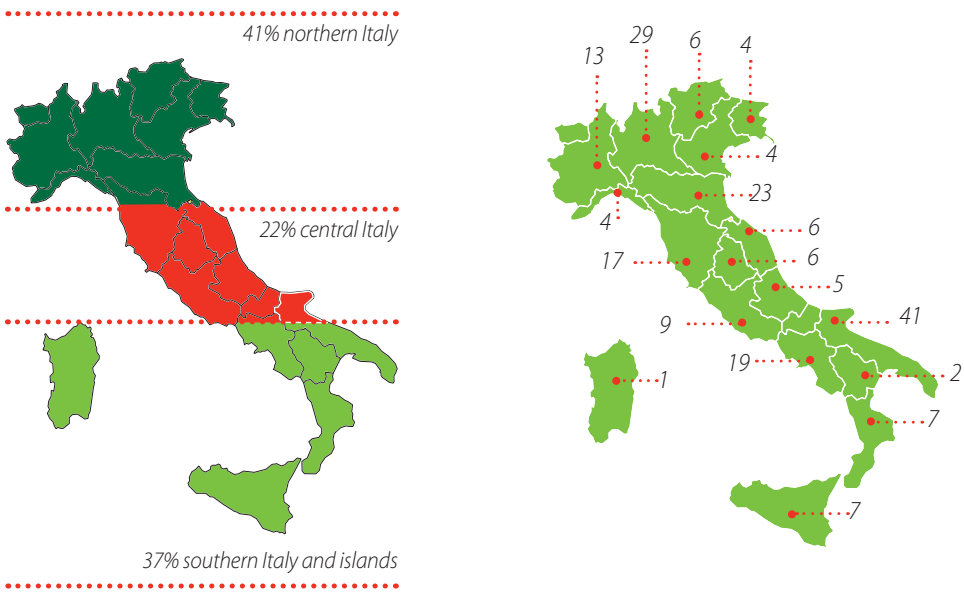
Sisal points of sale are carefully selected based on optimal presence throughout the country: positioning (population flows and income generated), and proven ability in managing the business. The network is constantly monitored by the Sisal trade marketing and sales team and contracts with points of sale are subject to an annual review based on performance.

In summary, the added value of the Sisal distribution network consists of:

- >> approximately 42,000 active points of sale covering towns with more than 3,000 inhabitants, over 12,600 of which are equipped with SisalTV;
- >> multichannel network with different types of points of sale;
- >> technical/commercial training for points of sale.

The sales force is composed of a vast network of qualified professionals who help to strengthen the relationship with the points of sale. Specifically, there are five district managers, 65 area managers, and 24 visual merchandisers covering the retail network. These are tasked with managing SuperEnalotto, SiVinceTutto SuperEnalotto, Vinci per la vita – Win for Life and Win for Life Gold products, public payment services, sports and horse race betting and pools.

The sales force visits the points of sale for quality control and to optimize the activities of the commercial structure. It also takes care of selecting the distribution channels, evaluating new point of sale openings, and training (partly using an online platform) retailers, with whom there is ongoing dialogue through different communication channels (receivers' web portal, gaming terminals, the publication *Mondo Sisal*).



**Sales channels:
retailers**

Nationwide retailer
distribution

**Sales channels:
betting shops
and gaming halls**

Regional distribution of Sisal
Match Point betting shops
and gaming halls (203)

Sisal Match Point is active in the business of sports and horse race betting, with 203 gaming halls and more than 4,000 concessions. The network of Sisal Match Point betting shops currently consists of 74 points of sale managed directly by employees of the Company (directly owned betting shops), and 129 points franchised by qualified business partners (partner betting shops), constantly monitored by the sales department, which has 10 key account managers covering the country.

The distinguishing features of Sisal Match Point are:

- >> stable and competitive odds throughout the network (as well as online);
- >> comprehensive product portfolio, including a wide range of minority sports and non-sporting events;
- >> team of professionals with years of experience in national and international bookmaking;

- >> technology developed by Sisal and compatible with retail network management systems;
- >> up-to-date information on the point of sale.

Sisal Slot is the Sisal Group company that caters for the AWP (amusement with prize) market, offering both quality and high professional standards in the interconnection service and the rental of amusement with prize machines. The philosophy behind Sisal Slot is to provide operators and retailers with the most innovative gaming machines, while ensuring the quality and security of interconnections. For this reason, Sisal Slot works with leading distributors of gaming machines throughout the country, who are accredited Sisal Slot partners. Sisal Slot has a sales staff that consists of 25 area managers, 2 district managers, 5 key account managers, and 1 head of sales.

In 2010, Sisal launched its Wincity gaming halls: social spaces that each day, from morning to night, offer an innovative entertainment idea that combines fun and positive socialization. Sisal Wincity gaming halls are designed as venues for socializing, playing games or watching performances and events in a pleasant and safe environment.

Wincity gaming halls offer a high-quality catering service and an extensive schedule of events, from food tasting to live music acts. They also screen major sporting events, and organize fringe events linked to highlights in the social calendar. Sisal Wincity halls offer luxurious surroundings and are equipped with state-of-the-art technology, where the entire range of Sisal games are available to the public, from the latest generation of video lottery terminals to SuperEnalotto, Vinci per la vita – Win for Life, and betting and payment services.

Sisal Wincity halls have invested extensively in security and customer service to ensure that the right information is given to players and that there is a moderated gaming environment. The staff have been carefully selected and trained, with particular reference to the personal player who assists players and provides them with information about how to play, safety, and self-restraint mechanisms. Particular attention is paid to 'Gioca il Giusto' ('Play Right'), the Sisal Responsible Gaming Program, by distributing information to players inside Wincity gaming halls. The client is catered for from the minute he or she sets foot in reception, which welcomes visitors and enforces the minimum age requirement.

The first two Wincity gaming halls opened in Milan and Rome in August and October 2010. In March, September and December 2011, Wincity gaming halls opened in Turin, Brescia, and Pescara.

Online merchants

In Italy, the rules on games with cash payouts categorically differ for unauthorized and authorized games: the former are strictly prohibited, while the latter are subject to a special license issued by the AAMS. In particular, the AAMS has launched a two-pronged attack on the growing popularity of illegal online gaming sites: tightly regulating the industry, on the one hand, in order to make online entertainment appealing to consumers and competitive compared with 'offshore' sites; on the other, identifying and restricting unauthorized gaming sites that offer players none of the guarantees provided by the law.

As the sole concessionaire for online NTNG products, Sisal manages a network of approximately 40 retail concessionaires who, subject to authorization from the AAMS and internal inspection by Sisal, distribute NTNG products directly to their customers via the internet. For this purpose, Sisal provides a technological interface to integrate the web portals of retail

concessionaires with the Sisal platform dedicated to the provision of NTNG products online. It is important to note that, for reasons of security and uniform presentation of the product, the NTNG gaming applications are provided directly from the Sisal platform to all end users, including those of retail concessionaires.

For NTNG products and for all other online games, the player can use Sisal websites and so-called 'gaming clients' (specialist applications for specific types of games and distributed in the form of programs that can be downloaded and installed on the player's computer). These tools, accompanied by specialist apps for smartphones and tablets, allow players simple and immediate access to the various types of products, which are 100% secure and reliable, due to strict compliance with AAMS specifications on the use of this technology and the adoption of rigorous security protocols for software and data. The Sisal Group's IT infrastructure dedicated to online gaming is redundant⁴ in order to ensure high levels of reliability, while disaster recovery is permanently operational (24 hours a day, seven days a week). Support and upgrades are handled by a dedicated in-house IT team and by a network of specialist and certified external partners.

The core IT infrastructure consists of a sophisticated gaming account system, designed and produced internally, which provides all services necessary for interaction between the player and products, and stores all information about the player's activity securely. Players can therefore constantly monitor their gaming activity via the 'MY SISAL' section of the Sisal.it website, view their games history and amounts, and use self-restraint and self-exclusion tools. The entire IT infrastructure manages around 500,000 gaming accounts and supports traffic of around 120,000 gaming sessions per day. All of the group's IT systems for online gaming are inspected in advance by AAMS and are connected in real time to the central system of the Administration itself, as well as the central gaming accounts database of SOGEL.

Games platforms are also subject to strict certification by specialist third parties (inspection bodies authorized by the AAMS and registered on a special list). Certification must be issued when each new games platform is launched on the market, and is renewed annually. Players can view the certificates, which certify the legal compliance, security and functionality of online gaming applications, on the Sisal.it website, in the 'Gioca il Giusto' ('Play Right') section, which explains the Sisal Group's policy on tackling compulsive gaming.

Dialogue with the point of sale

Call Center

A dedicated call center is available to retailers and provides quick and expert answers, even on training. Again in 2011, the service levels on inbound calls exceeded 90%, and the SLA⁵ required by the AAMS for NTNG practices was fully met. These results were achieved thanks to a team of around 50 operators based in Milan, as well as those located in Palermo.

The call center also employs multiple channels (e-mail, telephone, fax and gaming terminal applications) to enable it to provide an increasingly efficient service.

Retail Network

The Retail Area is supported by two websites dedicated to Sisal retailers and to Sisal Slot administrators.

The retailers' portal (www.ricevitorisital.it), managed by the trade marketing team, is dedicated to direct communication with Sisal retailers.

⁴ Redundancy consists of the duplication of critical components of a system with a view to increasing their reliability and availability, particularly for key functions that guarantee the security of individuals and systems or business continuity

⁵ Service Level Agreement. The quality requirements in this case refer to the efficiency and time taken to deal with enquiries

Principal content:

- information for retailers to teach them about the Sisal range of games, betting and services;
- user-friendly information pages that help retailers quickly find event information (results, events, historical archive);
- download area, which provides retailers with merchandise that can be used in the point of sale (posters, race results, winning tickets);
- game rules and frequently asked questions.

The administrators' portal (www.gestore.sisal-slot.it) is the site dedicated to direct communication with Sisal Slot administrators and, like the retailer portal, provides updates and training on products and services.

Mondo Sisal

'Mondo Sisal', a quarterly publication for retailers, informs the entire network of current initiatives and news.

Principal content:

- 'Cari Ricevitori', an editorial produced by Sisal's head of sales to inform retailers of the performance achieved and future targets;
- sections dedicated to an in-depth analysis of Group initiatives, news about Sisal products (e.g. lotteries, services, betting, etc.) and the latest CSR initiatives;
- 'Zona Rice': the section reserved for retailers to express their opinions and share their point of view with interviews, photos and comments.

Terminal messaging

The gaming terminal is the safest and most direct way to contact the point of sale. Every day, messages are sent out about new products, special events, wins, pools reports, and other information. It is also possible to send instant pop-up messages using the terminal.

Retailer training program

Training has a crucial position among the activities carried out by Sisal to support the development of its retailer network and the communication of CSR values.

Training programs are designed to assist retailers with financial, managerial and personal development by providing:

- specific content on games and services, on the use of technology and industry regulations;
- Visual Merchandising tools and techniques;
- retailer management skills and customer retention;
- knowledge of the issues and values of responsible gaming.

Prior to the training, Sisal analyzes retailers' needs, involving them in special focus groups; once the training has ended, the Company uses online questionnaires, or classroom discussion, to gauge the level of satisfaction with the activities proposed, and invites retailers to suggest issues that they would like to study in more depth.

Thanks to the contribution of its retailers and leading training providers, in 2011 Sisal developed its 'Matrioska Project', offering training on issues relating to customer relations, customer care, sales techniques and responsible gaming. For the retailers who took part in the two-day course, a special forum was set up to encourage dialogue with Sisal and to continue the classroom teaching via distance learning. The issues that emerged in the forum and

during other discussions between Sisal and its retailers have led to new training proposals being drawn up to reflect retailers' needs. In addition, new courses were unveiled in 2011, available on the e-learning platform for online retailer training. These included:

- 'Matrioska online', an advanced course on sales techniques and increasing customer loyalty;
- 'Anti-money laundering', a specific course on anti-money laundering legislation;
- 'L'Accademia dei Sistemi', an advanced course on national totalisator number games (NTNG) and the system dashboard.

As well as these specific courses, a basic online course is available aimed at all new retailers. This offers the necessary tools to learn about the Sisal Group's products and services, as well as training on the issues of corporate social responsibility. It also includes useful tips on the role of the point of sale in promoting and raising awareness of safe, legal and responsible gaming.

For 2012, there are plans to extend training even further with the launch of a new online course: 'Marketing your store', focusing on the issues of customer loyalty and visual merchandising. In addition to these courses, other meetings and training events are planned for 2012, when new products will be unveiled and insights provided into gaming techniques.



Consumers

Engagement with Sisal consumers

INFORM:	Sisal institutional website and gaming sites Social Report Events (e.g. product launches, new retail concepts, etc.) Information/training using retailer packs Transparent communication (gaming methods, point-of-sale merchandise, SisalTV, information on responsible gaming)
LISTEN:	Market research Customer satisfaction Two-way communication via a toll-free number, help desk, direct mailing, Retailer network
CONSULT:	Focus group
ENGAGE:	Involvement via the Facebook page
COLLABORATE:	Fundraising at retailers

Sisal's customers include both players and members of the public who have access to a wide range of payment services at betting shops managed directly by the Company and via the nationwide retailer network.

Product customers

Lotteries

Sisal is the concessionaire for all national totalisator number games (NTNG), or games of chance, which involve:

- participation by choosing a combination of numbers when playing, or through the allocation of a random combination of numbers;
- a single jackpot, derived from a predetermined share of the pool, collected on a nationwide basis;
- the division of the jackpot into equal shares between winners in the same prize category.

This category includes SuperEnalotto and its optional and complementary game SuperStar, Vinci per la vita – Win for Life, since April 2011 SiVinceTutto SuperEnalotto, and since 2012 EuroJackpot. Sisal's number games can be played both via the national retailer network, and online at www.giochinumerici.sisal.it.

Digital Games

In 2011, the Sisal Group extended its gaming offer via its website www.sisal.it, which operates the online gaming concession awarded by the AAMS to Sisal Match Point S.p.A.



Today, it is possible to play either directly on the website, or by downloading games from special gaming clients. In both cases, the various means of access are certified by third parties recognized and authorized by the AAMS. The range of digital games includes: Poker, Casino, Skill and Quick Games, Sports and Horse Race Betting, National Totalisator Number Games (SuperEnalotto and Vinci per la vita – Win For Life), and Scratch and Win.

Service customers

Sisal's service customers are members of the public who make swift and reliable everyday payments at their local Sisal retailer, in a network distributed throughout Italy.

Dedicated communication channels (point-of-sale terminals, SisalTV, Sisal websites) increase the visibility of these services and create an interest in the new concepts among informed customers.

By visiting one of Sisal's retailers and interfacing with the specially trained Sisal retailer network, the consumer is able to make a wide range of payments (including bills, taxes and

TV licenses), buy national and international telephone cards, prepaid cards, and financial services, and pay for small purchases. The service is secure and there is usually no queue, thus saving time.

Dialogue with consumers

Point-of-sale marketing

The point of sale completes the dialogue with consumers. As well as information, advertising, and promotional materials, and SisalTV, around half of the Sisal retail network has a customer display (Cudi) using the latest generation terminals.

It was on these monitors, which play a continual loop of product information videos and commercials, that in December 2010 the character of Mr. GIG appeared for the first time, designed entirely around the concept of 'Gioca il Giusto' ('Play Right'). Mr. GIG is a fun character who, through cartoons and sketches, promotes a message of moderate, informed and balanced play. In 2011, these commercials were screened 64 times a day, between 7.00 a.m. and 11.00 p.m.

Point-of-sale materials

Gaming materials, which represent the main form of contact between Sisal and its players, are designed to communicate effectively the features and rules of the game, as well as telling players where they can find out more about the game itself.

For SiVinceTutto SuperEnalotto and the more recent Vinci per la vita – Win for Life and Eurojackpot, introduced in 2012, the Company has also added a table illustrating the odds of winning in each category, thereby ensuring greater clarity and transparency towards players.

In addition, all materials give a clear indication to players of the limits and restrictions for correct and responsible play, and all play slips carry the following logos:

- 'Gioca il Giusto', a reminder of the important balance between fun and responsibility;
- +18, to emphasize that players must be over the age of 18.

SisalTV

Sisal also offers its consumers SisalTV, the company's business TV channel which was launched in July 1996. SisalTV was designed for two different types of offering: games and payment services. SisalTV is aimed both at Sisal retailers that sell lottery products, and points of sale that offer payment services to the public via the Service Center. SisalTV is a major source of entertainment and information about games, services, and responsible gaming, and is aimed at players, consumers and retailers.

Since 72% of SisalTV points of sale are bars and newsagents, it can be estimated that SisalTV has a daily audience of around 5 million viewers, divided between players (45%) and consumers at points of sale (55%).

SisalTV Sport, as well as promoting lottery products and payment services to the public via the Service Center, is particularly focused on horse racing, broadcasting events from all Italian racecourses. SisalTV announces the results of draws for each Sisal product, including SuperEnalotto, SiVinceTutto SuperEnalotto, EuroJackpot, and, since February 2012, the results of draws for Vinci per la vita – Win for Life every 5 minutes.

Call Center

This is the main channel for player assistance and support, and is open seven days a week, 24 hours a day.

It is staffed by around 40 customer service employees and provides the following services:

- information on the various games;
- information on responsible gaming;
- technical support with gaming apps and clients;
- assistance and information on the gaming account.

The service is provided via a dedicated telephone number (800.778.866) and fax number, with specific e-mail addresses for each games category.

Sisal and input from the Community

Sisal websites

Sisal has a strong digital presence and its websites are visited by a total of around 4 million users each month.

Sisal.com is the information portal which gives access to the group's main websites.

Sisal.it is dedicated to Sisal's online games (Sisal Match Point concession number GAD 15155). Here it is possible to play all the games that can legally be offered online: Betting (sports and horse racing), Poker, Casino, Skill Games, Vinci per la vita – Win for Life, SuperEnalotto, Scratch and Win, Bingo, and Quick Games.

The relationship between Sisal.it and its players begins during the registration process and consists of periodic interaction, particularly during the gaming experience. In a relationship which is intended to become solid and long-lasting, communication is key. Sisal.it communicates with its players via the website and by e-mail, telephone, and SMS, as well as by organizing local events.

There are three ways in which Sisal.it communicates with its players:

- information and services;
- promotions;
- customer care.

Sisal.it communicates in accordance with data protection laws and anti-spam policies which limit the number of communications that can be sent to players during a given period.

The aim of Sisal.it is to establish an increasingly transparent and interactive relationship with its players. With this in mind, VIP events have been introduced in some Italian cities which Sisal.it organizes in order to reward its most loyal players and to interact directly with them.

Sisalpokerlab.it is the Sisal poker school. The website offers registered users the chance to receive poker lessons devised by the Sisal Poker Team, composed of 10 professional players and captained by world champion Dario Alioto. It is also possible to read blogs produced by the team and, with Poker Life, to find out the latest news from the world of poker.

Sisal pokerrewards.it is a website created for Sisal poker players who join its loyalty program. By participating in Sisal Poker tournaments, they can accumulate points which, on Sisal Poker Rewards, can be exchanged for bonus games or prizes.

Giochinumerici.info is the website through which Sisal performs its official role as concessionaire of national totalisator number games (SuperEnalotto, Vinci per la vita – Win for Life, SiVinceTutto SuperEnalotto and Eurojackpot). It is designed in accordance with W3C standards in order to guarantee maximum accessibility. The website contains all the information about games, direct streaming of draws, and a list of online retailers, including Sisal, authorized to sell the products.

Sisalwincity.it is the website dedicated to the new chain of Sisal gaming halls. It represents an innovative entertainment concept, combining all the excitement of playing with the enjoyment of an evening spent with friends in a secure, high-tech environment.

Sisal and Facebook

In 2009, Sisal was the first gaming operator to be on Facebook with the aim of establishing a direct link with its consumers. This was achieved with the launch of the SuperEnalotto Facebook page, and in the following two years was extended to other games (Vinci per la vita – Win for Life, Match Point betting, Sisal Poker, Sisal Bingo, Sisal Casino, Eurojackpot). The Facebook pages allow Sisal’s customers to interact and dialogue with the Company, particularly with regard to Sisal’s range of products and services. In 2011, Sisal’s Facebook community had more than 700,000 fans.



Business-to-Business Websites

The Sisal website is also aimed at its business partners, who are mainly retailers and Slot operators.

Ricevitoresisal.it, the retailer portal, is the platform linking Sisal with all its retailers.

Bacheca.sisal.it is the system dashboard, and hosts the systems that can be purchased by retailers.

Gestore.sisal-slot.it is reserved for operators of Sisal’s amusement with prizes (AWP) machines.

Service Charter for Online Gaming

In managing the concession for the collection of online games for the public, Sisal Match Point has signed a Service Charter for Online Gaming. The Charter forms part of the official communication from the AAMS with the aim of keeping players up to date with the introduction of new rules, as well as enabling them to distinguish easily between legal gaming and illegal or unlicensed gaming.

The Service Charter is considered an information and communication tool that governs the relationship between the player and the AAMS through Sisal Match Point as concessionaire, and constitutes an informal ‘contract’ between the parties.

6 The Service Charter can be found on the AAMS website

The Service Charter⁶ consists of:

- a general section that describes the AAMS, its mission, its structure, and the services provided;
- a detailed section on online gaming, indicating the annual commitments and the previous year’s results;
- a section for player feedback, which includes an assessment of the services provided by concessionaires and how complaints are reported and handled.

The Charter came into force in 2011 with the signing of the new concession for online gaming, and will be enforceable from the second half of 2012.

Business Partners

Engagement with business partners

INFORM:	Entertainment BU agreement: relationship with hirers and technical support Digital Games and Services BU service partners and games platforms, gaming websites Management of company websites
LISTEN:	Day-to-day contact through buyers
CONSULT:	Requests for specific products and services
ENGAGE:	Training on responsible gaming with betting shops and marketing partners
COLLABORATE:	Adherence by business partners to Sisal’s Code of Ethics and Conduct Gaming systems for the management of digital platforms involving the participation of several concessionaires working in collaboration

Suppliers

The Code of Ethics and Conduct adopted by Sisal in accordance with Legislative Decree No. 231/2001 requires the Company to maintain a direct and open dialogue with its business partners to guarantee maximum cooperation, consistently ensuring that the needs of the Company and its customers are met in terms of quality, costs, and delivery times.

Sisal guarantees direct and transparent communication with its business partners, sharing responsibility for rapid problem-solving, and working together to minimize and manage business risks and improve procedures. Sisal has established relationships with numerous partners who are an integral part of its business activities. The gaming market is constantly evolving, and Sisal is aware that increasing its competitive advantage also means ensuring continuous improvement in terms of efficiency and innovation, both for products and for business practices. This takes place partly through the activation of partnerships with new business partners.

At the same time, Sisal is extremely focused on meeting new requirements introduced following updates to gaming market regulations and satisfying the expectations of its stakeholders. Achieving this objective requires excellent relations with the entire supply chain and increasingly high performance. With regard to the resources essential to running the business, business partners are divided into the following types of purchases:

- Terminals
- Gaming materials
- Logistics services
- Call center services
- Media, events, marketing, and market research
- Voice and data communication services
- Hardware and software
- Consulting services
- Restructuring contracts
- Concierge services and facilities management

The Company carries out an evaluation and accreditation process for all its business partners who supply materials, services, and supplies that directly influence customers and processes in the context of the quality management system. Sisal ensures that any equipment, materials, services, and supplies purchased comply with the specified requirements. The evaluation of business partners is based on compliance with contracts and orders, and the monitoring of any differences between the service levels stipulated in the Service Level Agreements (SLAs) and the service levels actually delivered.

Monitoring the SLAs and assessing specific elements, such as compliance with delivery times and specifications, and the accuracy of technical documents and administrative documents, make it possible to perform an overall analysis of the business partner and to calculate a Vendor Rating Index (VRI) every six months. This allows performance to be monitored extensively at all times and offers a continuous opportunity for improvement.

Each business partner is aware of the Code of Ethics and Conduct adopted by Sisal and can receive a copy upon request or read it on the company website. The commitment to comply with the regulations and principles contained in the Code is stipulated by the contract that governs the relationship between the business partner and the Company.

Lottery partners

Sisal operates on the market by employing the services of a network of carefully chosen and trusted suppliers. By building up this trust, the Company seeks to enhance its market offering with experience and expertise. Its relationships with strategic suppliers have therefore become genuine partnerships.

Entertainment partners

Sisal Slot relies on partnerships with leading international companies that provide games and online platforms for amusement with prizes (AWP) machines.

Digital platform partners

Sisal Match Point works with prestigious international partners for the management of some of its online games.

Playtech, a leading company in the provision of online gaming platforms, supplies Sisal's online bingo, casino and poker games.

Playtech has been active in the online gaming sector for more than 10 years and has over 1,200 employees. It is listed on the London Stock Exchange and is present in all of the major regulated markets in Europe.

The entire product portfolio and the random number generator (RNG) system have been certified by TST-GLI, an international certification company based in Vancouver.

The Playtech Group has always been mindful of responsible gaming issues, contributing actively to the initiatives of the Great Foundation, a British non-profit organization dedicated to compulsive gambling problems. It is a member of the Remote Gambling Association (RGA), the industry body behind the 'Social Responsibility Code', a code of conduct which identifies certain rules of conduct for responsible gaming.

Neogames is Sisal's partner company for Quick Games, or games of chance with fixed odds. Established in 2005 and specializing in instant win games, over the years it has become a global leader in this sector. In Italy, it works exclusively with Sisal.

The random number generator (RNG) system and games have been certified by Itechlabs, while the Neogames gaming platform has been designed to be highly flexible, so that it can be adapted on a case-by-case basis to the different requirements of regulated countries. The responsible gaming policy of Neogames entails full support for partners in identifying and managing problem players and in the provision of tools which envisage gaming and deposit limits, impose self-exclusion and monitor the activities of players at risk.

Game Account Network is a leading company in the skill games market and a partner of Sisal Match Point for its range of skill games. Established in 2001 with the mission statement 'Look Beyond Poker', to distinguish itself from the numerous providers already present in the online poker market, Game Account has opted to specialize in other skill games such as backgammon and dominos. Particularly in the Italian market, Game Account has been able to position itself well due to the provision of popular card games such as Briscola, Scopa and Burraco. The RNG system and games have been certified by TST-GLI, an international certification company based in Vancouver with offices in six countries around the world. In 2011, Game Account won the EGR – Egaming Review Award as Skill Games Supplier of the Year.

Gaming systems

The collection of online games is distinguished by product management via 'gaming networks'. The gaming network allows several concessionaires to take part in collaborative platform management. It is a distinctive management system which in 2011 saw Sisal collaborate with leading concessionaires in the gaming market.

The need for a network is primarily dictated by the rules of the game, particularly with card games and bingo: by organizing a card tournament, or providing an online bingo hall, the confluence of players means better prizes and better social interaction due to the presence of chat rooms.

As evidence of this, the online gaming market is currently being split into numerous gaming networks.

The gaming network phenomenon also allows effective monitoring of 'collusive' players due to the simultaneous ban of the fraudulent player by all member concessionaires.

Payment service partners

The Sisal Group relies on the collaboration of numerous high-level partners operating in a wide range of sectors:

- cards and top-ups: leading operators in the fixed and mobile telephony sector and in the digital and satellite TV market;
- payments: leading multi-utility companies providing services such as electricity, water and gas, licensed tax collection agents, and local, regional and central government;
- prepaid cards: leading credit institutions;
- other services: companies present in the logistics and money transfer sector.

Associations

Engagement with associations

INFORM:	Institutional website Social Report
LISTEN:	Specific meetings
CONSULT:	Dialogue with the Italian Confederation of Industry, Confindustria, for the marketing of the gaming industry EL and WLA
ENGAGE:	Themed conferences
COLLABORATE:	Cooperation on research projects

Sisal and Italian industry associations

In recent years, the idea has spread among concessionaires in the entertainment sector of the need to address the difficulties and problems faced by the industry through open dialogue. In order to act 'systemically', on December 4, 2006 ACADI (the Italian Association of Amusement with Prizes Concessionaires) was set up with the aim of representing, protecting, and promoting the interests of companies that operate legally in the gaming sector. In keeping with the spirit behind its creation, over the years ACADI has conducted numerous activities and initiatives aimed at establishing itself as a direct partner of the Autonomous Administration of State Monopolies (AAMS), as well as major political and administrative institutions.

In 2008, Giochi e Società was also formed as a concessionaires association seeking to involve operators with a shared need for transparent and positive dialogue with government institutions on the subject of betting and online gaming.

In the same vein, at the end of 2011, a federation for the gaming and entertainment industry known as 'Sistema Gioco Italia' was established in Rome under the aegis of the Confindustria Servizi Innovativi e Tecnologici (itself a federation for innovation and technology). The new organization brings together operators involved in the management of state-licensed games.

Its members include, as well as ACADI and Giochi e Società, the associations ACMI (National Association of Amusement with Prize Machine Manufacturers), AS.TRO-Assotrattenimento (Association of Amusement with Prize Machine Operators), Federbingo (National Federation of Bingo Concessionaires), and Federippodromi (which covers the major Italian racecourses). Together these bodies represent the public gaming industry in Italy.

The aim of the Federation is to represent the converging interests of the entire gaming industry in order to devise joint strategies and proposals, particularly with reference to fiscal policy, the law, protecting minors, and promoting responsible gaming, and at the same time to create an image for the Italian gaming sector and to market this in a fair, coordinated and effective manner.

Sisal and International Trade Associations

Sisal has cooperated for some time with European Lotteries (EL), an independent international body which is the umbrella organization for national lotteries and gaming operators in Europe (more than 70 operators), set up in 1999 with the aim of promoting the development of European gaming operators and fostering cooperation between its members. European Lotteries is committed to tackling illegal gaming and minimizing any potential risk deriving from gaming.

In February 2011, Sisal was awarded certification by European Lotteries for its Responsible Gaming Program. Sisal's commitment was recognized by European Lotteries again in 2012 with the renewal of the responsible gaming certification.

The World Lottery Association (WLA), founded in 1999, represents at international level the official lotteries of numerous countries. The WLA supports the activities of certified members, requiring a firm commitment towards ensuring the highest standards of corporate social responsibility, particularly in relation to the principles of responsible gaming, and compliance with authorized legal systems that establish where and how gaming products can

be offered to the public in a particular country. It is also committed to sharing know-how and experience to improve the activities of its members in the interests of all stakeholders. At the end of 2011, Sisal embarked on the verification process with the World Lottery Association, which concluded with a positive outcome in early 2012 with the award of level 4 certification, the highest level of certification for responsible gaming.

Sisal's Research Partners

La Fondazione per la Sussidiarietà was set up in 2002 by Giorgio Vittadini in association with a group of academics and figures from the world of culture and business. Its mission is to promote scientific and cultural learning and to cultivate a vision of society based on the centrality of people and the principle of subsidiarity, with a particular emphasis on the associated educational aspects. The Foundation was conceived as a forum for research, training and dialogue on social, economic and political issues, and over the years has formed numerous multidisciplinary partnerships at national and international level. Sisal chose Fondazione per la Sussidiarietà as a partner because it recognizes that people are a core value, because of the importance assigned to dialogue and discussion as a basis for pluralism and identity, and because of the critical awareness that guides the research activities carried out in synergy with leading science departments.

ModaCult – Centro per lo studio della moda e della produzione culturale is a research centre founded in 1996 under the aegis of the Department of Sociology and the Faculty of Political Science at the Catholic University in Milan. It involves Italian and foreign university lecturers and researchers and professional experts and boasts an international reputation for the study of consumption, cultural enterprises and the creative industries. A distinctive feature of ModaCult is the application of quantitative investigation methodology to understand the manifest and latent symbolic dimensions of social phenomena.

In 2010, Sisal, together with other industry bodies and companies, and in accordance with AAMS guidelines, sponsored the three-year research project 'Giocare per Gioco' ('Playing for Fun') on responsible gaming and marketing. The aim of the study, carried out by the Fondazione per la Sussidiarietà in association with the Catholic University of Milan and ModaCult, is to monitor at regular intervals the perceptions, trends, and popularity of gaming, particularly among young people.

The School of Management of Milan Polytechnic, set up in 2003, covers numerous research, training and consulting activities in the field of management, economics and industrial engineering, which the Polytechnic carries out internally and through international academic partnerships. It has more than 240 lecturers and around 80 postgraduate students and research associates. The activities of the School of Management linked to information and communications technologies (ICT) and strategy consist of:

- ITC & Management observers who report to the Department of Management Engineering for research activities. These observers, who use the ICT partnership with the Institute of Management at Milan Polytechnic, mainly study the impact of information and communications technologies on businesses. The observers contact managers and decision-makers at companies that use ITC and provide insights into the opportunities offered by the latest solutions through research, case studies, and benchmarking analysis. Sisal funds the research activities of the observers in the online gaming and NewSlot & VLT segments.
- Executive training and Masters programs.

LexGiochi, a law review for gaming and betting which was launched in 2010, is a specialist online legal journal covering a wide range of documentation, legislation and case law, and containing articles and comments on legislation and legal rulings. The review encourages intensive scientific research, study, and in-depth analysis of key issues for the gaming sector, working with senior magistrates, public prosecutors, university professors and industry experts who form the scientific committee.

It has signed collaboration agreements with industry bodies and with national and international research centers dedicated to gaming and endeavors to promote the emergence and consolidation of a legal gaming doctrine, partly through the periodic organization of conferences and seminars with the involvement and participation of numerous institutional exponents. LexGiochi has promoted the creation of observatories that support research into key areas such as criminal law and anti-money laundering, EU legislation, local government, online gaming, and problem gaming.

GamRes is a Canadian company that studies the psychology of gaming, applying this to the development of strategies and effective tools for responsible gaming. It consists of a team of psychologists with years of experience who rely on the support of an international network of experts. The application of joint research to an in-depth analysis of the market satisfies the need to balance the provision of responsible gaming in environments designed from the point of view of sustainability, with the aim of offering players an exciting and entertaining gaming experience.

Sisal has worked with GamRes on the adoption of GAM-GaRD, a tool for preventive assessment of the risks associated with gaming.

Environment

Our commitment to the environment

INFORM:	Institutional website Social Report Press releases
LISTEN:	Permanent focus on all environmental issues
CONSULT:	Dialogue with environmental associations
ENGAGE:	Raising awareness of employees and the network (e.g. recycling, reduction in paper consumption, etc.)
COLLABORATE:	FSC certification in association with selected partners

Environmental Commitment

Environmental concerns have always been a fundamental aspect of the Company's CSR. Sisal has translated its commitment towards protecting the environment into specific projects, some of them already under way and others in the pipeline, all united by the common goal of reducing pollution and waste.

All employees are required to adopt behaviors and attitudes aimed at the sound management of environmental issues and to limit the consumption of resources.

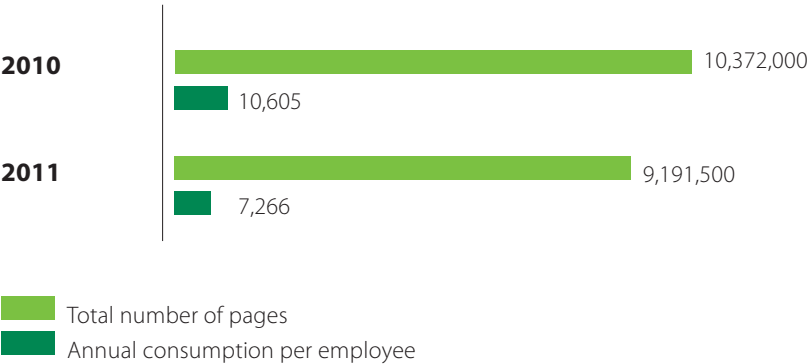
Recycling and reduction of paper consumption. At the end of 2010, Sisal launched two campaigns aimed at employees:

- ‘Non rifiutare r...accogli’ (‘Don’t refuse, collect’): with the aim of encouraging recycling in the Company. Small recycling bins have been placed in all break rooms and next to printers for paper, glass and plastic.

In 2011, the results of recycling were: 28,000 kg of paper, 6,000 kg of plastic, and 5,200 kg of tin and aluminum.

- ‘Un passo avanti... scrivi sul retro’ (‘One step forward... write on the back’): to make employees conscious of printing only when necessary, and to set the printing options on duplex mode and to print in black-and-white.

The results of the reduction in paper consumption in 2011, even more significant if we take into account the increase in headcount, are illustrated in the following graph:



Saving energy. Another target in 2011 involved the use of energy from renewable sources. The result was a 9,974 ton reduction in carbon dioxide emissions compared with energy consumption of 11 GWh from renewable sources.

Reduction in consumption. The main projects finalized in 2011 which have had a significant impact on environmental protection are listed below:

- Sisal has reduced the quantity of thermal paper used in the production of rolls for play slip receipts, obtaining a 15% saving on the amount of raw material used. Furthermore, the thermal paper chosen by Sisal is completely free from bisphenol A and therefore safe for the environment. In addition, since fully recyclable, it guarantees a further significant impact on environmental sustainability. Although bisphenol A is a harmful substance for the environment, and probably for humans too, in Italy there is not yet any regulation in this regard. Sisal has taken the initiative in seeking to produce rolls free from this harmful substance.

- Together with its key supplier, Sisal's logistics division has commenced the rationalization and optimization both of the delivery schedule and the delivery process. This initiative has led to:
 - > a dramatic reduction in CO₂, equivalent to 525.55 tons, thanks to a more efficient delivery schedule;
 - > a dramatic reduction in the use of plastic, equivalent to around 26.4 tons, through not using plastic bags in the main logistics processes.

FSC certification. In 2011, Sisal, working closely with its chosen partners, was awarded FSC® certification.

FSC (Forest Stewardship Council) International is an international, independent and non-profit NGO, whose members include environmental and social groups, indigenous communities, landowners, industries that work with and sell timber, scientists, and engineers who work together to improve forestry management around the world.

FSC Italy was founded in 2001 and recognized officially in 2002 by FSC International. It is dedicated to numerous activities, including:

- definition of standards for sound forestry management in accordance with the principles and criteria of FSC International, adapted for forests in Italy;
- provision of technical support and information on FSC certification;
- promotion of the FSC trademark and monitoring of its correct use;
- exchange of know-how and information between parties involved in forestry management and in the timber-processing industry;
- promotion of studies and pilot schemes on the issues of sustainable forestry management, certification, and the market for certified forestry products.

In Italy too, the FSC trademark has also assumed a key role in the marketing of wood and paper products: it is synonymous with credibility and innovation, guarantees the legality of the wood/paper chain, and ensures responsible management of forestry resources.

The FSC® trademark, found on products containing timber from forests managed properly and responsibly in accordance with strict environmental, social, and economic standards, and the words 'kind to nature and the environment', can be found on the company's rolls of paper and, before long, on all gaming materials with reference to the sustainability of the production chain.

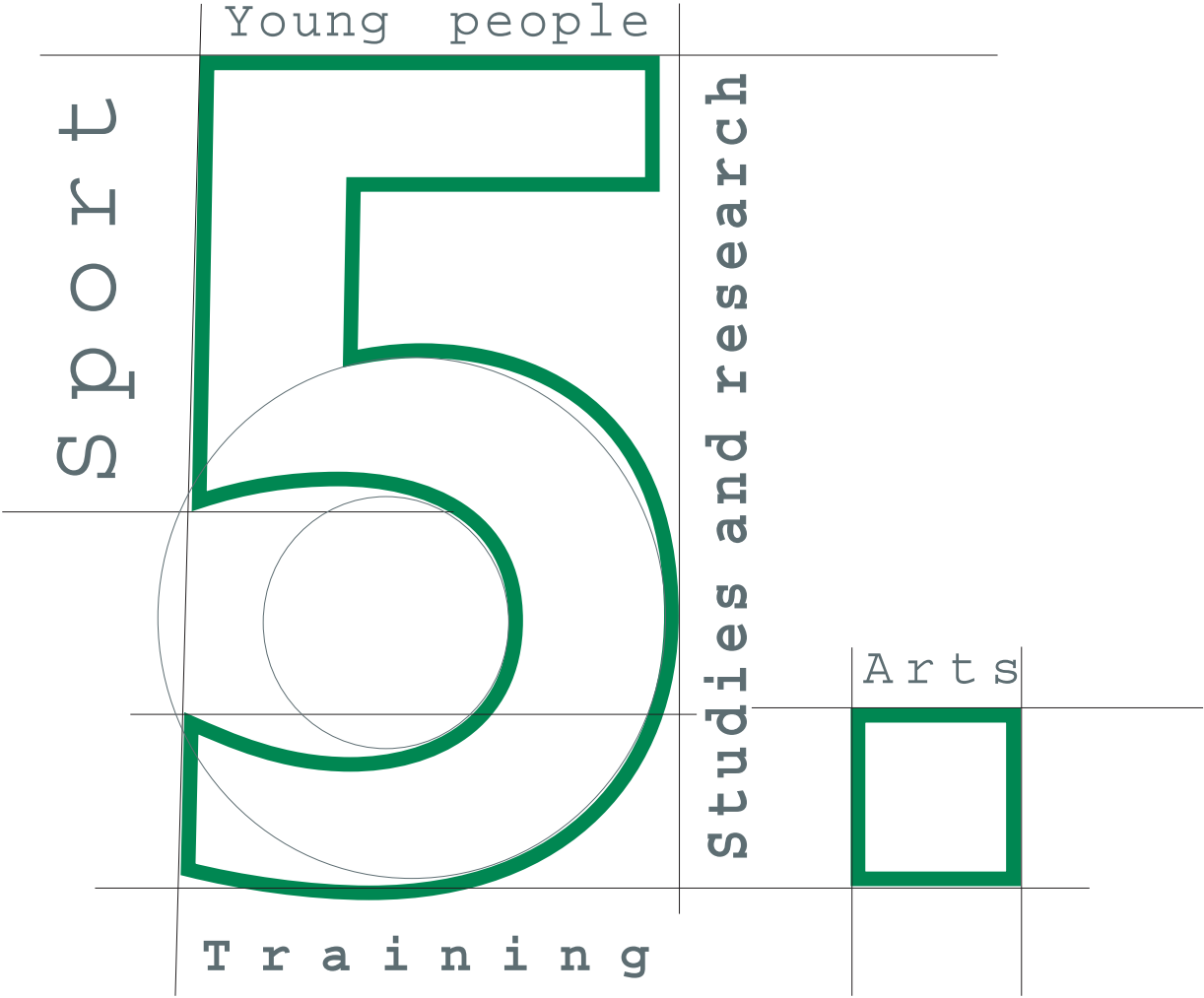
In 2011, respect for the FSC® protocol and the reduction in the quantities of paper used in gaming materials enabled Sisal to save around 13,000 trees.



*Italiaæ. 150 street events
to redesign Italy
2011
Castello di Rivoli
Museum of Contemporary Art*

5. SOCIAL SUSTAINABILITY: THE COMMUNITY

5. SOCIAL SUSTAINABILITY:
THE COMMUNITY



Sisal's social sustainability and corporate social responsibility towards the Community has resulted in the action plan 'Facciamo Vincere i Giovani' ('Youth Can Win'), which supports projects located all over the country aimed at creating training and growth opportunities, with the goal of building a better future for younger generations.

Sisal's Corporate Social Responsibility Program

In 2009, Sisal decided to raise its profile in the Community by devising a specific strategy for its corporate social responsibility and launching the CSR Action Plan 'Youth Can Win', implemented each year with new initiatives, projects, and partnerships. The 2009-2011 three-year plan is structured into initiatives which create concrete opportunities for training and socialization for younger generations, showcasing young talent, and even tackling social crises.

The distinguishing features of the Community Action Plan are as follows:

- >> Close interaction with project partners: Sisal provides selected local projects with its resources and expertise, engaging in constant dialogue and becoming an active project partner in order to regularly keep track of requirements and results.
- >> Selection of projects with close links to the local area.
- >> Ongoing monitoring of local activities and requirements, particularly through meetings with representatives from institutions, organizations, and associations.
- >> Constant communication with stakeholders on the activities carried out using online and offline methods.

Engagement with the Community

INFORM:	Communication via the media Communication via Sisal websites Publication of the Social Report
LISTEN:	Focus on the needs of the local area through dialogue with project partners
CONSULT:	Meetings with representatives from institutions, organizations, and associations Dialogue in order to define forms of support and collaboration
ENGAGE:	Communication of current projects to employees and the network Presentation of the CSR Action Plan to associations and organizations
COLLABORATE:	Fundraising Collaboration with universities Definition of projects managed in partnership

Sisal has chosen to invest in actions that will have a significant impact, to be carried out with highly qualified partners who have extensive experience in their respective business sectors. When selecting its partners, the Company applies strict criteria that take into account the knowledge they have developed in specific areas and their national and international reputation for excellence.

The strategic areas of the Community Action Plan on which Sisal has focused its investments, as part of its overall CSR strategy, correspond to different stages of the development process for younger generations and have been designed to deliver a concrete response to specific needs. These areas are:

Sisal Junior Stars

offers support to children and young people in difficulty and in disadvantaged situations

Sisal Academy

provides training opportunities for young talent

Sisal for Sport

provides funding for sports that convey the values of socialization, fair play and constructive development

Sisal for the Arts

promotion of artistic and cultural projects and events, seen as opportunities for personal development and positive social gatherings

Sisal for Research

a scheme to raise money for research using the Sisal distribution network

The 2011 Sisal Action Plan ‘Youth Can Win’ has further strengthened its commitment to embark on actions that provide a concrete and immediate response to the needs of the local community. In order to deploy increasingly effective initiatives, Sisal is in constant dialogue with its contacts, which mainly consist of associations and non-profit organizations operating in the local area.

To streamline its actions and to set up concrete projects within the Community, Sisal has chosen to provide its partners not only with funding, but also with its professional expertise and its distribution network, which makes a vital contribution to the success of the various initiatives owing to its widespread presence throughout the country.

Sisal Junior Stars



Objective	To help children and young people in difficulty
Selection criteria for partners and projects	Close ties to the local area
	Specific expertise which is recognized locally
	Tangible nature of the projects proposed

Sisal Junior Stars is the part of the action plan dedicated to children and young people in difficulty or involved in crisis situations.

Main projects supported in 2011

Save the Children



Save the Children
Italia ONLUS

In this area the partnership with Save the Children, launched in 2009 to respond to the needs of the Community in the earthquake-struck region of Abruzzo, continues to be a success. In 2010 it continued with the 'In-Contro' pilot project, to tackle the urgent problem of children dropping out of school in Rome, which is now a nationwide problem.

'In-Contro' project

In 2011 Sisal renewed its strategic partnership with Save the Children, confirming its support for the organization and the protection of children's rights and, in particular, the 'In-Contro' project, launched in Rome in March 2010.

The 'In-Contro' project, aimed at preventing children from dropping out of school in marginal and peripheral areas in Rome, started with a memorandum of understanding and an agreement signed in 2010 between Rome City Council, Save the Children Italy and Sisal. The 'In-Contro' initiative has defined an approach which can be replicated in various social and regional contexts. It has piloted its intervention strategy in the 12th Municipality of Rome with the involvement of a vocational training centre and social groups which for years have been committed locally to responding to the needs of younger citizens.

Sisal has espoused this project precisely because it promotes a vision and an approach to the phenomenon which involves not only the school, but also the young people, their families, teachers, and society. It is not therefore a proposal aimed exclusively at the school, but an initiative that covers the entire educational sector, understood as a set of policies, practices, and operational models.

Often, in fact, the children are not only experiencing difficulties at school, but also suffering from a wider disadvantage in terms of their social background and family life. In turn, failings by the school can ultimately lead to a vicious circle for the children, who find themselves with a skill set, tools and abilities which are often inadequate not only for the increasingly tough job market, but also for the complexities of everyday life, particularly in an urban setting.

The 'In-Contro' project is structured as follows:

Reception and basic services at the Associazione Pontedincontro daycare centre

Between September 2010 and April 2011, the Associazione Pontedincontro daycare centre looked after 365 young people: 223 girls and 142 boys. More than half (61%) visited the centre more than once, a testimony to how keen young people are to take advantage of the courses on offer. The predominant age group was 14-17 years, however there were many younger visitors aged between 10 and 13, from particularly disadvantaged families and backgrounds.

Educational activities at the Associazione Pontedincontro daycare centre

The teenagers took part in tutoring and computer literacy courses, and sport activities. In addition, each of them was asked to contribute to the center to create a friendly, community atmosphere, and to raise awareness and increase responsibility among young people for safeguarding and maintaining a public space.



Children targeted through outreach activities

Once a month or so, two of the team members went out on the streets or visited places in the south of Rome: between October 2010 and April 2011, 192 contacts were made with young people between 13 and 18 years of age.

Activities at the Ernesto Nathan vocational training centre

A series of nine meetings, lasting around five hours each, took place with teachers on conflict management techniques, on the recognition of the problems that can lead to school dropout and the organization and coordination of support measures for children at risk. The teachers praised the initiative, even requesting a second refresher course (held in June and July 2011), and identified new perspectives for analysis and collaboration.

The students took part in a workshop focusing on the recognition of children's rights and how to deal with their emotions. One afternoon a week, they also took part in drama workshops and group research. The workshop activities were complex: in some classes, the results provided an insight into the issues that children experience in their day-to-day environment (family, school, recreational areas). Difficulties with teamwork were also noted: the children exhibited a lack of trust in each other, revealing a strong sense of isolation and fear that leads to rifts and causes them to be constantly on the lookout for a possible enemy.

'W la scuola' project

Based on the experience of the pilot scheme in Rome, in 2011 Save the Children and Sisal warned of the need for urgent action in Naples that has a school dropout rate way above the national average. Sisal decided to support this initiative with the same conviction, the same commitment and the same approach to social responsibility which informed the company's support for the pilot scheme in Rome in 2010.

The 'W la scuola' ('Long live school') project, launched during the 2011-2012 academic year, involves two municipalities of Naples where the school dropout rate is particularly high. In each region, three schools were chosen: an elementary school, a junior high school and a high school, covering a total of 4,500 students, directly and indirectly, and 100 teachers. The project had two main objectives: to support learning among children and, more importantly, to stimulate and facilitate their active participation to help them understand, and therefore deal with, the reasons why they abandon school.

The main activities in the program were:

- >> teaching support for the youngest pupils from older students acting as tutors;
- >> workshops for students and teachers, in association with local social services and organizations, on issues such as learning about rights and participation techniques;
- >> the appointment of standing advisory committees on school abandonment as a permanent vehicle for dialogue, participation, and consultation between students and teachers within schools;
- >> awareness-raising campaign on school abandonment with messages and materials produced by the children themselves, in order to publicize throughout the region the results achieved by the project and to raise awareness of the issue. This entailed the co-operation of the Regional Schools Department and the support of Naples City Council.

The strengths of the 'W la scuola' project are as follows:

- >> intervention during the transition between one grade and the next, indicated as being most at risk for dropping out;
- >> active involvement of children on a peer-to-peer basis;
- >> promotion of networking (schools, associations, families) as a further means of tackling school abandonment.

Fundraising for 'Siamo tutte mamme'

In May 2011, Sisal and Save the Children together organized fundraising for 'Siamo tutte mamme' ('We are all mothers'), thanks to the nationwide presence of the Sisal distribution network. The proceeds were given to the Save the Children 'Every One' campaign to support motherhood and prevent infant mortality. Between May 2 and 28, 2011, Sisal retailers accepted donations either separately from games, or via the SuperEnalotto play slips and Quick Pick terminal. The amount raised was EUR 99,336.65.

Sisal, as well as investing in the project by involving its distribution network, supported the fundraising through a special promotional campaign which helped to raise awareness of and promote the initiative.

According to Valerio Neri, Director-General of Save the Children Italy:

'Once again Sisal has proven to be a reliable and attentive partner for our organization. After its initial support for Save the Children following the earthquake emergency in Abruzzo in April 2009, the Company has continued to support our work on numerous fronts: both by supporting our projects in Italy, and by offering us the use of its distribution channels for our international campaign 'Every One.'

Since 2010, Sisal has also supported the 'In-Contro' pilot scheme to tackle school abandonment in the 12th Municipality of Rome, an area with enormous social problems, with a view to providing broad-based educational, social, and family support to around 800 children. These are children who are at risk of dropping out, or who have already left high school and who now attend a vocational training centre, or children who have already left the educational system.

In 2011, we wanted to export this pilot scheme to Naples, one of the cities with the highest dropout rate. We were delighted that Sisal was able to continue its support, confirming its enormous sense of social responsibility.

The 'W la scuola' project involves a series of activities in which the children take centre stage: it is in fact they who help to prevent school abandonment by conducting an awareness-raising campaign aimed at their fellow pupils to warn them of the negative impact on their future of not finishing their studies.

Some of these children have parents who are in prison or with addiction problems, and have had a dramatic upbringing, which severely limits their opportunities for development. Often it is the families themselves who do not recognize the importance of study and school, failing to motivate their children to work hard, and, conversely, facilitating the repetition of their own lives, with the result that they perpetuate the family's negative financial situation. With Sisal's support, it is in these situations that we want to make a difference.'

Make-A-Wish



In 2011, Sisal continued the partnership launched the previous year with Make-A-Wish Italy, a non-profit organization that seeks to fulfill the wishes of children suffering from serious illness, and to provide them with moments of happiness and peace to help them cope with their difficult medical treatments. Positive feelings can actually give children and their families the hope and strength they need to fight the illness.

Sisal has pledged both specific financial support and the continuous availability of its resources to Make-A-Wish to help make children's dreams come true, inserting clauses in some games stating that unclaimed prizes will be donated to the charity.

In 2011, unclaimed prizes from Sisal Match Point games were donated to Make-A-Wish, including a PlayStation 3 and two iPad2. Other donations were also made to commemorate the opening of Sisal Wincity Turin, and during a Sisal Match Point TV program on football betting.

In the words of Sune Frontani, President of Make-A-Wish Italy:

'Make-A-Wish Italy is a charity that was founded in 2004 with the mission of fulfilling the wishes of children suffering from life-threatening illnesses, bringing them moments of happiness. We are delighted and proud that our organization continues to have Sisal as a Platinum Sponsor: working together during the past two years, we have witnessed the dedication and social commitment of this major organization, and have welcomed the human input from the people who work there. In 2011, Sisal's contribution was invaluable for Make-A-Wish Italy.'

Sadly, each year many children are diagnosed with a serious illness, and Sisal has been actively helping us to bring a smile to their faces, knowing how special it is for each of them to see their dreams come true. With its support, Sisal has helped us to continue this project and has allowed us to respond to the increasing number of requests from hospitals, from families, and from the children themselves, who contact us full of hope. Our goal is to bring a few moments of hope and happiness to an increasing number of children and, as always, we want to continue to do so with the utmost integrity and transparency.

Thanks to the massive contribution made by Sisal, we are able to fulfill the dreams of sick children. Despite the financial crisis, in 2011 we were able to make 30 more dreams come true than in the previous year, and this was possible owing to Sisal's help. Sisal has also

provided us with financial support through its initiatives, particularly the Sisal Match Point program broadcast by Telelombardia and the opening of Sisal Wincity in Turin. We have also been chosen to receive unclaimed prizes for the SuperEnalotto and Vinci per la vita - Win for Life games, and the Sisal Slot Christmas and Jackpot games, prestigious prizes for our children. I want to offer Sisal my heartfelt thanks, and sincerely hope that it will continue to be by our side in future. In the hope, this time, that our own dream will come true, which is never to say "no" when a sick child asks for our help. Thank you Sisal, from all of us at Make-A-Wish Italy, and especially our children.'

Portofranco



Sisal's contribution, together with that of other partners, has made it possible to refurbish the headquarters of the Portofranco Association in Viale Papiniano, Milan, which opened on March 3, 2011.

Portofranco is a study support centre aimed at high school students (14-19 years), which offers free help with homework, remedial tuition, and discipline. The story of Portofranco began in November 2000, when a group of teachers decided to offer struggling teenagers 'personal' help during afternoon study periods in order to tackle the problem of underperformance at school.



The association offers students the chance to be mentored, with the aim of turning school into an opportunity for development. Every day the centre receives an average 88 students, both Italian and foreign, monitored by more than 40 volunteers, most of them university students.

Missing Child Alert

In 2011, Sisal signed the 'Allarme scomparsa minori' ('Missing Child Alert') agreement with the Ministry of the Interior and the Ministry of Justice, and offered the use of its distribution network to broadcast messages to help find missing children.

Rotary Club Rome

Sisal has decided to support two Rotary Club Rome projects for children and young people in difficulty. For the second year running, it has supported the 'End Polio Now' project, as well as a new scheme offering scholarships for children of victims of industrial accidents. The Italian President is the charity's patron.



Sisal for the City of Naples

The Company, together with the parish community of Santa Maria del Carmine alla Concordia, has covered the cost of redeveloping a 450 m² site in Piazzetta Mondragone in Naples, turning it into a multiuse facility. Sisal wanted local young people to have somewhere to meet, reducing the risk of antisocial behavior in the area, which is estimated to be on the rise.

Sisal Academy



Objective	To offer training opportunities to young people in various stages of their educational and professional development
	To promote and support young talent
	Original projects that have a specific focus and are geared towards concrete results
Selection criteria for partners and projects	Projects that can be replicated across the country

Sisal firmly believes in the value of training, and is therefore committed to supporting projects that offer opportunities for growth for young people and showcase their talent.

Training is a fundamental tool for healthy and sensible development: both in prevention, through activities to tackle school abandonment, and at the formative point of identifying skills and talent.

An essential part of Sisal’s Corporate Social Responsibility Program is dedicated to supporting development and planning new opportunities aimed at young talent so that they can complete their training and acquire the proper tools to enter the workplace. Sisal also supports major exhibitions and national events, which provide opportunities for young people and businesses to get together.

Major projects supported in 2011

ItaliaCamp

The ItaliaCamp project – the brainchild of a group of young people representing civil society in partnership with the Italian Prime Minister’s Office and around 60 national and international universities – showcases the methodology of the BarCamp: informal meetings where theory is put to one side in order to concentrate on concrete projects and ideas for the country’s development.

During the first year – through the competition ‘La tua idea per il Paese’ (‘Your idea for the country’) and five major BarCamp events held in Milan, Lecce, Rome, Brussels and Naples – more than 700 projects were submitted in support of Italy’s economic, social and civil development, an unprecedented response which led to the initiative receiving the ‘High Representation Award’ from Italian President Giorgio Napolitano. As well as institutions, universities and civil society, the business community also invested in the project: companies not only ‘adopted’ the 10 winning ideas of the competition, offering the necessary support for their effective implementation, but also set up, on December 21, 2011, the Fondazione ItaliaCamp, whose founder members include businesses and leading institutions with the aim of promoting and supporting the social innovation projects of the Foundation. The idea ‘adopted’ and supported by Sisal is entitled ‘Business school’.



The aim of the project is to provide guidance on university thesis topics so that these focus on areas of research – bringing together students from different universities and faculties into working groups that will study subjects of public or private interest – transferable from the academic world to the world of business and government.

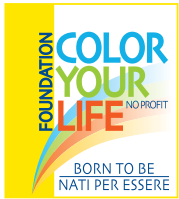
The aim is to develop multidisciplinary projects with regard to the research topics of each individual student, which can then be implemented by the research team through partnerships with companies interested in developing the subject. It therefore optimizes the time spent working on the thesis, creating new job opportunities for the student, and opening up new business prospects for the company.

In the words of Pier Luigi Celli, President of ItaliaCamp:

‘Doing business means knowing how to accept responsibility. We therefore need a school that teaches children to invest their skills in knowing how to ‘do business’, which means not only a commitment towards looking for work, but the creation of new jobs. We would like to thank Sisal for believing in a project that seeks to support and assist young people in building their future.’

Color Your Life

In 2011, Sisal signed a new partnership with Color Your Life, an Italian non-profit foundation whose mission is to discover, learn about and help ‘fledgling’ talent in the artistic, scientific, and artisanal fields. Color Your Life aims to mentor young people throughout their development, assisting them with training, working to identify a career most in keeping with their ambitions and abilities, and helping them to pursue their professional goals.



Color Your Life is therefore committed to providing young talent with first-class training, working in synergy with schools, with the arts, and with representatives from the artisanal, industrial, commercial, and financial sectors.

Color Your Life has also set up the DREAMERSchool, based in Loano (Savona), where two-week courses are held, free of charge, during the summer to coach young people aged between 13 and 18 from schools all over Italy, selected following competitions held by the Foundation itself.

The DREAMERSchool is the cultural centre of Color Your Life, where children can meet, socialize, study, and have fun. Every day, young people meet with experts, academics, managers, artists, artisans, engineers, scientists, and intellectuals who organize study sessions and workshops known as ‘planets’. There are 12 different planets for each visit, 12 windows onto the world, 12 opportunities for teenagers to think about and reappraise their skills and ambitions, in the company of other extraordinary individuals. English is also taught by mother-tongue teachers, who use games, singing and acting to teach the language. Yet there is more to the DREAMERSchool than just study: it also organizes recreation, sport, games, boat trips, events, music, and a host of other activities that offer numerous opportunities for making friends with other children from all over Italy.



The projects supported by Color Your Life are a perfect fit with Sisal’s corporate social responsibility objective: to prepare young people for the moment when they enter the workplace, turning them into active members of a modern, complex, and constantly changing society. In 2011, Color Your Life projects involved 10 regions, 27 provinces, and 134 schools. In total, 743 young people took part in the competitions held by the Foundation, and of these, 107 children were chosen to stay at the DREAMERSchool in three visits lasting 14 days each, starting from June 26, 2011.

According to William Salice, President of the Color Your Life Foundation:

‘The enthusiasm and funding contributed by Sisal to the mission of Color Your Life, which is to help young people learn more about themselves and to guide them on their life journey, has been crucial for us and for the children who, thanks to these shared goals, were able to attend, in the summer of 2011, residential courses at the DREAMERSchool in Loano, the cultural centre of Color Your Life. Here they met with high-level experts with whom they continued to further and extend their journey of self-knowledge and fine-tune their aspirations. The partnership with Sisal has in fact allowed us to offer a very large number of young people the possibility of testing themselves in a new and, according to them, highly informative and beneficial environment.

This synergy with Sisal has been vital for the future of many young people who are continuing, even today, their journey towards fulfilling their potential. We are delighted that Sisal will be continuing down this path with us, knowing that we can rely on a partner who has the future of young people at heart.’

Brain Calling Fair 2011

In May 2011, Sisal took part in the initiative ‘Brain Calling Fair 2011 – ‘La fiera delle idee e dei talenti’, held in Milan for the second year by the American Chamber of Commerce in Italy. The Brain Calling Fair is an event that brings together businesses and talent, of varying ages, offering a rare opportunity for interaction between young people and the business community. During the event, young people can pitch their ideas and projects directly to companies on their stands. This initiative therefore represents a concrete tool for nurturing talent and entrepreneurialism in our country, demonstrating that there are young people who want to put themselves on the line, and that there are companies offering them the opportunity to do so.



Sisal for the Sport



Objective	Disseminating sport and sporting values among younger generations
Selection criteria for partners and projects	Sports centers with activity programs aimed at young people Projects that help to disseminate healthy values of socialization through sport

Sisal promotes healthy sporting values: for young people, sport represents an essential means of development, growth, and socialization. The values conveyed by sport – loyalty, discipline, respect for one’s opponent, teamwork – are vital for children growing up and learning about responsibility, as well as for the development of their interpersonal skills. Sisal therefore considers the creation of opportunities that allow children and teenagers to practice a sport, particularly when their social background is lacking in educational resources, to be a major challenge for its CSR program, and particularly the action plan ‘Youth Can Win’. This is the underlying premise for several partnership projects.

Main projects supported in 2011

Futbolclub

In 2011, Sisal renewed the partnership from the previous year with the soccer company Futbolclub, which promotes youth football at competition level in the Rome region. Futbolclub is committed to providing technical training and promoting the positive values of the world of sport. The company runs a soccer school for children aged between six and 13 (kids, colts, novices), and competitions for the little league, under-16s and junior categories. Championship and friendly games are accompanied by shared experiences and healthy competition with foreign teams, opportunities to live and play together and share a personal and cultural experience that they will never forget. Futbolclub is committed to creating a pleasant environment for children to train in, aiming to improve their skills while still having fun at the same time, because it believes that sport must convey a sense of community and friendship, teaching children about integrity, mutual respect, and tolerance.



U.S. Aldini Bariviera

In late 2011, Sisal formed a new partnership with the U.S. Aldini Bariviera, a longstanding youth football club in Milan, created in 1930 as Aldini and which merged with the Bariviera in 2003. Its aim is to promote football training as a means of healthy development. The emphasis with the youngest children is on playing, respecting the different physiological, psychological and pedagogical needs of each pupil. Sport is seen as an opportunity to meet and build an educational relationship with young people and as an opportunity for healthy socialization, playing, having fun, and of course, training.



Within the framework of its partnership with the U.S. Aldini Bariviera, in 2011 Sisal decided to sponsor the tournament 'Amici dei Bambini', held in May 2012, organized by the club and by the Associazione Amici dei Bambini Onlus. The aim was to raise money for Takeo Children's Hospital in Cambodia, which each month helps around 100 women during pregnancy and in the critical first few months of the baby's life.

The tournament, now in its eighth year, is reserved for the 1999 novice category. Around 20 football clubs take part, including some of the top premier league teams, as well as numerous budding young champions. Year after year, this event has succeeded in promoting the positive values of sport, well-being and fun.

Io Tifo Positivo



In 2011, Sisal joined the 'Io Tifo Positivo' project, sponsored by Comunità Nuova. The scheme, offered to senior high school students, is aimed at educating them on the positive values of sport and on tackling violence and aggression among supporters. The project involves an experimental training course divided into four sessions, raising awareness among young people and teaching them to see sport as a form of healthy entertainment.

Handicap Sport Varese

Sisal, with its brand SuperEnalotto, has decided to support the 2011-2012 season of Handicap Sport Varese, an association founded in 1984 and which is affiliated with Pallacanestro Varese and the basketball consortium Varese nel Cuore. The team, known as the SuperEnalotto Cimberio Varese, plays in the championship second division. The project involves not only the training of a senior team, but also the creation of a youth league.

The Handicap Sport Varese Association has two objectives: to create an alternative to normal forms of rehabilitation for people with disability, who have few opportunities for continuing formal physical activity once they leave school, and to improve their mental wellbeing and interpersonal skills through sport.

Derby Campioni del Cuore

In 2011, again with its SuperEnalotto brand, Sisal decided to sponsor the Derby Campioni del Cuore, a major sporting and social event involving numerous figures from the world of sport and entertainment, as well as the collaboration of several major institutions. The aim of the event is to raise money for national welfare associations.

Sisal for the Arts



Objective	To support artistic and cultural projects to encourage the educational and personal development of young people and to offer opportunities for positive social gatherings
Selection criteria for partners and projects	Projects aimed at young people with an educational content Promotion of culture and the arts in stimulating contexts

Following in its own tradition and mindful of its responsibility towards the Community in which it works, Sisal supports artistic and cultural projects that offer opportunities for constructive social gatherings, with a view to enhancing and raising awareness of cultural issues among young people.

Main projects supported in 2011

Piccolo Teatro di Milano

Again in 2011, Sisal and the Piccolo Teatro di Milano – Teatro d'Europa renewed their three-year partnership with a shared vision of offering opportunities for young people to get together with representatives from the world of culture, to provide young people with experience of theatre, the arts and culture, and to bring them nearer to the cultural values that foster individual personal



development, growth and above all positive interaction and socialization. Sisal intends to support the vital role carried out by the Piccolo Teatro in educating and disseminating culture among younger generations by promoting, in collaboration with several universities, new workshop, research and learning activities aimed at high school pupils.

Il Chiostro di via Rovello, which was skillfully restored in 2009 with Sisal's support, is a special venue where young people, students and theatre lovers can get together and socialize. Sisal has also helped to launch a busy calendar of social events which has transformed the Chiostro (or 'cloister', in English) into a new 'piazza' in the centre of Milan. This venue stages Piccolo Teatro performances and hosts student workshops, lectures, themed meetings, and exhibitions dedicated to the theatre. The Chiostro is aimed particularly at younger generations with a program of activities comprising:

- >> meetings, workshops, and seminars incorporated into teaching programs and organized in collaboration with universities in Milan;
- >> tutorials and workshops for level I and II Masters programs at Milan's Bocconi University, Sacred Heart Catholic University, and Bicocca University;
- >> international drama courses organized in association with universities and language and cultural institutes in Milan;
- >> workshops, lectures, and drama classes organized in association with the Unione dei Teatri d'Europa.

In 2011, more than 10,000 young people took part in the activities offered by the Piccolo Teatro in the Chiostro di via Rovello.



In the words of Sergio Escobar, Director of the Piccolo Teatro di Milano – Teatro d'Europa:

'We live in a society that eludes codification: the very perception of contemporariness ranges from a time dimension – this exact moment – to a spatial one: things happen at the same time in various parts of the world. It is in this "present" that we want to share with younger generations the challenge of building the future. We are staking our ability, our responsibility to pass on the traditional values needed to develop the skills of the future.'

As adults, we have a responsibility to look at the world with the curiosity of a child: this is the challenge that Edgar Morin has set us in order to develop the know-how, the "brains", by combining specific skills and the ability to understand the context in which real change takes place. Our children will need these skills to survive; the very idea of citizenship is founded on them. This is what happens every day in the theatre, where new citizens are made. Thanks to Sisal, more than 10,000 young people come to the Chiostro di via Rovello from schools and universities to meet artists, actors, authors, directors, and writers from all over the world. Young people at the Chiostro speak English, French, Spanish, German, Russian, Chinese, and Arabic. This is a journey into the future that we want to continue.'

L'Arte nel Cuore

During the 2011-2012 academic year, Sisal sponsored the Radio Speaker course organized by the L'Arte nel Cuore, a non-profit organization based in Rome. This is the first European artistic education project aimed at people who are physically different and of normal intelligence in order to overcome cultural and mental barriers by sharing a common experience. The association effectively wants to make up for the lack of services and activities for

disabled people who have artistic skills and who want to develop them in an integrated environment.

The course structure follows that of the Accademia di spettacolo, or performing arts academy, for the disciplines of dance, drama, dubbing, music, and singing, while the venue itself is fully accessible, designed to accommodate students both with and without disability.

Art For Business Forum 2011

Sisal is a partner of the 'Art For Business Forum 2011 – Imparare il presente', a series of meetings and conferences held as part of the Milan Triennale on November 18-19, 2011. Art



For Business is an association which since 2007 has been committed to publicizing the contribution that the arts make to business, particularly in terms of the impact of art on people, introducing new stimuli and original methods of learning.

Art For Business sets the standard in Italy for the development and experimentation of learning activities, which uses art to address specific organizational issues.

This partnership dovetails with Sisal's idea that art is an opportunity to embrace innovation, a driver of change and an expression of the need for continual evolution.

Cultural sponsorships

Sisal also supports the arts and culture through the sponsorship of major community initiatives throughout Italy. Arts and culture represent two of the main pillars of Sisal's Corporate Social Responsibility Program, which sees positive socialization, through the arts and culture, as its fundamental inspiration.

Art

In November 2011, Sisal sponsored the Chamber of Deputies Prize for the 150th Anniversary of the Unification of Italy: a competition held with the aim of strengthening the links between art and the government and promoting artists and contemporary art.

The winner of the prize was Marina Lai with her work *Orme di leggi* ('Vestiges of laws'), which best illustrated the themes of the anniversary. Sponsoring the prize is part of Sisal's contribution to the country. The ability of these artists reflects the values linked to innovation, research, and talent promotion, which are strategic elements of the Sisal Group's Corporate Social Responsibility Program.

On this special occasion, Sisal focused its marketing on the SuperEnalotto brand, with the aim of continuing its promotion by associating the brand with high-profile cultural initiatives. For the Company, the initiative represented a prestigious opportunity to strengthen its ties with government institutions.

Music

In December 2011, under the aegis of Milan City Council and in association with the Conservatorio G. Verdi di Milano, Sisal supported the event 'Palazzo Marino in Musica', a project intended as a cultural vehicle using special musical events, hosted by the Palazzo Marino.



Marina Lai, *Orme di leggi*, 352x186 cm, sewn onto canvas, Chamber of Deputies Prize

Libraries and publications

During 2011, Sisal paid for events organized in Turin as part of the Salone Off, a fringe project associated with the Turin Book Fair (Salone del Libro di Torino), and covered the costs of a book-lending point in the Cartiera San Cesario in the Parco Dora, as well as the costs of the ‘Biblioteca Itinerante’, a mobile library service around central Turin.

In 2011, the Company also sponsored the Antique Book Fair (Mostra del Libro Antico), a prestigious event which now takes place regularly in Milan.

Sisal, which has always embraced Italian art and culture, has over the years sponsored major events and art exhibitions, raising public awareness of the country’s cultural heritage. Through the SuperEnalotto brand, the Company has funded the publication of a book on historic houses in Calabria, the *Dimore Storiche della Calabria* – edited by the Associazione Dimore Storiche Italiane (A.D.S.I.) – which is intended as a marketing tool for the region’s tourist board, as well as emphasizing the importance of the protection, conservation, and promotion of Italy’s cultural heritage.

Sisal for Research



Sisal per la Ricerca

Objective	To raise money for research using the Sisal distribution network
Selection criteria for partners and projects	Nationally recognized partners
	Projects with a high scientific or medical value

For years, Sisal has supported research through fundraising activities that entail the active participation of its distribution network. Each year, Sisal, together with its key partners, identifies a specific research project which will receive the money raised.

Main projects supported in 2011

AIRC



For the 12th consecutive year, to mark National Cancer Research Day, Sisal joined forces with the AIRC (Italian Association for Cancer Research) as a technical partner. Sisal helps AIRC by offering the use of its computer network for donations in support of the start-up company run by Thomas Vaccari at the Campus IFOM-European Institute of Oncology in Milan.

Between October 24 and November 26, 2011, members of the public could make donations at Sisal retailers, either separately from games, or using SuperEnalotto and QuickPick terminal play slips. Sisal also supported the fundraising campaign with a marketing strategy specifically targeting players and retailers. Players were made aware of the fundraising through specific communications on gaming play slips and commercials and videos produced and broadcast by Sisal TV with testimonials from AIRC. Sisal also published fundraising information on its websites and on the SuperEnalotto Facebook page.

Retailer communications were channeled through the retailer portal, the Sisal Call Center and Sisal TV. Because this was a charitable initiative, no payment commission applied: all amounts received from donations were paid directly to the AIRC. In 2011, Sisal raised a total of EUR 92,548 for the charity.



Telethon



For the seventh consecutive year, Sisal joined Telethon as technical partner for the show, broadcast live on RAI TV networks in Italy. From December 5, 2011 to January 28, 2011, donations could be made to the Telethon fundraising campaign either separately from games, or using the special Telethon SuperEnalotto play slip, as well as via the QuickPick terminal.

The money raised by Sisal support two important research projects:

- >> 'Evaluation of a gene therapy approach with stem cells for the treatment of Hurler syndrome', coordinated by researcher Marta Serafini at the Pediatric Clinic of S. Gerardo Hospital – Tettamanti Foundation at the University of Milan Bicocca;
- >> 'Role of epigenetic factors in the identity of stem cells and in tissue regeneration processes', coordinated by researcher Davide Corona at the Department of Cell and Developmental Biology, Biochemistry Unit of the University of Palermo.

Sisal launched a nationwide marketing campaign to raise money at its points of sale, via its websites, and on SisalTV. The 2011-2012 Telethon raised EUR 92,447.

Sisal and Active Citizenship Initiatives

Objective	To create opportunities for meeting and dialogue in the local community
Selection criteria for partners and projects	Ideas for meetings and dialogue between the public and private sector Initiatives that promote active citizenship

Main projects supported in 2011

Meeting per l'amicizia fra i popoli

Again in 2011, Sisal continued its involvement in the 'Meeting per l'amicizia fra i popoli' ('Meeting for Friendship Among Peoples'), an annual event held in Rimini which offers an invaluable opportunity to meet the public, and young people in particular. The event is an important forum for dialogue with institutions and Italian economic and cultural associations, and over the years has established a worldwide reputation for its ability to attract thousands of young people, as well as representatives from national and international companies. The theme of the 2011 meeting was: 'Existence becomes an immense certainty'. Sisal, with its brands SuperEnalotto and Vinci per la vita – Win for Life, conveyed to those attending the event its commitment towards sustainable and responsible corporate governance.

The Company created a large 150 m² recreational space, known as the 'Sisal Fun Village', specially for the event. This was aimed at children who, through various creative activities designed to stimulate their imaginations, took centre stage, spreading the important message that playing is an opportunity for social and cultural exchange and integration.



During the meeting, a conference on gaming also took place, entitled 'Gioco: responsabilità e comunicazione' ('Gaming: responsibility and communication'), during which the initial results were unveiled of the 'Giocare per Gioco' ('Playing for Fun') research into responsible gaming and marketing, commissioned in 2010 by Sisal, Lottomatica, ACADI, and Giochi e Società from the Fondazione della Sussidiarietà in association with the Catholic University in Milan. The aim of the three-year study was to monitor public attitudes, particularly towards gaming and how this is marketed, and to analyze the role that concessionaire marketing campaigns have on the issue of responsible gaming.

VeDrò – L'Italia al futuro

Sisal's support for the event 'VeDrò – L'Italia al futuro' in Riva del Garda (held at the end of August each year) represented a unique opportunity to strengthen the links between the Company, particularly through the SuperEnalotto brand, and institutions, thereby signaling how focused Sisal is on the issue of the relationship between the public and private sector, and particularly between concessionaires and the government.

FiabaDay

For the third year in a row, Sisal supported 'FiabaDay', the awareness-raising campaign sponsored by the non-profit association Fiaba. The campaign seeks to break down physical and cultural barriers, based on the idea that an accessible and therefore pleasant environment produces a state of well-being in those who live there and helps to create equal opportunities. The decision to renew its commitment to 'FiabaDay' is consonant with Sisal's philosophy, which is keen to support positive forms of socialization.

Progetto Civis

Again in 2011, Sisal supported the initiatives of the Progetto Civis, a non-profit organization established in Milan in 2005 to raise awareness, particularly among younger generations, of the importance of civic duty, as well as active and cognizant participation of the entire community in public life. Civis organizes structured courses aimed at elementary schools and university students alike, tailoring them according to the age group.

"Premio Cittadini Meritevoli"

In 2011, Sisal, during the annual Police Festival, continued its involvement with the police headquarters in Milan by supporting the 'Premio Cittadini Meritevoli', or 'Worthy Citizens' Prize', an initiative which the Rotary Foundation launched in 2004 with the aim of raising public awareness of the importance of civic and moral duty and a sense of belonging to the community in which we live. The initiative seeks to identify and reward citizens of particular merit and acts of civilian bravery against petty crime.

2012 Corporate Social Responsibility Plan

Given the significant results obtained during the three-year period 2009-2011, Sisal's commitment to the Community in 2012 will continue to be geared towards promoting and supporting opportunities for qualified development, aimed primarily at young people with a view to both prevention and the creation of opportunities. Young people represent the future and, for Sisal, helping to create opportunities for skills development means helping to build a better future. Focusing on young people also means preventing forms of social hardship and offering concrete support to families.

Another important goal for the Company is to develop grassroots projects in Italy that deliver a concrete response to the needs of the local community, to establish an ongoing dialogue with project partners, and to measure the expected results.

As a result of the solidarity demonstrated by the retailer network, which has over the years helped to raise vast amounts for research and other good causes, Sisal plans to step up its activities in this regard.

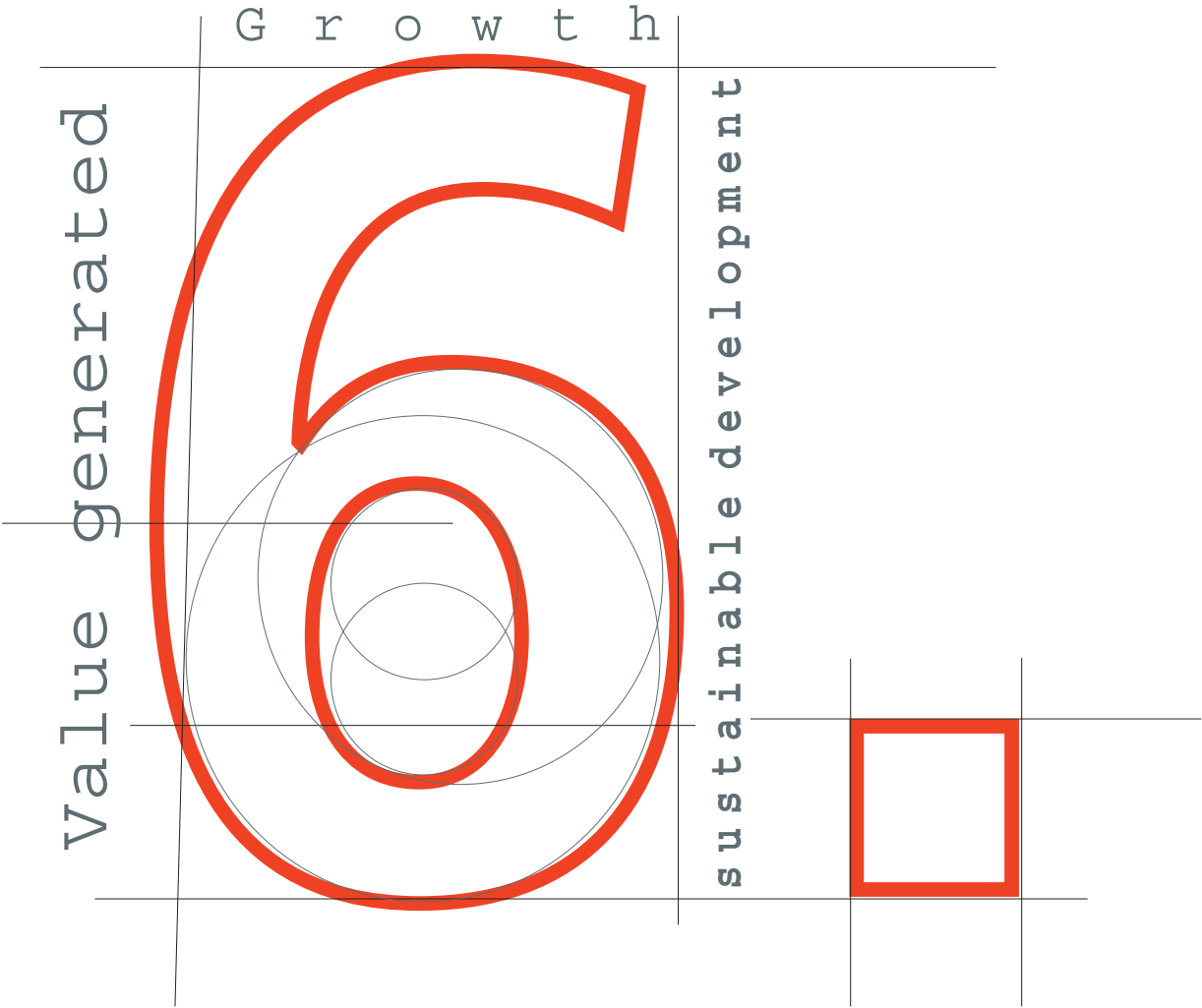
In line with the past, Sisal chooses to work with partners who have years of experience in their respective sectors and who are highly recognized nationally and internationally, in order to work on developing programs, projects and long-term activities, mainly focused on training, prevention and socialization, in all areas of intervention envisaged by the company's Corporate Social Responsibility Action Plan.



Alfio Mongelli
L'Unità d'Italia
2011
Steel and polycarbonate

6. FINANCIAL SUSTAINABILITY

6. FINANCIAL SUSTAINABILITY



The ability of the Sisal Group to pursue its growth strategy in harmony with the country is achieved by seizing opportunities offered by the market and creating sustainable value for its shareholders, the economy and public finances.

Sustainability as a Source of Long-Term Value Creation

In 2011, the legal gaming market in Italy recorded overall income of approximately EUR 80 billion, an increase of approximately EUR 19 billion (+31%) compared with 2010 (EUR 61 billion). This result, bucking the trend in many other segments of Italy's economy, places the sector near the top in economic terms. This is particularly apparent if we consider the only real public expenditure (income, net of winnings), which grew in 2011 by around 8% to stand at almost EUR 18 billion.

Overall, during 2011, the Sisal Group collected EUR 13.3 billion (+18%) due to significant growth both in payment services (EUR 5.3 billion, +27%) and gaming (EUR 8 billion, +12%).

Consolidated revenues amounted to EUR 869,840, an increase of 18.2% compared with the EUR 735,975 in 2010. The table below contains the other main financial figures and reveals the trend over the last three years:

	2011	2010	2009
Total revenues and income	869,840	735,975	648,050
Gross operating margin	189,454	166,562	153,444
Net operating income (EBIT)	56,373	70,448	74,670
Net result	(29,346)	(12,874)	(13,072)
ROI	5.0%	6.1%	6.6%
ROS	6.5%	9.6%	11.5%
ROE	-34.6%	-11.3%	-10.3%

Figures in thousands of euros

These figures demonstrate the ability of the Sisal Group to continue its growth strategy and to seize the opportunities offered by the markets sustainably, even from an economic point of view (significant in this sense is the steady rise in gross operating margin), which is a prerequisite for serving the interests of stakeholders and ensuring sustainable value creation.

While falling in absolute terms, the negative figure in terms of net profitability due to the high incidence of financial expenses and amortization related to the significant investments made by the Group in recent years – mainly linked to intangibles such as concessions rights

and goodwill – has not affected the company's ability to meet its financial commitments. This is evidenced by the precise and systematic compliance with the covenants contained in its major loan agreements.

Sisal's Contribution to General Taxation

The significant size of the gaming market in Italy, representing around 5% of national GDP (compared with 4% in 2010) in terms of gross profit and approximately 1.2% of GDP (compared with 1.1% in 2010) in terms of actual public expenditure, generates enormous benefits for the public finances. In 2011, tax revenues from gaming stood at approximately EUR 9.3 billion, an average rate of growth over the last five years of around 5%.

Of this EUR 9.3 billion, about EUR 1.5 billion comes from Sisal games, with around EUR 1.1 billion from NTNG products (SuperEnalotto, Vinci per la vita – Win for Life and SiVinceTutto SuperEnalotto), which are not only among the most popular and well known by the public, but also among the most lucrative in terms of tax returns.

Each week, Sisal collects cash flows from points of sale that derive from activities carried out the previous week, and pays both the Treasury and its trading partners on the basis of the relevant regulations and agreements.

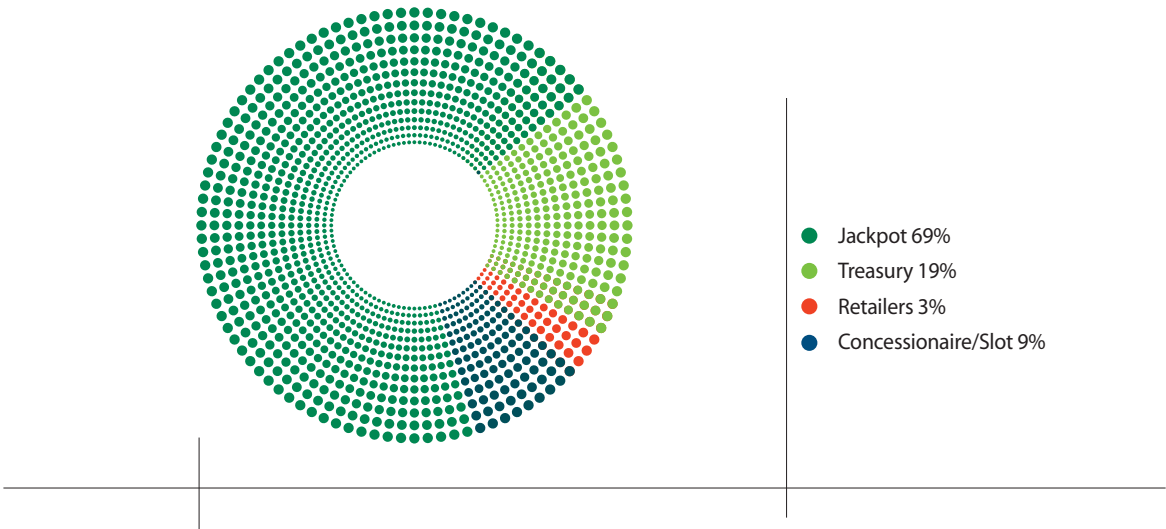
To define an overall picture of financial flows deriving from games management, it is necessary to identify the various participants: players, points of sale (retailers, sports and horse betting agencies, Wincity gaming halls, etc.), concessionaires, and other parties in the chain involved in handling gaming wagers (for example, amusement with prize machines operators) and the Autonomous Administration of State Monopolies (AAMS).

Against the receipts volume already indicated above, the total market payout (or the amount of winnings paid) in 2011 is approximately 77% of receipts; approximately EUR 62 billion was distributed to players in winnings, compared with EUR 44 billion in the previous year (+41%). The remainder, which amounts to around 11% of the receipts net of taxes, went to concessionaire companies and to nationwide collection points.

With specific reference to Sisal Group activities in 2011, the items to consider are:

- > Income of approximately EUR 8.0 billion.
- > Overall payable winnings, equal to approximately EUR 5.6 billion (around 69% of income, compared with 60% in 2010).
- > Fees paid to the nationwide distribution network, equivalent to around EUR 0.2 billion.
- > Fees paid to Sisal Group concessionaires, totaling about EUR 0.7 billion (a figure that, with regard to legal gaming wagers from amusement with prize machines, includes distribution network fees).
- > Taxes, amounting to around EUR 1.5 billion (equal to approximately 19% of the receipts, compared with around 11% for the market as a whole).

The following graph illustrates the percentage breakdown of the Group's income:



Production and Distribution of Wealth

Below are the 2011 consolidated financial data for Sisal, reclassified to highlight the added value formation process, i.e. the proceeds net of intermediate costs. The added value highlights the wealth produced by Sisal in the financial year, which is then distributed among the various stakeholders. The total gross added value, including amortization and depreciation, amounts to 30.5% of the production value; the net is equal to 15.8%. No significant government funding has been received.

Determining added value

	2011	%
A Value of production	869,840	100.0%
Revenue from sales and services	869,840	
B Intermediate costs of production	608,756	70.0%
Consumption of raw materials, supplies and consumables	18,882	
Costs of services	544,883	
Leases and rentals	13,813	
Provision for risks	5,585	
Other operating expenses	25,593	
GROSS ADDED VALUE	261,084	30.0%
Financial income	4,033	
TOTAL GROSS ADDED VALUE	265,117	30.5%
Amortization, depreciation, and write-backs	127,507	
TOTAL NET ADDED VALUE	137,610	15.8%

Figures in thousands of euros

Total net added value in 2011 stood at EUR 137.6 million and was distributed among stakeholders as follows:

- >> 50.1% was distributed to employees as remuneration, ignoring indirect costs.
- >> 14.7% was distributed to the Government through direct and indirect taxation.
- >> 53.1% was paid to financial institutions for borrowed capital.
- >> -21.3% represented the company's net loss on total added value.
- >> 3.4% was set aside for local communities.

Distributing Added Value

	2011	%
A Employee remuneration	69,008	50.1%
Personnel costs	65,392	
Severance pay	3,616	
B Transfers to the Government	20,217	14.7%
Direct taxes	16,677	
Indirect taxes	3,540	
C Return on borrowed capital	73,064	53.1%
Charges for short-term capital	226	
Charges for long-term capital	72,838	
D Return on risk capital	0	0.0%
Profits distributed to third parties	0	
E Company returns	(29,346)	-21.3%
Retained profits	(29,346)	
F Transfers to the Community	4,667	3.4%
Local taxes and charges;	1,856	
Donations	426	
Sponsorships	2,385	
NET TOTAL ADDED VALUE	137,610	100.0%

Figures in thousands of euros

The CSR Leadership Team consists of:

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Chief Executive Officer

Simonetta Consiglio
Director of Marketing and Communications

Andrea Castellani
Head of Internal Audit and Risk Management

Mario Corti
Director of Legal and Corporate Affairs

Giovanni Emilio Maggi
Director of Institutional Relations

Marco Migliorisi
Head of Administration and Finance

Andrea Orlandini
Director of Human Resources and Organization

Corrado Orsi
Chief Financial Officer

This Social Report was produced with the support of the Sisal CSR Unit:

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Internal coordination for the drafting of the Social Report was handled by:

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The Social Report and CSR Action Plan 2011 were produced with the support of Olivares Consulting, and particularly:

Federica Olivares
Anna Clerici
Marina Lanfranconi
Franco Bompani

Editorial production

Edizioni Olivares

Graphic design

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Galleria Vertigo Arte Contemporanea, Cosenza.

LA FORMAZIONE DELL'UNO. 150 artisti per l'Unità d'Italia,

a cura di Fabio De Chirico, Mimma Pasqua, Franco Gordano

pp. 28 and 100

Italiae. 150 eventi in piazza per ri-disegnare l'Italia.

Progetto a cura del Dipartimento Educazione del Castello di Rivoli

Museo d'Arte Contemporanea, 2011. Courtesy Castello

di Rivoli Museo d'Arte Contemporanea, Rivoli, Torino, 2012

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Luciano Barale

Museo d'Arte Contemporanea e del Novecento, Villa Renatico

Martini, Monsummano Terme (Pistoia), 2012

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Susanna Busnelli

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Maestro Alfio Mongelli, Presidente della RUFA-Rome University
of Fine Arts

