



# Corporate Social Responsibility Report **2012**

# Sisal CSR Report **2012**



# Hands,

the leading graphic theme of the 2012 Social Responsibility Report, symbolize the key role that People play in Sisal's commitment to Corporate Social Responsibility. Hands are an expression of communication and dialogue, a symbol of Sisal's pledge and attention to its Stakeholders. We build with our hands and reach beyond our grasp in order to create ideas and projects for a more sustainable world.



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Emilio Petrone

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## People: Our Responsibility

Sisal's story is an important chapter in Italy's economic development.

Sisal's strong ethical commitment to Corporate Social Responsibility dates back to 1946, the year of the Company's foundation – and launch of the 'Sisal play slip,' since renamed 'Totocalcio' – and the year when Sisal allocated a part of its income to rebuild Italian sports stadiums that had been destroyed during the war. The move proved to be a driving force in Italy's development and reflected the positive and authentic values that underpin the sporting world: teamwork, trust, loyalty and determination. These core values are the building blocks on which Sisal's ethics still rest today, and it is precisely based on these principles that Sisal places People at the heart of its activities, supports talent and invests in Sustainability and Innovation.

Sisal has grown through the commitment of its Employees and Partners and the respect and appreciation of its Consumers. In the course of its sixty-five-year history, Sisal has come to play a key role in the leisure-time activities of Italians. A feat in part achieved thanks to Sisal's comprehensive and integrated offering, which has secured Sisal's leadership position in the entertainment and services sector. We believe that Sisal is the only Company in its sector that can boast such a consolidated and esteemed tradition. We are proud of this legacy and, above all, are committed to looking toward the future in a thoughtful and sensitive manner in order to ensure truly sustainable development.

Our Vision – described in the concept of "Making people's lives easier and more enjoyable" – is a commitment and a promise that we will continue to uphold with passion and a sense of responsibility as we advance into the future. Through constant initiatives for the benefit of our Stakeholders, we honor their trust gained over the years. During these years, the culture of responsibility has become an integral part of the Company's strategy and management model on which we have set up an extensive Responsible Gaming and Corporate Social Responsibility Program.

We believe that the value and worth of a Company should not be measured only by financial results, but also by the transparency of its governance, by its fairness toward Consumers, by the respect and value it gives to People and by the Company's ability to make a positive contribution to the Community in which it operates in order to build a constructive relationship with Stakeholders, Institutions and Partners, while ensuring absolute respect for the environment.

From this point of view, 2012 was a year of significant and important results.

We are aware we operate in a sensitive sector that requires of us to take specific measures to protect Consumers and particularly vulnerable individuals. That is why we have reinforced the Responsible Gaming Program in order to foster a safe, aware and balanced gaming model. In recognition of our constant commitment to implementing international best practices, in 2012 we received the European Lotteries Responsible Gaming certification and were awarded the Responsible Gaming certification by the World Lottery Association.

In collaboration with other sector operators and relevant Institutions, we have also adopted the first self-regulation advertisement Code of Conduct in our sector to ensure that our advertising protects and is sensitive to Consumers.

In the context of education, culture and sports, Sisal has confirmed its commitment to the Community by supporting projects that give young people development and training opportunities. Sisal has partnered with the ONG Save the Children to help keep children in school, we supported social innovation initiatives with ItaliaCamp and a network of some 70 universities, and we promoted cultural events in conjunction with the Piccolo Teatro of Milan – Theatre of Europe.

Sisal also gives support to scientific research, an area in which our Distribution Network provides tangible support and is actively involved. Every year, our Network identifies specific research projects to allocate donations. This year, such projects included AIRC, AriSLA, Telethon and Fondazione Umberto Veronesi, which is a leader in pioneer research approach for breast cancer.

And yet, all of our sustainability efforts would be fruitless without a constant focus on our true strength: our Employees and Associates. In 2012, we continued our commitment to investing in Employees' development by rewarding good results and behavior. We strive to create a working environment that offers everyone equal opportunities on the basis of shared criteria of merit. To this end, the "WiSE – Women in Sisal Experience" project rewards women's talent and professionalism, promoting a new way of working in which gender diversity represents added value and an opportunity for growth.

These are only some of the initiatives undertaken by Sisal in 2012 and described in detail in this fourth edition of our Corporate Social Responsibility Report, along with our objectives for the coming years. Foremost among these is our goal to continue to consolidate our policy of Corporate Social Responsibility and Sustainable Development that balances economic growth with social and environmental sustainability through tangible actions.

Our constant commitment is in line with the values shared by our Company and by our 1,500-strong workforce whose daily passion and dedication has made Sisal Group an example of excellence and fair competition working toward the good of the Company and society.

My gratitude, therefore, goes out to all of the men and women of Sisal Group whose professional and personal contribution, as well as sensitivity and determination, have allowed us to achieve outstanding results.

**Emilio Petrone**  
CEO, Sisal S.p.A.





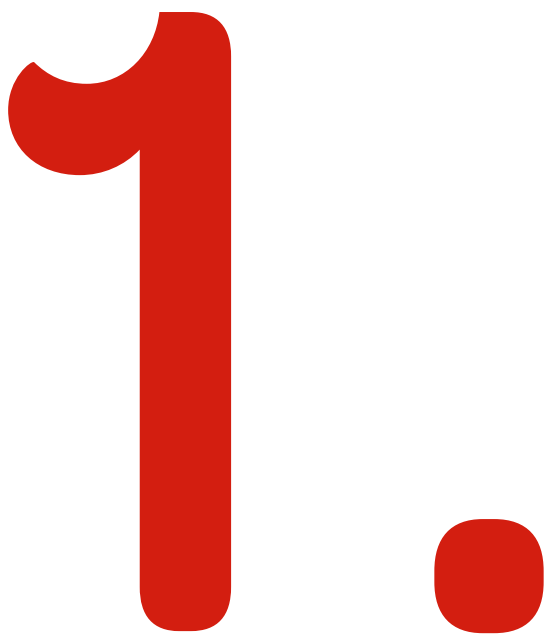




The background of the slide is a photograph of a green, grassy field. Overlaid on the image are several dark, elongated shadows of people running, suggesting a sense of motion and activity. The shadows are cast from the upper left towards the lower right.

**1.**

**SISAL GROUP**



Founded on the dream and intuition of three sports journalists in 1946, Sisal is the first Italian Company to operate in the gaming sector as a Government Licensee. In more than 65 years of business, Sisal has built a relationship of trust and credibility with more than 20 million Consumers, developing and managing games with expertise, transparency and security, in strict accordance with the standards provided by the Agency of Customs and Monopolies (AAMS) and leading international Responsible Gaming Institutions.

Over the years, Sisal has created popular and high-quality games, including the legendary Totocalcio and Totip, Tris, Match Point betting, SuperEnalotto and, more recently, Vinci per la Vita - Win for Life, SiVinceTutto SuperEnalotto and EuroJackpot.

Its focus on continuous innovation has not only led the Company to diversify its offer in the entertainment sector, but also to provide a wide range of payment services through public and private partnerships: SisalPay.

## Sisal Today

Sisal is a leading Italian Gaming and Services Company with a widespread nationwide retail presence and an extensive digital offer, operating in close synergy with Institutions in the gaming and payment services sectors.

**Innovation, retail development, Corporate Social Responsibility and Sustainability are the objectives that drive Sisal towards excellence.**

Over the years, Sisal has interpreted changes in consumer habits in Italy by developing a local retail network able to cater to Italian Consumers and their needs. Sisal's Network is spread throughout Italy and is made up of retailers, sports concessions, betting agencies, Sisal Match Point betting shops and Sisal Wincity, a chain of innovative gaming halls.

Consisting of points of sale and digital channels, our Network is a key asset in our positioning strategy, offering new, exciting and safe gaming opportunities in both physical and virtual spaces. The digital channel is managed through the website [www.sisal.it](http://www.sisal.it) whose online offering in recent years has allowed it to be expanded and diversified. New games include online Lotteries, Betting and Casinos – also available on smartphones and tablets – Slots, Bingo, Skill and Quick Games.

Innovation has become the distinctive element in Sisal's growth.



Today, innovation means investing in Customer service, putting People at the heart of our activities, offering opportunities for entertainment, and providing useful services that make life easier.

Sisal relies on in-house staff and partnerships with important scientific Institutions and national and international universities to create a model of excellence and responsible innovation that takes advantage of the talents of young people and cutting-edge tools. With this spirit, in recent years, Sisal has also turned to Consumers to collect innovative ideas as part of a crowdsourcing project.

In its pursuit of innovation and research, since the beginning, Sisal's goal has been sustainable development, balancing economic growth with Corporate Social Responsibility.

Although Sisal's history is rooted in Community awareness, since 2009 the Company has made its commitment to Corporate Social Responsibility even stronger through strategy and a detailed Sustainability Program reported to all of its Stakeholders through the publication of the annual CSR Report.

Sisal's Sustainability Program is structured over four areas:

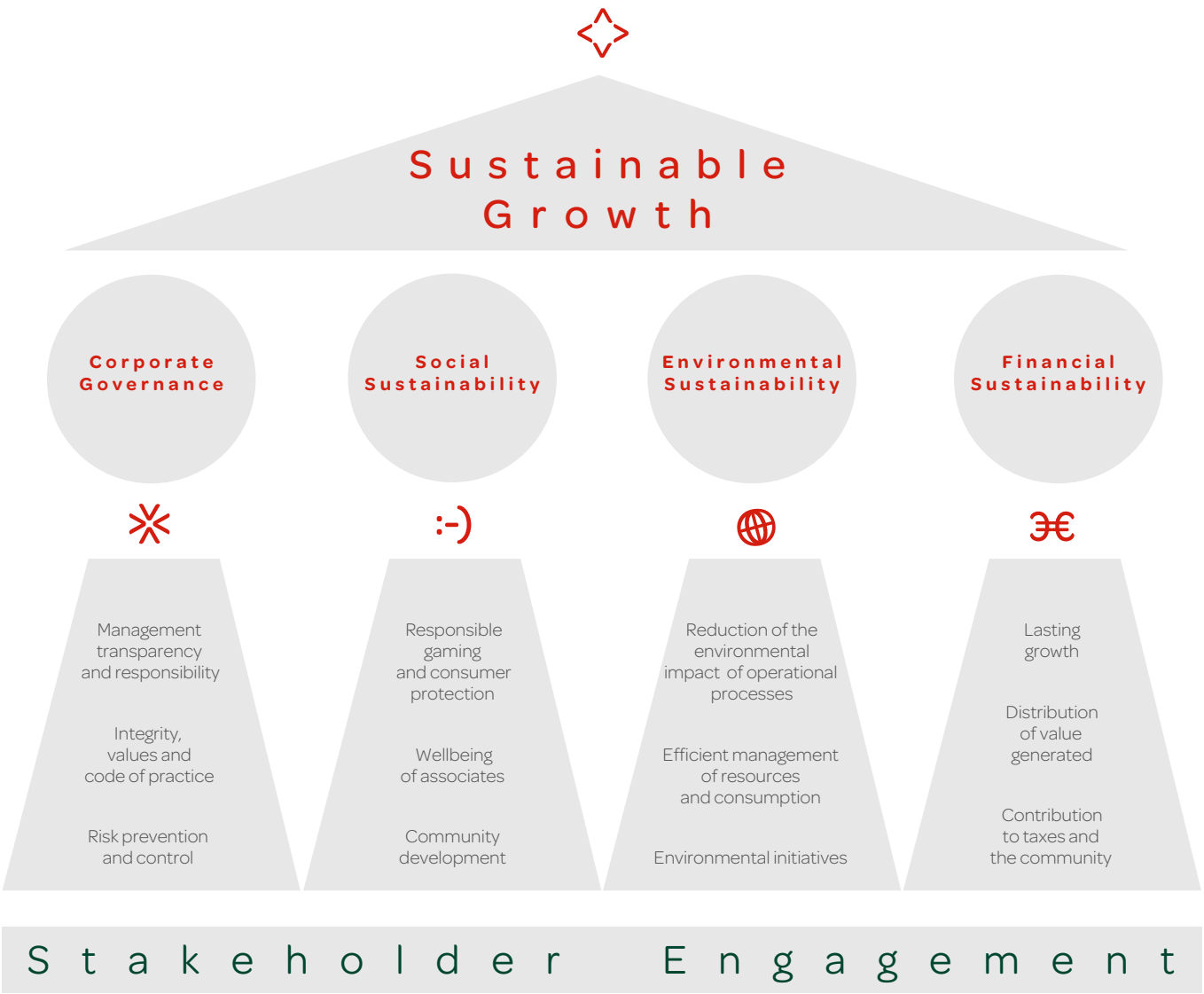
- > Corporate Governance
- > Social Sustainability
- > Environmental Sustainability
- > Financial Sustainability

The more integrated the financial, social and environmental areas within our overall strategy, the easier it will be to make the most of our intangible resources, based on trust and relationships, which ensure success and an enduring future for the Company.

Sisal's Corporate Social Responsibility actions stem from a Stakeholder Engagement model that actively involves its Stakeholders and promotes sustainable growth by balancing the interests and expectations of its Stakeholders.

Sisal's attention to the needs of its Stakeholders made it possible to respond quickly to social transformations by launching a Corporate Social Sustainability Program for its Consumers, Community and People.





Sisal’s commitment towards Consumers is based on trust, fairness and attention, values that make Sisal a reliable Company for safe and Responsible Gaming. Sisal’s Responsible Gaming Program offers a balanced and responsible gaming model centered on entertainment and underage gaming prevention in an effort to stop excessive gaming and protect particularly vulnerable individuals. The Responsible Gaming Program takes its inspiration from international best practices and has allowed Sisal to gain certifications from European Lotteries and the World Lottery Association.

Sisal’s commitment to the Community goes far beyond a dialogue with its Stakeholders and specifically focuses on youth training and support to social projects, to scientific research, culture, art and sports as a way to reinforce Sisal’s bond with the local Community.

Through Social Sustainability, Sisal shows its commitment to those who everyday create value for the Company: our People. Individual talent and diversity are the hallmarks of Sisal Group and the reason why Sisal is able to provide a distinctive, responsible and sustainable entertainment.

According to Sisal’s Vision, People’s development and performance represent the priority of the Company as much as business results.

## Mission, Vision and Values

In the last four years, Sisal has substantially grown and diversified its offering. Since 2008, the Company has doubled its revenues and KPIs, strengthened its internal structure by hiring more resources and diversified its strategy following the success of SuperEnalotto by shifting from a mono-product approach to a portfolio that caters to large consumption markets.

This growth, along with developments in the gaming market, has forced us to examine our identity and develop a new roadmap to ensure excellence.

With an emphasis on value and sensitivity towards People, Sisal has redefined its identity on the basis of a responsible and long-term vision for the future.

As part of this renewal process, Sisal has shaped a new Vision and Mission that brings its historical heritage into line with Corporate objectives, the new market scenario, and the new Values that reflect its Consumers, local Community and Associates and inspire the Company's ethical and business practice.

In parallel, the Company has revamped its Corporate Identity and developed a new, more contemporary logo that better reflects the Company's new strategic direction yet is still recognizable and in keeping with Sisal's long-standing tradition.

The new Corporate Identity encompasses all of the Company's communication activities and offers a distinctive, innovative and up-to-date look.

This further step forward is a testament to how wholly in tune Sisal is with corporate and market dynamics and confirms its status as a competitive, modern Company.

### Vision

**“Making people's lives easier and more enjoyable”**

Since its beginning in 1946, Sisal has always placed People at the heart of its activities. Sisal's new Vision describes the Company's dynamic spirit, constantly committed to ensure Consumers undertake their daily activities in a pleasant, safe and timely manner. Sisal's main objective is to enhance Consumers' leisure time.

### Mission

**“To provide the best offer of gaming, entertainment and services, responsibly and sustainably over time”**

Sisal is committed to providing an innovative range of high quality offer through a pleasant consumer experience which can be enjoyed throughout the retail network, widely distributed throughout Italy as well as online.

Sisal's new Mission combines its vast range of gaming and entertainment products with efficient payment services in increasingly pleasant and secure environments.

## Values

A Company which aims to be a leader in Social Responsibility must be guided by strong Values and grounded in ethics, to put People at the heart of its activities.

For this reason, Sisal's Values are:

### We play as a team

We all do our utmost to reach our goals together.

### We respect and care for our Clients

Our Consumers' satisfaction and trust are our best reward.

### We believe in People and in their diversity

The Value of People and the richness of diversity are our winning combination.

### We are responsible and excellent

We aim to achieve excellence in a sustainable and responsible way.

### We innovate to grow

We are constantly committed to innovation and growth. A Group which believes in the Value of research invests in its future.

Every Value expresses the beliefs of Sisal People and guides their daily activities. Sisal has launched a program for the implementation of its Values called VIS – *Valori in Sisal* ('Values in Sisal'). In Latin, this acronym means "strength" and the strength of Values is an important driver for Sisal.

## Group Companies

Today, Sisal is a major Group comprising:

### Sisal Holding Istituto di Pagamento S.p.A. (SHIP S.p.A.)

The Sisal Group Holding Company is responsible for the management and coordination of Companies in the Group, offering more than 350 services with more than 100 Partners, both private and public, authorized by the Bank of Italy to operate as a Payment Institution. Its registered office is situated at via di Tocqueville 13, Milan. It is wholly owned by Gaming Invest Sàrl.

SHIP S.p.A. has partnered with the Government through the "Reti Amiche" ('Friends Network') memorandum of understanding, a partnership between public and private networks to increase points of contact between the Public Authority and different Organizations. Sisal allows its own commercial and IT Network to be used by the Consumers to access services easily via a nationwide infrastructure.

Revenues in 2012 amounted to EUR 823.4 million.



### **Sisal S.p.A.**

Controlled by SHIP S.p.A., Sisal S.p.A. manages a network of approximately 42,000 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, PIN codes for mobile top-ups for all major Italian mobile telephone operators, and pay-per-view cards for digital terrestrial television.

Revenues in 2012 amounted to EUR 221.7 million.

### **Sisal Match Point S.p.A.**

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: 204 betting agencies and directly-managed and partner-managed betting shops, approximately 1,000 sports betting corners and more than 3,000 horse race betting corners. Sisal Match Point S.p.A. also offers Tris, Totogol, Big Match betting and online and mobile games such as Sisal Poker, Sisal Bingo, Sisal Skill Games and Sisal Casino.

Revenues in 2012 amounted to EUR 130 million.

### **Sisal Entertainment S.p.A.**

Sisal Entertainment S.p.A. connects in excess of 36,000 electronic gaming machines to the government network, some 14,000 of which are directly-owned, through 250 nationwide operators. With machines found in more than 12,600 businesses, Sisal Entertainment also guarantees the connection of approximately 4,900 video lottery terminals in 550 points of sale. Since September 2010, the Distribution Network has grown through the development of the new "Sisal Wincity - Eat, Drink, Play" retail concept that has since expanded to six cities. The new chain is based on the idea of making high-quality gaming halls and services available to Consumers to provide entertainment and socialization opportunities.

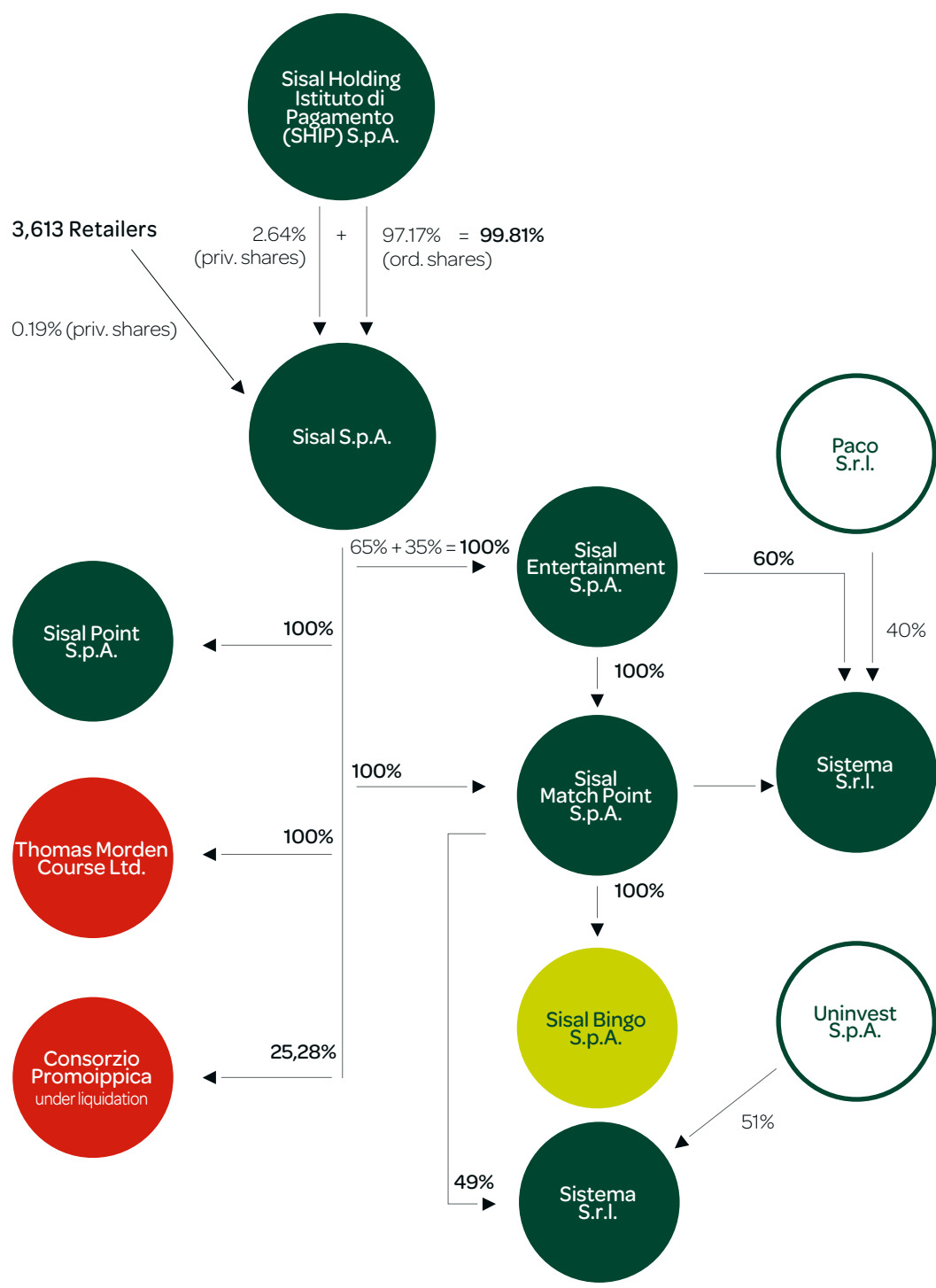
Revenues in 2012 amounted to EUR 454.5 million.

### **Sisal Bingo S.p.A.**

Sisal Bingo S.p.A. has operated in the bingo hall market since 2007 and, more recently, in online bingo.

Revenues in 2012 amounted to EUR 3.3 million.

Sisal Group Structure Chart



- Operating Companies
- Non-operating Companies or Companies under liquidation
- Shareholders
- Company merged into Sisal Match Point S.p.A. on July 2013

## Group Structure

Sisal's Organizational Model is based on three Business Units: Lottery; Entertainment; Digital Games and Services. The Business Units are complemented by seven central Departments to ensure financial, strategic and operational consistency and to implement Company's ethical Mission.

### Lottery Business Unit

This Business Unit is responsible for developing the potential of an exclusive license for National Totalizator Number Games (NTNG), of which the most important product is SuperEnalotto, which Sisal is tasked, as a Licensee since 2009, to manage until 2018.

These games are managed both through its own Distribution Network, comprising approximately 42,000 points of sale evenly distributed Nationwide, and through approximately 40 retailer sites for online gaming. In this way, the games are accessible through new technologies, in full compliance with the relevant regulations, fully benefitting the Consumer.

### Entertainment Business Unit

This Business Unit manages electronic gaming machines, which include the new video lottery terminals and sports and horse betting. The extensive and continuously developing Distribution Network comprises approximately 15,000 directly-managed and partner-managed points of sale. The BU's main strengths are its network of Match Point betting shops and Wincity gaming halls. The main objective that drives the BU is the offering of quality, professionalism and innovation. This is achieved specifically through the launch of new VLT gaming platforms, the constant development of the gaming offer, as well as retail expansion with the Sisal Wincity and Match Point brands.

### Digital Games and Services Business Unit

In terms of technological and product innovation, the online sector is one of the most significant for the Group. Sisal ensures an increasingly competitive offer also through the launch of games such as Casino Games and Poker Cash and the recent introduction of online slot machines, which have made the Company a sector leader in Italy.

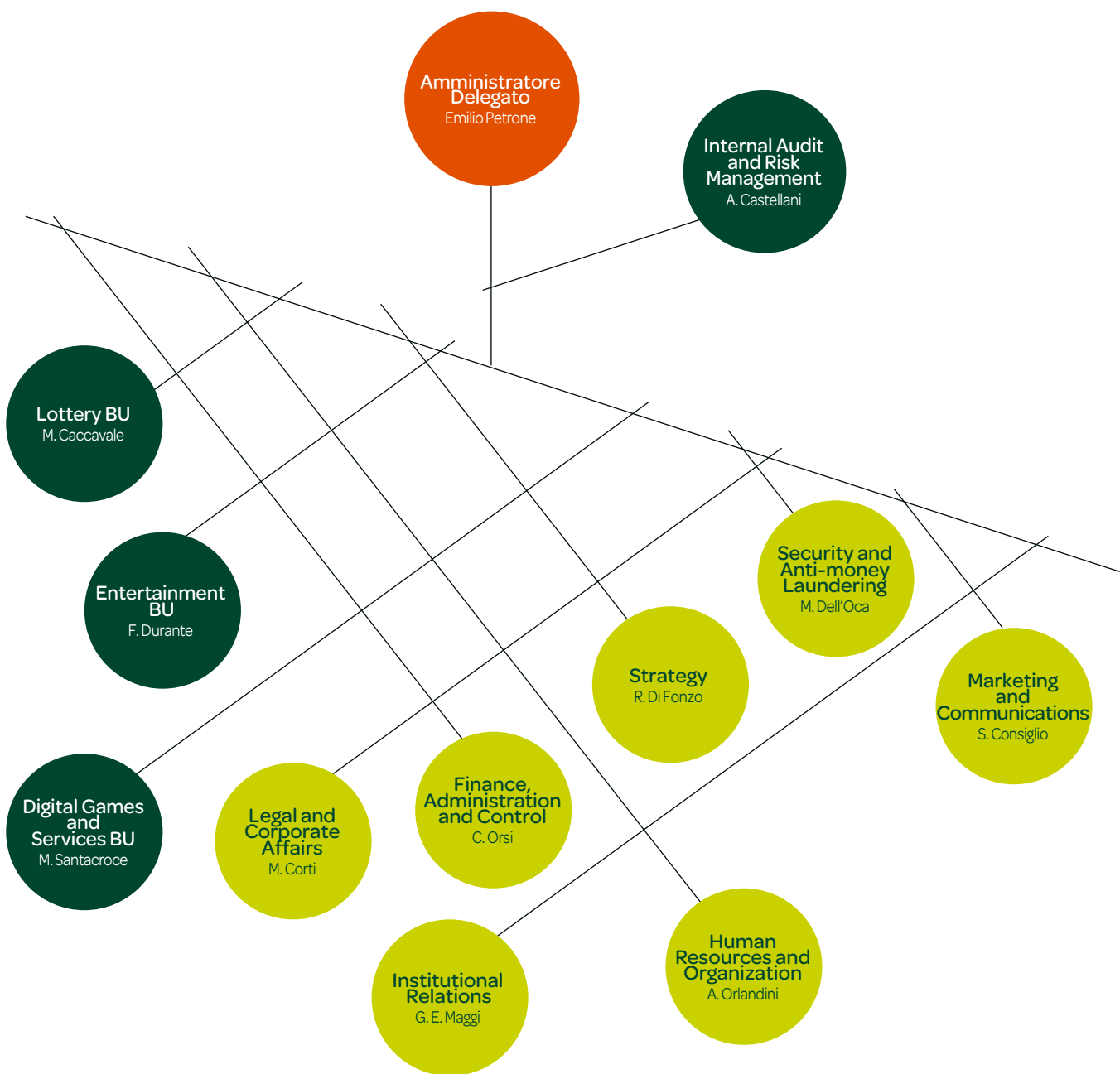
Because of the many platforms available and access channels, the online gaming offer is guaranteed by certifications and increasingly stringent security and protection standards for Players (mandatory self-limitations to gaming volumes, self-exclusion options, security in promotional mechanisms), in line with the Responsible Gaming Program.

The Digital Games and Services Business Unit also offers Consumers a wide range of 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. The Sisal Group provides a wide range of services, enabling Consumers to top-up their mobiles phones, renew digital TV subscriptions, pay utilities, fines and taxes, top-up prepaid cards, while constantly maintaining a highly professional, innovative and safety-first 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 time:

- widespread, accessible and fully available Distribution Network (7/7);
- secure, swift and simple service to Consumers;
- broad-based range of services to meet the needs of growing Consumers;
- advanced technology of Sisal IT infrastructure;
- firm commitment towards establishing a transparent and collaborative relationship with its Network.

Sisal Group Organization Chart



Over the years, the Sisal Group has consolidated a relationship based on trust and credibility with its Consumers, a relationship that made it possible for the Group to achieve a turnover of approximately EUR 6 billion in 2012 just in retailer services.

This result is owed to the expansion of the service portfolio – which currently boasts more than 100 partnerships, including new and important ones such as Compass, Edison, E.ON and Acea – and the rebranding that led to the creation of SisalPay.

The Company’s deep commitment to its Network, Consumers, Citizens and Partners has allowed it to develop an increasingly competitive and diversified range with more than 350 services available. With a view toward constantly growing this area, the Sisal Group has already launched a number of new projects to extend its offer and create new payment solutions in order to simplify the services it provides to Consumers.

## Group Brands

### Lottery Brand

The Brand consists of highly popular National Totalizator Number Games (NTNG) of which Sisal is the exclusive Licensee.



- It is the best-known brand among Consumers
- It has the highest jackpot in the world
- It has a potential pool of 20 million Consumers and more than 620,000 fans on Facebook



- Launched in 2011, it is the only game in which all of the prize money is won on the evening of the draw (the last Wednesday of the month)



- Launched in 2009, it is the first game in Italy to offer a monthly income for 20 years as the prize



- Launched in March 2012, it is the first and only lottery in Italy created in partnership with 14 European Countries with a millionaire jackpot

### Betting Brand

The Brand comprises a wide range of sports and horse betting events, including live betting. The new product Virtual Races is scheduled for upcoming launch.



- More than 4,000 points of sale, including over 200 directly-managed and partner-managed agencies
- High-standard service with a wide program of horse races and sports events
- Multi-provider totalizator games: Totocalcio, Totogol, Tris, Big Match

## Entertainment Brand

The Brand offers a comprehensive entertainment experience, from high-quality restaurants to a wide program of live events.



- An innovative retail model based on the “Eat, Drink, Play” concept
- Pleasant and secure environments featuring cutting-edge games and technology
- Highly-qualified staff with “personal players” on hand to assist Players in a healthy and fun gaming environment
- Selection of restaurants offering high-quality food and service
- Six large gaming halls in major Italian cities: Milan, Rome, Turin, Pescara, Brescia and Florence

## Digital Games Brand

The Brand offers real gaming emotions on Sisal.it and Sisal mobile APPs.



- A safe and user-friendly web environment
- Comprehensive portfolio with:
  - Online-only games: Poker, Casino, Quick and Skill Games
  - Online and offline Betting and Lottery products
  - Online Slot Machines, introduced for the first time on the Italian market
- More than 80,000 Consumers every month on [www.sisal.it](http://www.sisal.it)
- Mobile offering: Matchpoint betting app, SuperEnalotto app, m-site Sisal.it (betting, Casino Games, SuperEnalotto and Scratch and Win)

## Payment Services Brand

SisalPay offers Consumers the advantage of convenient, quick, practical and safe payment services.



- Authorized by the Bank of Italy to operate as a Payment Institution
- More than 350 payment services (utilities, fines, taxes, mobile phone and pre-paid card top-ups)
- Approximately 42,000 points of sale
- Available 7/7

# Markets

## The retail convenience market in Italy: the scenario

### Trend 2007-2012

The retail convenience market, in other words, the sum of gaming and services offered by retailers, has increased significantly over the last six years. In 2012, it reported overall receipts of more than EUR 100 billion with an average growth rate (CAGR – Compound Annual Growth Rate) of 17.2%.

Although the gaming and services markets increased significantly, and continued to show a positive trend, the services market (that is, the widely distributed market that enables users to pay bills for utilities, taxes, fines, mobile phone top-ups and so on) reported a much higher growth rate (+24.3%) than the gaming market (+15.9%).

One of the reasons for these differing growth patterns is the fact that the retail convenience market is still in the process of developing a range of products that will satisfy consumer demand, whereas the gaming market has reached a phase of maturity, thanks to a comprehensive product portfolio that already satisfies Consumers.

	2007	2008	2009	2010	2011	2012	CAGR 2007/2012	★
Total Gaming Market Receipts	41,425	47,555	54,402	60,984	79,597	86,669	15.9%	
Total Services Market	6,290	8,748	10,411	13,524	16,819	18,685	24.3%	
Total Retail Convenience Market	47,715	56,303	64,813	74,509	96,416	105,355	17.2%	

The figures relating to the gaming market can only be interpreted correctly by taking into account the “payout”, namely, the part of the receipts which return to Players in the form of winnings. If we subtract this figure from the receipts collected we obtain the net expenditure, that is, the amount Consumers pay into the gaming market. The following table, which shows the trend of Consumers’ net expenditure, highlights the fact that the gaming market reported an average growth rate of approximately 4.9% during the period and that the services market grew by 24.3%.

	2007	2008	2009	2010	2011	2012	CAGR 2007/2012	★
Total Gaming Market Net Expenditure	13,192	14,835	16,197	17,017	17,973	16,723	4.9%	
Total Services Market	6,290	8,748	10,411	13,524	16,819	18,685	24.3%	
Total Retail Convenience Market	19,481	23,583	26,608	30,542	34,792	35,408	12.7%	

★ Figures in EUR million  
2012 Gaming Market based on Sisal Market Intelligence estimates (updated 28/01/2013)  
Services Market - Payment Services Monitoring Center - Busacca&Associati

# The gaming market in Italy: the scenario

## Trend 2007-2012

Gross receipts in the gaming market increased with a CAGR of 15.9%.

If we examine the various components of the receipts from the segment, we can see that, during the year under examination, the payout increased from 68.2% in 2007 to 80.7% in 2012, when almost EUR 70 billion was returned to Players in the form of winnings. This can be attributed to the introduction of games with increasingly higher payouts and new online games where the payouts are around or even higher than 97%.

The real public expenditure increased to 4.9% but in 2012 was about EUR 1.3 billion less than in 2011, reflecting the contraction in consumption that has taken place in Italy over the past year.

The real public expenditure can then be subdivided into other components, including, in 2012, the Treasury, which received the largest share of the receipts, equal to 51.7%, while the distribution chain (Operators and points of sale) received 34.1% and Licensees 14.2%.

Operators play a key role. In the period 2007-2012, their CAGR increased by 15.1%. This can be attributed to the fact that they are strictly linked to the world of electronic gaming machines (EGMs), the segment which has developed most over the last six years, and, consequently, have benefited from the steady phase of legalization and growth of the two segments into which the segment is divided, namely “AWP machines” (Amusements with Prizes Machines) and “VLTs” (Video Lottery Terminals).

	2007	2008	2009	2010	2011	2012	CAGR 2007/2012	★
Total Receipts	41,425	47,555	54,402	60,984	79,597	86,669	15.9%	
Pay out	28,233	32,720	38,205	43,967	61,625	69,947	19.9%	
Real Public Expenditures	13,192	14,835	16,197	17,017	17,973	16,723	4.9%	
Treasury	7,704	8,491	9,315	9,336	9,435	8,649	2.3%	
Licensees	1,917	2,268	2,397	2,548	2,904	2,368	4.3%	
Operators	858	1,030	1,212	1,469	1,716	1,734	15.1%	
Points of Sale	2,712	3,046	3,272	3,664	3,917	3,971	7.9%	

	2007	2008	2009	2010	2011	2012	★
Total Receipts	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Pay out	68.2%	68.8%	70.2%	72.1%	77.4%	80.7%	
Real Public Expenditures	31.8%	31.2%	29.8%	27.9%	22.6%	19.3%	
Treasury	58.4%	57.2%	57.5%	54.9%	52.5%	51.7%	
Licensees	14.5%	15.3%	14.8%	15.0%	16.2%	14.2%	
Operators	6.5%	6.9%	7.5%	8.6%	9.5%	10.4%	
Points of Sale	20.6%	20.5%	20.2%	21.5%	21.8%	23.7%	

★ Figures in EUR million  
2012 Gaming Market based on Sisal Market Intelligence estimates (updated 28/01/2013))



In general, we note that the different segments in the gaming market present a growth of 15.9% in gross receipts, which is mainly attributable to the bigger offering of EGMs (CAGR +21.8%) and new online games over the years. This is largely owing to the fact that the State has been cracking down on many products played on illegal websites. The betting segment reported negative growth mainly due to the crisis in Italy's horse racing sector.

Bingo, on the other hand, limited its contraction thanks to a rise in the payout which, since 2009, has increased from 58% to 70%.

	2007	2008	2009	2010	2011	2012	CAGR 2007/2012	★
Lotteries	16,042	17,635	18,876	18,122	19,421	17,689	2.0%	
Betting and Pools	5,558	6,357	6,142	6,228	5,294	5,007	-2.1%	
EGMs (AWP machines and VLTs)	18,072	21,685	25,525	31,534	44,615	48,400	21.8%	
Bingo	1,753	1,636	1,512	1,954	1,850	1,640	-1.3%	
Skill, Card and Casino Games	-	242	2,348	3,146	8,418	13,933		
Total Gross Receipts	41,425	47,555	54,402	60,984	79,597	86,669	15.9%	

The following table shows the trend in net expenditure (i.e. gross receipts net of winnings) for each segment. Net receipts means the real amount entered into the gaming circuit, in other words, real gaming expenditure in Italy.

When analyzing the trend in net expenditure in the relevant period, it should be pointed out that:

- it is three times less than total receipts; this shows that the market was driven by a constant increase in the value of the payout (i.e., the winnings);
- the weight of net expenditure decreased from 31.8% in 2007 to 18.8% in 2012 due to the higher payout;
- the decidedly low weight of public expenditure for games such as Skill, Card and Casino Games, which, against receipts of almost 14 billion euro in 2012, amounted to EUR 508 million or 3.5% of the total.

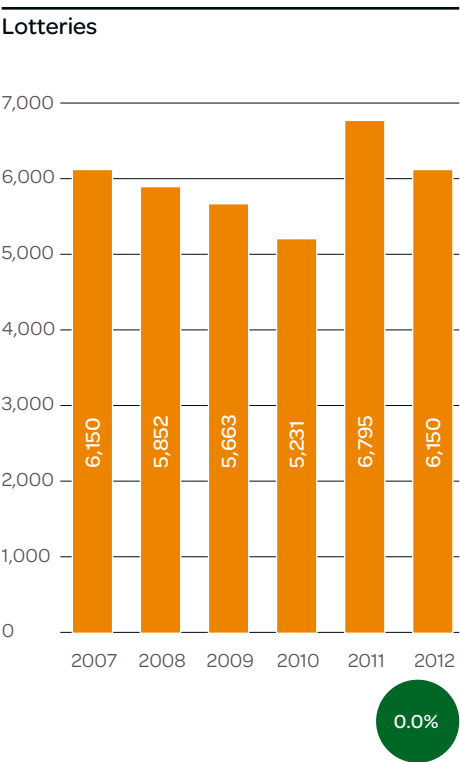
	2007	2008	2009	2010	2011	2012	CAGR 2007/2012	★
Lotteries	6,357	6,962	7,545	6,889	6,987	5,968	-1.3%	
Betting and Pools	1,580	1,736	1,535	1,408	1,274	1,012	-8.5%	
EGMs (AWP machines and VLTs)	4,518	5,421	6,381	7,754	8,723	8,750	14.1%	
Bingo	736	687	454	586	555	486	-8.0%	
Skill, Card and Casino Games	-	29	283	380	434	508		
Total Gross Receipts	13,192	14,835	16,197	17,017	17,973	16,723	4.9%	

★ Figures in EUR million  
2012 Gaming Market based on Sisal Market Intelligence estimates (updated 28/01/2013)

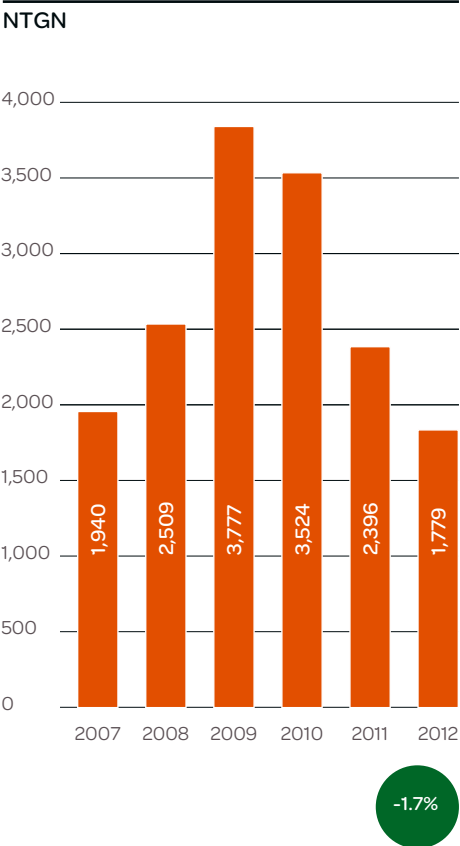
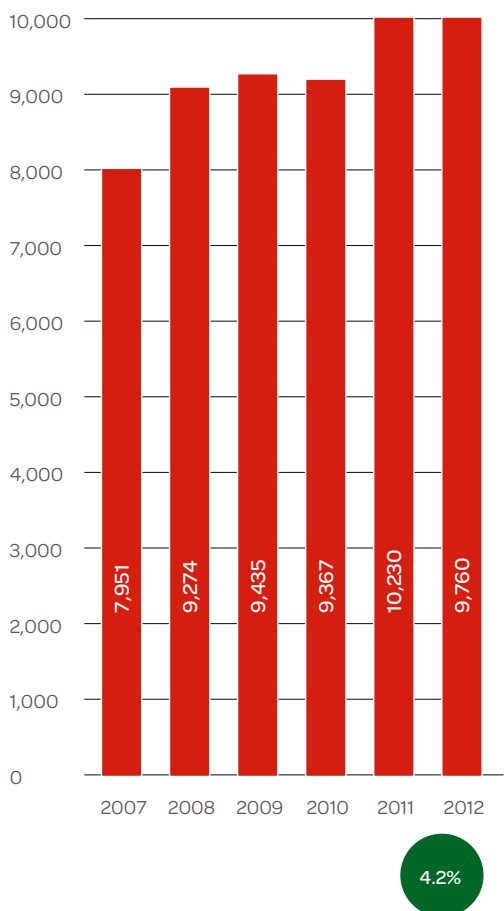
## Segment Analysis - Gross Receipts

### Lotteries

The lottery segment has reported a modest growth rate over the years, with an overall CAGR of 2.0%, whereas, in 2012, the trend of receipts for the segment reflects the contraction of consumption in Italy. In particular, the NTNG segment (SuperEnalotto, Vinci per la vita - Win for Life, SiVinceTutto and EuroJackpot), for which Sisal S.p.A. holds the license, reported a drop in CAGR by approximately 1.7%, partly due to the level of payout which was much lower than the market average.



### Scratch and Win



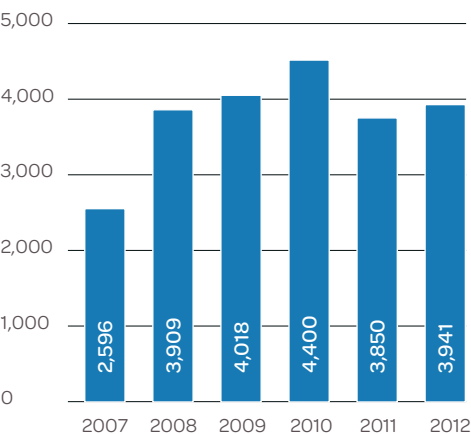
Figures in EUR million ● CAGR 2007 - 2012  
2012 Gaming Market based on Sisal Market  
Intelligence (updated 28/01/2013)

## Betting

The betting segment reported significant growth in the area of sports betting and in the period 2007–2012 increased by 8.7% to almost EUR 4 billion in receipts in 2012. This was partly due to the launch of live betting and continuous additions to the gaming product range.

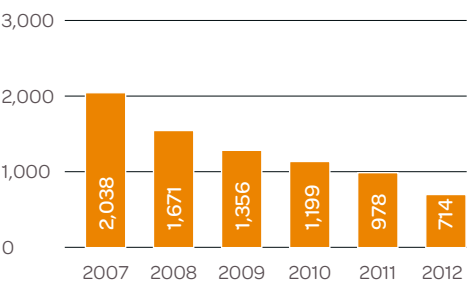
The Horse Racing segment and the traditional sector of Totocalcio (sports pools) have undergone a serious crisis which has prevailed for several years, recording marked declines over the period.

### Sports Pools



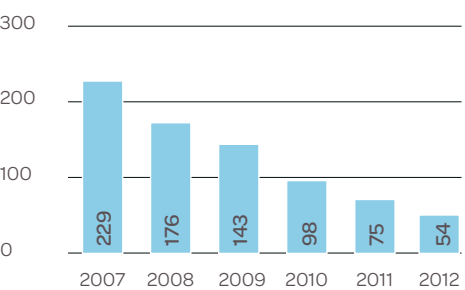
8.7%

### Horse Race Betting



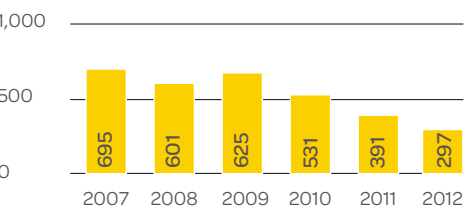
-18.9%

### Sports Betting



-25%

### Tris and Similar Games



-15.6%

Figures in EUR million ● CAGR 2007 - 2012

2012 Gaming Market based on Sisal Market Intelligence (updated 28/01/2013)

## EGMs (AWP machines and VLTs)

At the end of 2012, EGMs represented about 56% of the overall gaming market in Italy.

Gross receipts from this market amounted to EUR 48.4 billion with a CAGR of 21.8% over the last six years. AWP machines alone generated a CAGR of 8.3%. VLTs, in 2012, came to EUR 21.5 billion, becoming the second most successful product in the market.

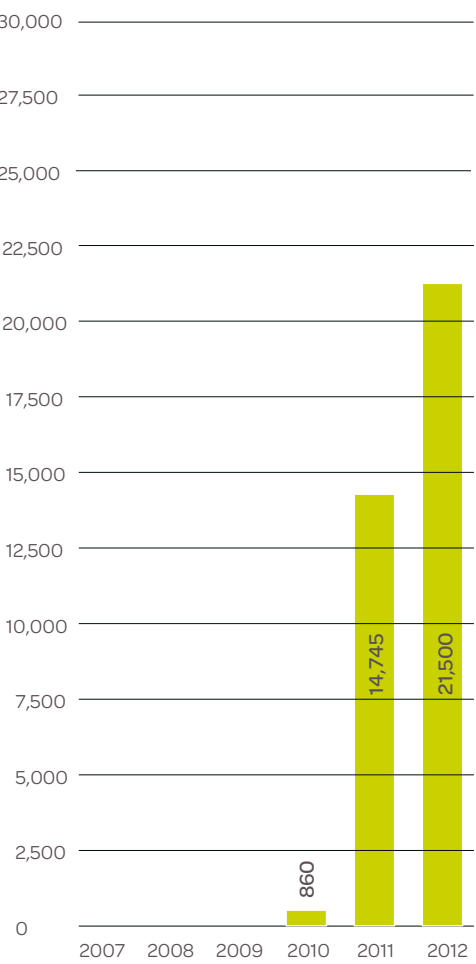
Total receipts generated by EGMs in 2012 were affected by the growth of VLTs, which now constitute the best range of games offered in this area, both in terms of Player enjoyment and in terms of the chances of winning (90% with VLTs vs. 75% with AWP machines).

AWP machines



8,3%

VLTs



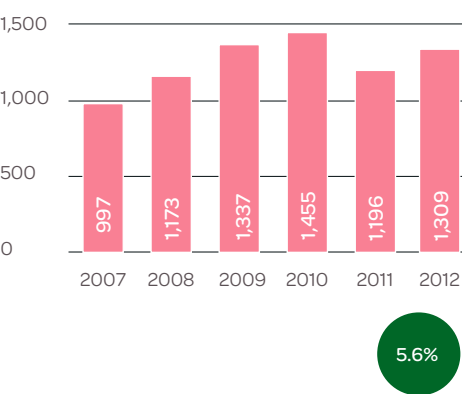
Figures in EUR million ● CAGR 2007 - 2012  
2012 Gaming Market based on Sisal Market  
Intelligence (updated 28/01/2013)

## Online Gaming

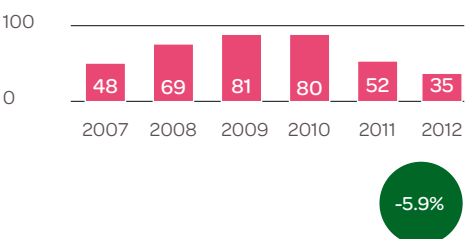
The online gaming market reported the highest growth of the total gaming market with a CAGR of 71.3%. Growth was driven by the Skill, Card and Casino Games segment, which reported gross receipts of nearly EUR 14 billion in 2012, equivalent to 90.3% of total receipts in the area. Its success can be attributed to several factors, including the extremely high payout (on average higher than 95%) and the frequent launch of new products. With regard to these, tournament poker was introduced in 2008, Cash Poker and Casino Games in 2011 and online AWP machines in December 2012. These innovations have made it possible to attract a large number of Consumers from illegal gaming on foreign websites to legal, regulated gaming on “.it” websites.

Another important factor is the growth of online betting in 2012, thanks to the introduction of live betting for which websites provide an ideal format, and also thanks to the launch of new smartphone applications which have increased their user potential.

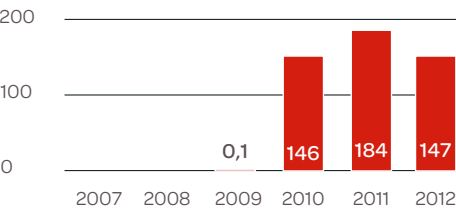
### Online Sport Betting and Pools



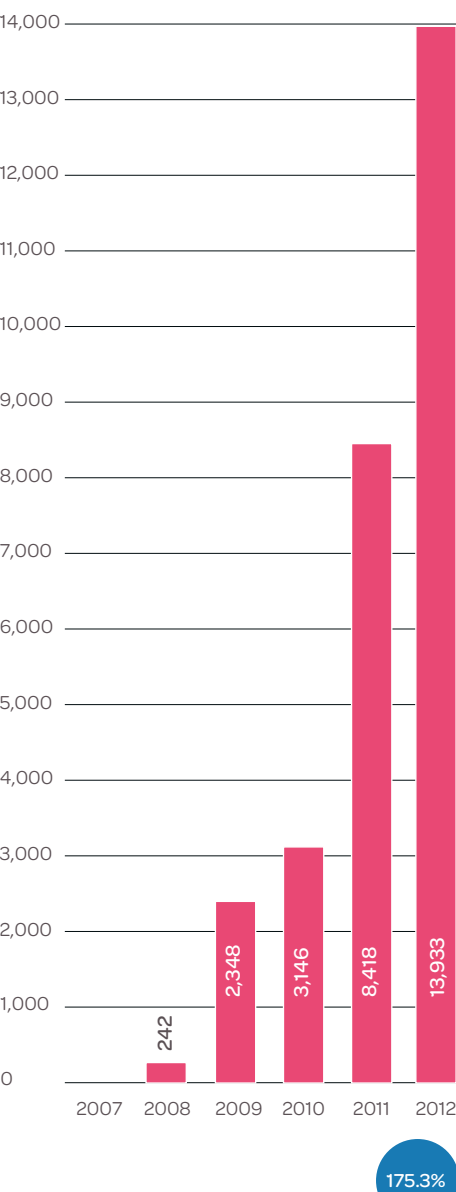
### Online Lotteries



### Online Bingo



### Skill, Card and Casino Games



Figures in EUR million



CAGR 2007 - 2012



CAGR 2008 - 2012

2012 Gaming Market based on Sisal Market Intelligence (updated 28/01/2013)

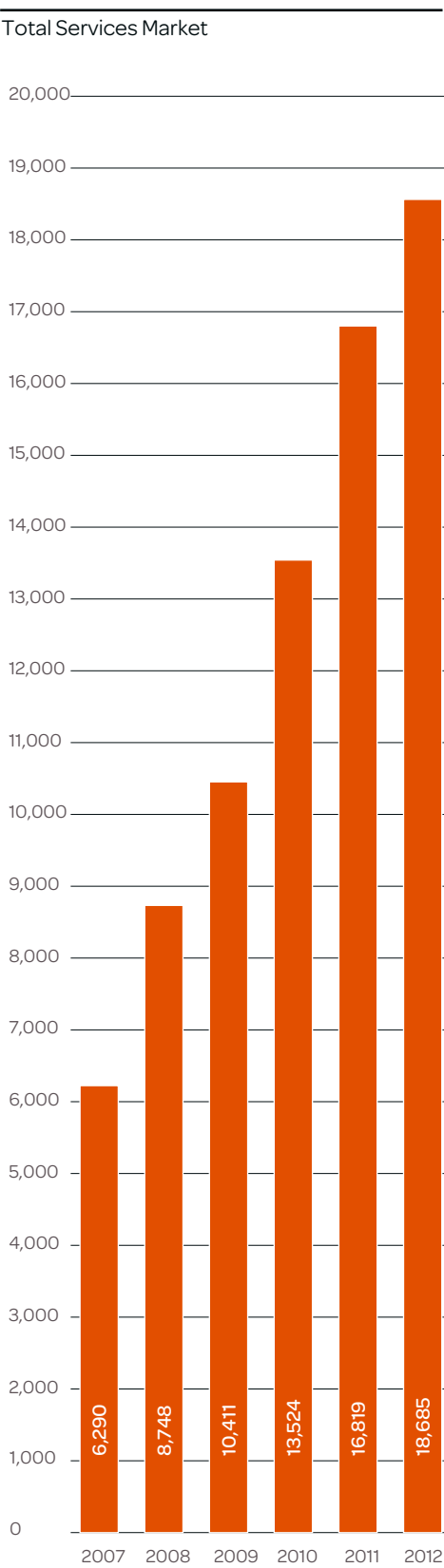
Recent studies (Polytechnic University of Milan Monitoring Center) have shown that the net receipts for the online sector, equal to EUR 750 million a year, are essentially stable (+2% approximately) and the significant growth in overall receipts is due to the high overall value of the winnings (high payouts).

### Payment Services

The payment services market again reported further growth in 2012, reaching receipts of almost EUR 19 billion.

The reason for this growth is the Consumer’s increasingly greater preference for this so-called retail convenience channel because of its widespread distribution throughout the Country, and because it constitutes a convenient, quick, practical and safe way of making payments. Furthermore, the services offered are constantly increasing and developing in such a way that it now constitutes a valid alternative to traditional means of payment (like post offices and banks).

If we analyze the different segments of the services market, it becomes obvious that the payment of utilities, bills, fines and other taxes is becoming increasingly important, reaching almost EUR 10 billion in receipts in 2012, with a CAGR in the period analyzed of 53.9%, making it the top segment in terms of receipts. The top-up segment, on the other hand, appears to have reached maturity with receipts of more than EUR 6 billion and a CAGR of 5.5%. Another segment is financial services (typically top-ups made using a debit card) which reported the highest CAGR (+97.3%), although, in terms of volumes, receipts are only EUR 2.2 billion.



Figures in EUR million ● CAGR 2007 - 2012

Source: Payment Services Monitoring Center – Busacca&Associati

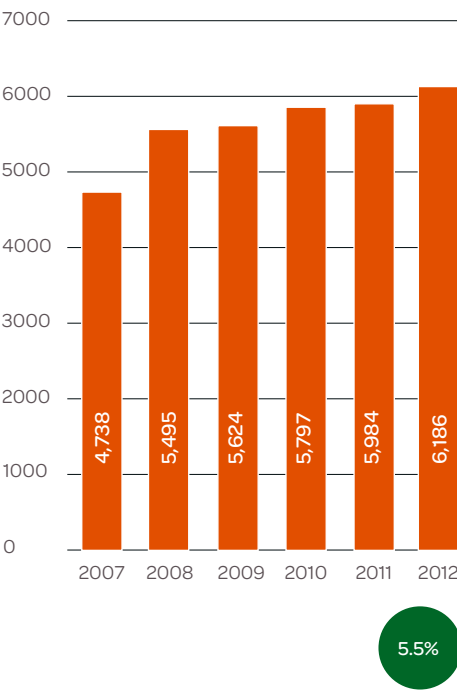
24.3%

A comparison of the services market between 2007 and 2012 shows that Consumers' purchasing behavior throughout the Country has changed.

Although in 2007 Italians spent 75% of the EUR 6 billion of receipts on mobile phone top-ups, today, now only 33% is spent for this purpose.

At the same time, bill payments increased from 19% in 2007 to 53% in 2012, ranking first among the segments of this market.

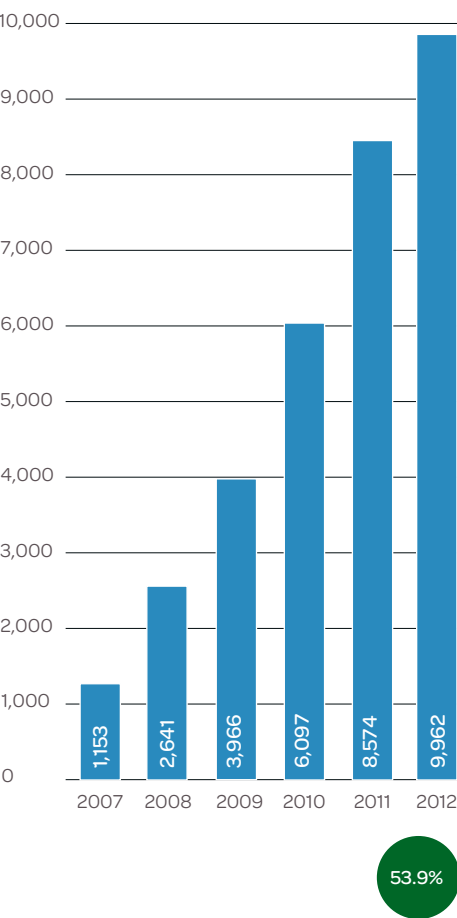
Top-ups and Cards



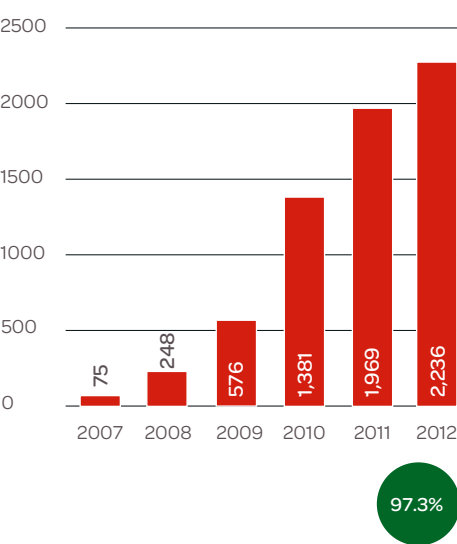
Figures in EUR million ● CAGR 2007 - 2012

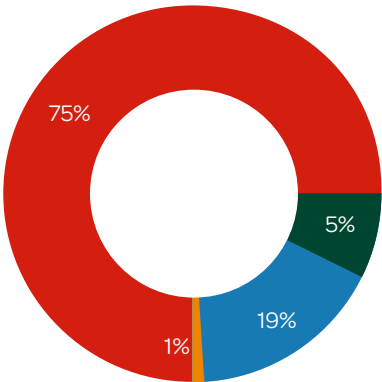
Source: Payment Services Monitoring Center – Busacca&Associati

Payments

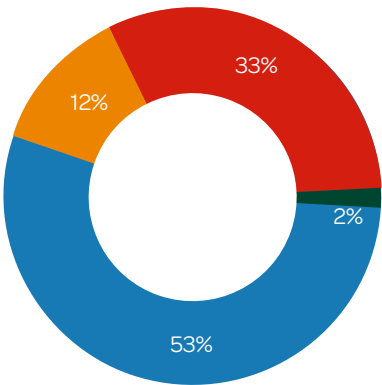


Pre-paid Cards

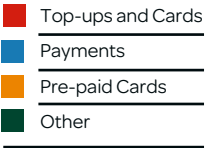




2007



2012



Source: Payment Services Monitoring  
Center – Busacca&Associati





A hand holding a pen, writing on a green background. The hand is positioned on the left side of the frame, with the pen tip pointing towards the center. The background is a solid green color.

# 2.

## **THE GOVERNANCE MODEL**



Sisal Group has always paid close attention to the principles of Corporate Governance in view of the need to guarantee, due to the specific nature of the business, the utmost integrity, transparency and responsibility.

The Corporate Governance system has been developed over the years and has been consistent in meeting this need, following and even anticipating trends.

# Principles and System of Sisal Corporate Governance

The Sisal Corporate Governance system adopts the traditional governance and control model, with a Board of Directors and a Board of Auditors, provided for by the Self-Regulation Code of Italian listed companies.

The system is based on risk control and management, the rules of the Code of Ethics and Conduct and quality-oriented operational management. Attention to the principles of Corporate Social Responsibility has also imposed a new organization and an internal Governance system specifically dedicated to Sustainability.

## Governance and Control Bodies

### 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)



**Board of Auditors**

Piero Alonzo, Chairman  
Maximum 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, Coordinator  
Andrea Castellani  
Alfredo Spizzico

(\*) Since 26 March 2013, these bodies have been established in Sisal Holding Payment Institution S.p.A. (SHIP S.p.A.) and perform their duties for all Group Companies.

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.

## Internal Control and Risk Management System

The Internal Control System consists of the set of rules, procedures and organizational structures designed to allow, through 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 bodies 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.

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 three occasions in 2012, with the participation of members of the Board of Auditors, Supervisory Board, the Internal Audit and Risk Management functions, independent auditors and managers from various areas of the Company. In 2012, the Risk Committee met twice.

### 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 Self-Regulation 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.

Finally, extensive coordination and collaboration has been achieved between control bodies, which has helped to make the system 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.

## Security Committee

A Security Committee has also been established at the Parent Company to safeguard the Sisal Group's information assets from unauthorized access and modification, ensuring availability and consistency over time. The Committee is tasked with identifying guidelines, approving strategic and operating security plans and drawing up the Security Report.

## CSO - Chief Security Officer

The complexity and peculiarity of the business which Sisal operates in, new legislation and certification processes require increasingly higher security and quality levels. For this reason, in March 2013, a new corporate figure was established to coordinate all the areas that deal with security. The CSO - Chief Security Officer - is responsible for coordinating IT Security, Physical Security, Data Protection and the Quality Management System. The CSO is also in charge of monitoring anti-money laundering programs for Group Companies and reporting any suspicious transactions.

## Organizational Model in accordance with 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 offenses 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 (hereinafter 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 and Conduct
- 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 2012, individual meetings were held with twenty-two 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 Organizational 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. The Organizational Model, as well as the Code of Ethics and Conduct, were updated in the first quarter of 2013 to take account of the new law enacted in the last quarter of 2012.



## 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 – Associates 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 applicable laws and 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 Associates 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 re-

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 preventative 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 Associates 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 Suppliers 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 obtaining 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.

Sisal's Code of Ethics and Conduct is published on the website [www.sisal.com](http://www.sisal.com), while other parts of the Organizational Model can be found on the corporate intranet, WeSisal.

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 an enterprise management system that is continually changing and expanding, and to certify, in accordance with the standard UNI EN ISO 9001:2008, three Group 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 Entertainment 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 electronic gaming machines
- technical support at points of sale

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

- remote collection and operational management of online games and betting data
- software design and development
- retail innovation and management of 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 orien-

tated towards the ongoing improvement of performance and the satisfaction of all Stakeholders. The 10 years of certification are a testimony to this ongoing commitment.

The Sisal Group set a couple of additional goals: achieving ISO 27001 Certification and integrating the Security System into the Quality System to achieve the wider objective of Corporate Governance.

## **Governance of Sisal’s Sustainability**

The Sustainability Model adopted by Sisal starts with a medium-long term strategic plan that responds to the desire to operate in a financially, socially and environmentally sustainable manner for all Stakeholders. Sustainability is overseen by the CSR department, within the Marketing and Communications area, with the following Governance structure:

### **Leadership Team**

The Leadership Team approves the strategic guidelines for Corporate Social Responsibility and Responsible Gaming and assesses the achievement of objectives. The Team meets every six months.

### **CSR Executive Committee**

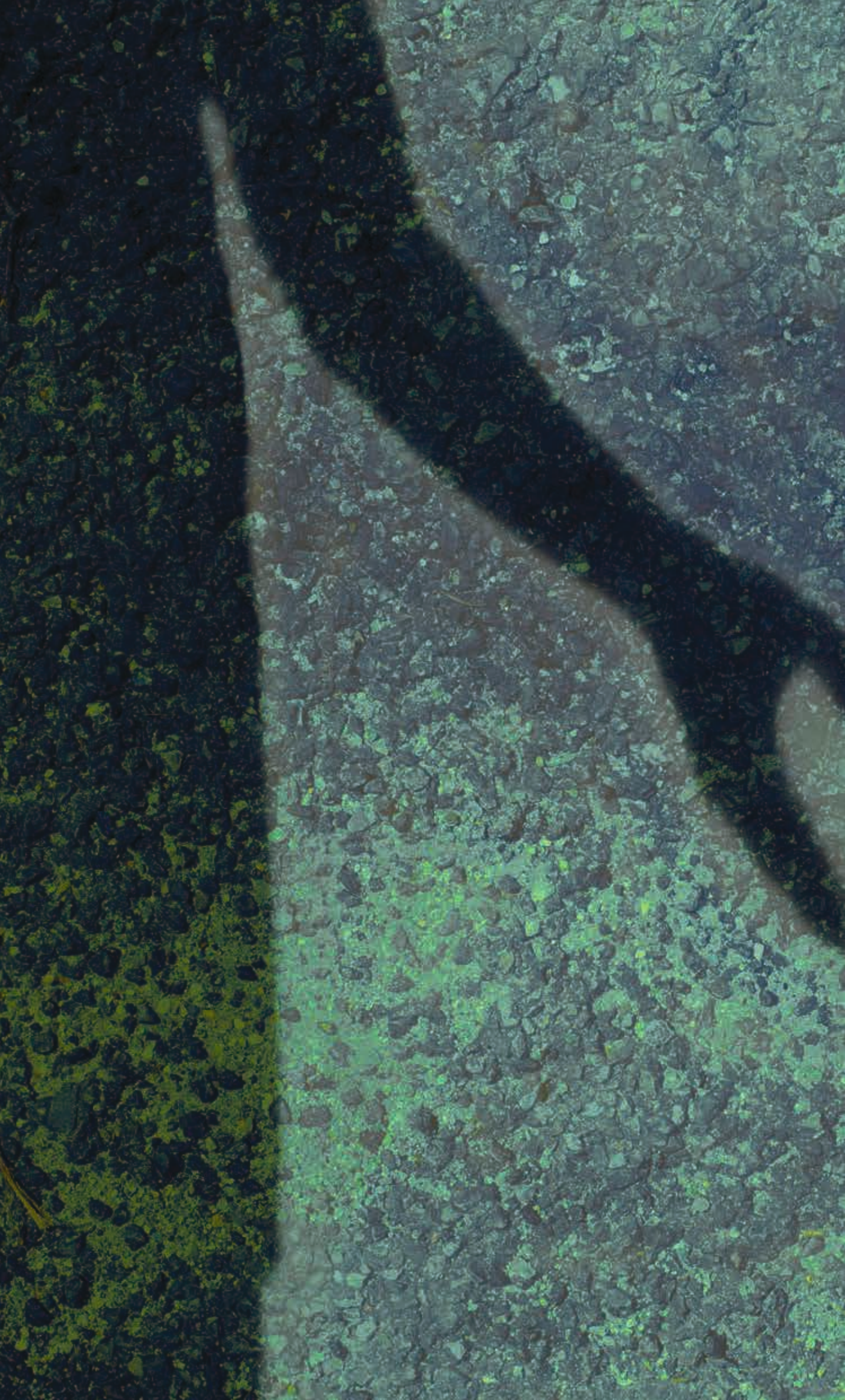
The CSR Executive Committee is composed of some Directors from the Leadership Team and coordinated by the Director of Marketing and Communications. It establishes the guidelines for Corporate Social Responsibility strategy and directs the Group’s Corporate Social Responsibility activities. The CSR Executive Committee meets quarterly.

### **CSR Team**

The CSR Team is a multi-functional work team responsible for developing CSR projects such as Responsible Gaming and EL/WLA certification, development of the Stakeholders’ Engagement methodology, drafting of the Social Report, as well as the production of the Action Plan, which sets out the targets involving Sisal’s Stakeholders. The CSR Team meets each month based on project requirements.

Coordination is ensured by the CSR Department, an organizational unit dedicated full time to Corporate Social Responsibility issues and, specifically, to Responsible Gaming and EL/WLA certification, the development of the Stakeholders’ Engagement methodology and drafting of the Social Report.







The background is a dark, textured surface, possibly a wall or ground, with a mottled pattern of dark green, black, and grey. A large, dark shadow of a person is cast across the lower half of the image, suggesting a person is standing nearby, though they are not visible.

**3.**

**SOCIAL  
SUSTAINABILITY**



# 3.

Sustainability runs through Sisal's entire business. It is an integral part of the Company today and it is at the core of our Mission and Values.

Sisal looks out for all its Stakeholders and listens closely to them.

This is why Sisal has launched a Social Sustainability Program for its Consumers, its People and the Community it operates in.

## Consumers: The Responsible Gaming Program

The relationship with our Consumers is based on the values of trust, expertise, fairness and transparency. It has allowed us to develop a Safe and Responsible Gaming Program in order to provide a model of conscious and balanced gaming, based on entertainment, prohibition of gaming for minors, prevention of problem gaming, and protection of the most vulnerable Consumers.

Sisal operates in the gaming market as a Government Licensee and collaborates with the Authorities to ensure a safe and legal model of Responsible Gaming.

Consumer protection involves all stages of gaming, from game design to its marketing and promotion. Furthermore, when a new product is marketed, Sisal ensures that information, training and assistance are provided to the Sales Force and Players with regard to Responsible Gaming and that specific security measures are implemented.

The main goal of all our business areas is the constant implementation of innovative and increasingly effective protection measures in order to protect Players and minimize the risks they might be exposed to.

With regard to advertisement practices, Sisal has worked with other Authorities and Organizations to develop industry-specific Guidelines for Advertising Self-Regulation, in order to ensure that all advertising campaigns are not misleading, protect Consumers and respect social sensitivity. In order to achieve this objective, in 2012 Sisal implemented and expanded the Strategic Plan launched in 2011. This plan focuses on three main action areas which were identified thanks to Sisal's on-going synergy and collaboration with its Stakeholders.

These areas are:

- initiatives to ensure the enforcement of the absolute prohibition of gaming to minors and protection of minors;
- prevention of excess gaming, complemented by Help-desk support for problem Players, in collaboration with nationally recognized, specialized Bodies and Institutions;
- responsible communication, based on Sisal's Responsible Gaming model, in order to provide correct, true and transparent information to recipients, allowing Players to make knowledgeable choices based on the normal rules of prudence and responsibility.

Sisal believes that it is crucial to subject its Responsible Gaming Program to the assessment of accredited third-party bodies. Over the years, our compliance with the commitments we have taken on and implemented has been certified to the highest international standards





established by European Lotteries (EL). In February 2011, Sisal was one of the first European operators to obtain a certification for its compliance with the Responsible Gaming Standards. The certification was confirmed in 2012.



In 2012 Sisal was awarded another important recognition by the World Lottery Association (WLA), which verified and certified the Sisal Group's commitment to the planning, development and implementation of the Responsible Gaming Program to protect Players. Our commitment complies with the high standards of the maximum certification level (4) established by the WLA's Responsible Gaming Framework, thereby confirming Sisal's leading position among international Responsible Gaming businesses.

## Responsible Gaming in each business area

This section summarizes Sisal's commitment to Responsible Gaming in each area of its activity and in accordance with the goals set in 2011, the activities carried out in 2012 and the commitments undertaken for 2013 and in the long term. In this respect, Sisal adopts and implements international best practices.

### 1. Studies and Research

Sisal promotes studies and research on the prevention and identification of excess gaming practices, disseminates the relevant outcomes and implements Consumer protection measures accordingly.

As suggested by AAMS, in 2010 Sisal – together with other associations and companies in the sector – promoted "Play for Fun", a three-year research project focused on Responsible Gaming and Communication.

#### **"Play for Fun" Research Project**

In August 2012, during the "Meeting for Friendship among Peoples" in Rimini, the "Gaming: Responsibility and Communication" conference was organized to present the outcomes of the second stage of the "Play for Fun" research project.

This three-year research project was commissioned by Acadi (Association for Entertainment Devices), "Giochi e Società" (Association for Games and Society) and companies such as Sisal and Lottomatica. It was designed and developed based on AAMS recommendations with regard to responsible public gaming.

The research project – undertaken by "Fondazione per la Sussidiarietà" in partnership with the Catholic University of Milan and Moda-Cult (Center for the Study of Fashion and Cultural Production) – monitored perception, trends and the social understanding of public gaming by youths from all over the world.

The research project was launched in December 2010. In 2011 the results concerning three main areas were published:

- product communication by major Licensees
- communication regarding responsible public gaming
- relationships between gaming and socializing as perceived by youths

The second year of research focused on two categories: youths aged between 18 and 27, and professionals.

### **Youths and the “Responsible Gaming” blog**

The “Responsible Gaming” blog focused on opinions and attitudes regarding gaming. It was an interactive platform that involved more than 80 youths aged between 18 and 27. Participants shared their opinions as to why youths start gaming. Three main factors were identified: advertising; the possibility to play both offline and online; and the socio-economic context. The youths were reluctant to define themselves strictly as Players; indeed, they stressed the complexity and the ambivalence of why they play. They discussed the role of the Government and of the industry’s performers. The outcome was a unanimous request that the Government and the industry’s performers agree on responsible policies with regard to transparent communication, paying special attention to the Citizen-Consumers.

Educational policies for minors were also greatly emphasized. Adolescence is a stage in life when one pushes boundaries; hence, it is an ideal breeding ground for poor gaming practices. Furthermore, youths are not generally aware that gaming is prohibited to minors. Therefore, in order to effectively fight under-age gaming and gambling addiction, the interviewees suggested an integrated approach involving family, school and the Government.

While family should be tasked with making minors aware of the risks of gaming, school teachers should be provided with tools to promote targeted courses. The youths have asked that the Government play a more active role as both a regulator and a protector, with more stringent laws and more psychological support for gambling addiction.

Youths also discussed advertising and online gaming. According to the interviewees, more effective, frequent and responsible communication is required with regard to gaming. As for online gaming, those without direct experience of distance gaming perceive this sector as unregulated and unmonitored, whereas youths who play online do feel that the environment is sufficiently monitored.

### **Blog for Professionals**

A specific interactive platform was used to collect opinions on gaming from twenty professionals chosen on the basis of gender, age and profession.

The blog made it possible to gather the professionals’ opinions on gaming, as well as their expectations concerning the development of this sector. The professionals emphasized two key aspects: an economic-institutional aspect that concerns the need for the joint presence of the Government and of Sector Operators due to the sensitivity of this sector; and an ethical aspect concerning the emphasis that should be placed on gaming communication. The latter, in particular, must make a clear distinction between true and ambiguous messages and not simply describe what gaming is and how it should be.

Compared to the youths, the professionals have been greater advocates of training for adults, since protecting minors means first and foremost training the adults who must protect them. This can only occur with the dual action of training and risk prevention for families, teachers and educators.

This research project has provided precious indications concerning the development of more effective responsible communication. Giancarlo Rovati, Professor of Sociology at the Catholic University of Milan, has commented:

“The direct observation of what occurs in gaming-betting shops allows us to understand the connection between individual products, responsible communication and actual consumption, by comparing general attitudes (by the Government, Licensees, potential and actual Consumers), that stand for the macro-social dimension, with the actions of Managing agents and Consumers, that stand for the micro-social dimension. As far as communication is concerned, ethnographical analysis allows us to verify the weight attributed by Managing agents to the institutional call for Responsible Gaming and the influence of social micro-contexts on the development of responsible behaviors rather than compulsive behaviors, providing a further contribution to transparency and to ethical and social reflections.

### **Sisal Partners in the “Play for Fun” Research Project**

**Fondazione per la Sussidiarietà** was established in 2002 by Giorgio Vittadini with a group of university professors and key people from the cultural and entrepreneurial world. Its Mission includes advanced scientific and cultural studies as well as the dissemination of a vision of society based on the central role of the individual and the principles of subsidiarity, with particular emphasis on educational aspects.

The Foundation has been conceived as a forum for research, training and sharing on social, economic and political matters. Over time it has launched many multidisciplinary projects at national and international levels. Sisal has partnered with Fondazione per la Sussidiarietà as the latter recognizes the strong value of the individual, it emphasizes the importance of dialogue and exchange as the basis of pluralism and as a requisite for the growth of identity, and because of the critical conscience that drives its research activities, all of which are undertaken jointly with leading scientific departments.

**ModaCult – Center for the Study of Fashion and Cultural Production** is a research center founded in 1996 within the Department of Sociology and the Faculty of Political Science of the Catholic University of Milan. It involves teachers, university researchers and expert professionals from Italy and abroad. It has an international reputation for the study of consumption, cultural businesses and creative industries. A distinctive feature of ModaCult is the implementation of the qualitative methodology for investigation in order to understand both manifest and latent symbolic dimensions of social phenomena.

- > 2013 Commitments >** **To carry out ethnographical studies in order to explore the specific behavior of youths and women in gaming points of sale**
- >** **To foster the “Gambling – Players and Trends in Italy” system study, in collaboration with “La Sapienza” University of Rome, IPSOS and Lottomatica, in order to investigate**

the perceptions and knowledge of Players regarding gaming, support services and awareness initiatives

## 2. Game-development risk level assessment and monitoring tools

In compliance with the European Responsible Gaming Standards by European Lotteries with regard to Responsible Gaming, Sisal has implemented a procedure that relies on a specifically developed tool to assess the social risk associated with any game before it is marketed.



The objective is to define elements and criteria for Player protection and to implement appropriate strategies to avoid any risks starting from the initial phase of game design. Since 2010, Sisal has been the licensee for GAM-GaRD, a risk assessment tool developed by an international team of psychologists and researchers that analyses the structural features of a game (length, maximum winnings, regularity of prize draws, etc.) and its elements (accessibility of gaming halls/shops, opening hours, etc.) according to criteria designed and tested by a panel of global experts.

GAM-GaRD assigns a score to each element. The final score provides the overall risk index for a game, pointing out any potential issues so that more efficient strategies can be elaborated in order to protect Players, with particular reference to the most vulnerable individuals.

### Assessment and analysis method

Risk assessment through GAM-GaRD implies various steps:

**Step 1** Definition of game features

**Step 2** Assessment of each feature

**Step 3** Result analysis

**Step 4** Suggestions

**Step 5** Final report

In 2012, all Sisal National Lotteries (“GNTN”) were assessed. The final outcome for all of them was positive: none was considered to be highly risky for Players.

### ➤ 2013 Commitments ➤ Extension of the GAM-GaRD tool to the entire Sisal game portfolio

**GamRes** is a Canadian company that studies the psychology of gaming applied to the development of efficient strategies and tools for Responsible Gaming. It comprises a team of psychologists with many years of experience that cooperate with an international network of experts. The combination of research and a detailed market study responds to the need to balance a responsible gaming offer in sustainability-inspired contexts with the goal of providing Players with an enjoyable and fun gaming experience. Sisal uses GAM-GaRD, the tool developed by GamRes, for preventative assessment of gaming risks and continues to

collaborate with the Canadian company for risk-degree certification.gioco emozionante e divertente. Sisal utilizza GAM-GaRD, lo strumento sviluppato da GamRes per la valutazione preventiva del rischio associato ai giochi, e continua a collaborare con la società canadese per la certificazione del grado di rischio.

3. Tools for prevention, self-suspension and monitoring in distance gaming

The Sisal Group offers its Players the opportunity to play online through the Company’s digital portals and applications using the most advanced technologies to ensure secure, responsible and legal gaming.

In order to avoid access of minors to online gaming, Sisal applies both a number of checks connected to the Regulator’s systems (SOGEI) and its own registration system that is constantly active for a real-time check of personal data, including date of birth and tax code.

If the individual attempting to register is not an adult Italian citizen with a valid tax code, the Sisal system rejects the request automatically.

In order to complete the registration and allow Sisal to review the entered data, it is necessary to submit a copy of an ID document of the individual filling out the form. If the ID document is not sent within thirty days, the gaming account is automatically suspended and winnings cannot be claimed.

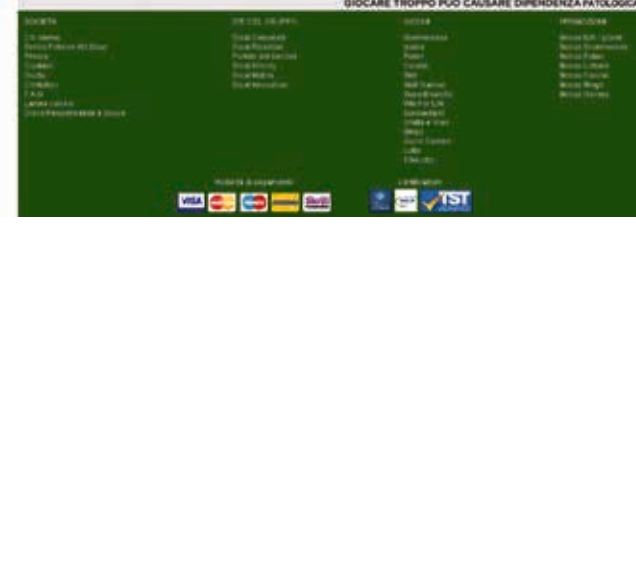
With regard to distance gaming, within a wider project of Corporate Social Responsibility, Sisal has designed the “Play Right” program together with AAMS in line with the latter’s policies of legal and responsible gaming. Sisal immediately implemented the strictest levels of self-limitation.

Our gaming websites provide for specific instruments and measures for self-limitation of monthly expenses and (temporary or permanent) self-exclusion, so that Players may set up their own gaming profile in order to play with awareness and within their own limits.



Some extracts from the “Play Right” section of Sisal.it





- 2013 Commitments ➤ To constantly update the “Play Right” section in gaming sites and increase information for Players on websites
- To improve and extend online prevention tools

## 4. Responsible Communication

In recent years, new Sector Operators have emerged alongside the long-time ones, especially in online gaming, and have quickly become very active. This has led to a general increase in investments for sales communication, giving rise to advertising messages with diverse features and objectives.

Thus, a need has arisen to define a single regulation that sets limits and restrictions aiming at assisting and guiding Operators in developing effective communication campaigns and messages so that they can both achieve their business goals and be good examples of responsible behavior.

As early as 2010, Sisal had already established its own specific guidelines for the development of sales communication of its advertisement campaigns. Sisal then was the promoter of the first industry-wide Self-Regulation Communication Code within the scope of "Sistema Gioco Italia".

This initiative, which involved Italian Self-Regulation Bodies and the leading Operators in this industry, led to the development of the "Code and Principles of Self-Regulation for Communication Concerning Games with Cash Prizes" by Federazione Sistema Gioco Italia, approved in June 2012, and to the inclusion of Article 28c in the Self-Regulation Advertisement Code by Istituto di Autodisciplina Pubblicitaria (IAP), in force since September 2012.

Moreover, as of 1 January 2013, Legislative Decree n. 158, dated 13 September 2012 (the "Balduzzi Decree"), contains a number of new provisions with regard to gaming. Therefore, in compliance with these regulations, Sisal has reviewed its own guidelines and business policy by stating that any communication campaign by any business area and department must comply with the new provisions and drafted specific materials to ensure its enforcement.

- > 2013 Commitments** **> Promotion of industry-wide rules to ensure that the market benefits and protects Consumers**
- > Internal monitoring of communication and preventative opinions from IAP (Istituto di Autodisciplina Pubblicitaria)**
- > Development of a specific awareness campaign on Responsible Gaming**

## 5. Staff Training

Commitment to Responsible Gaming in communication and training is one of Sisal's priorities. The online CSR (Corporate Social Responsibility) training platform for all staff members was launched in early 2012. The training is divided into four modules 1. Corporate Social Responsibility: definition and selection of business strategies; 2. Sisal's commitment: objectives and projects; 3. Player protection: Responsible Gaming and problem gaming; 4. Company Report. Each module ends with a test.

In June 2012 a two-session update course for Contact Center staff dealing with Sisal Players took place.

The course was led by the CSR Manager and doctors from the Institute of Psychiatry of the Fatebenefratelli Hospital of Milan. After an introduction to the CSR Program and Responsible Gaming commitments, the course dealt with all forms of excess gaming and risk factors, paying particular attention to teenagers, the role of information and the prevention of addictive gambling.

In July 2012, a meeting was held with Sisal Sales Team. The Marketing and Communication Director illustrated the Group's Corporate Responsibility Strategy and Responsible Gaming Program, emphasizing the crucial role of the Sales Team in the prohibition of gaming to minors and the importance of displaying Responsible Gaming materials and reporting any violations to the appointed managers through the CSR Unit connection ([giocailgiusto@sisal.it](mailto:giocailgiusto@sisal.it)).

Between late 2012 and early 2013 the content of the Sales Force portal was updated with regard to Corporate Social Responsibility, with particular focus on Responsible Gaming. Besides the update of the basic training module, which is mandatory for all new Sales Force, an additional course was set up for active points of sale. Both training modules will be launched in 2013.

For the benefit of all Sisal staff members, the company Intranet WeSisal now includes the topics of Corporate Social Responsibility and Responsible Gaming.

- **2013 Commitments** ➤ **To complete network training and specific courses for the Match Point agencies and Wincity halls**
- **To provide continuing training to directors and managers through specific meetings and online training for all Associates**
- **To provide continuing training for Contact Center staff**
- **To provide training on sales communication for staff and partners**
- **To identify and develop new communication methods for key Corporate Social Responsibility content**

## 6. Distribution Network Involvement Program

Sisal is in constant dialogue with its own Network and believes that, thanks to their direct contact with Players, points of sale are a strategic channel to promote and raise awareness about correct gaming behaviors. Thus, Sisal prioritizes the involvement of Sales Force through a training platform on their portal as well as through the design and implementation of a specific information campaign on the prohibition of gaming to minors and on the enforcement of said prohibition.

The mandatory training modules for new Sales Force and optional further training on Responsible Gaming offer practical advice to identify and support Players and the Community. Moreover, the Sisal network is constantly involved in and updated on the topics and the initiatives of Responsible Gaming through the publication of the Mondo Sisal magazine and the Sales Force's portal.




- > **2013 Commitments** > To gather feedback on training sessions and on the video for Players with key concepts of Responsible Gaming and prohibition of gaming to minors
- > To devise new material for Sales Force
- > To strengthen communication and information channels such as Mondo Sisal, the Sales Force’s portal and SisalTV

**7. Education and awareness: balanced gaming and protection of minors**

Each Government Licensee must prevent excessive gaming. Thus, on top of its deep-rooted professional ethics, in agreement with AAMS, Sisal offers Players safe and legal gaming by providing transparent information on Responsible Gaming and the prevention of gaming addiction.

Sisal knows how important it is to raise awareness about Responsible Gaming: the message “Play Right” is displayed very clearly on all materials distributed in the betting shops of its network and on all the websites of the Group. Sisal has also made the “10 Rules for the Responsible Player” available in all the betting shops to help Players in a balanced approach to gaming.





**GAMING IS FUN**  
**IF YOU PLAY RIGHTLY (within your limit)**  
**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](http://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 sogno sul sogno degli italiani.** 

10 Rules for the Responsible Player

**56** Sisal CSR Report 2012

A further tool for Player protection is the “What kind of Player are you?” test, available in the “Play Right” section of all Sisal websites and in all Wincity halls. It allows Players to test their approach to gaming.

The “10 Rules for the Responsible Player” and the “What kind of Player are you?” test have been designed with the support of the Institute of Psychiatry of the Fatebenefratelli Hospital of Milan.

Self-assessment questionnaire for Players

IL GIUSTO

N.	Question	Yes	NO
1	Is gaming still fun?	<input type="radio"/>	<input type="radio"/>
2	Do you play to make money?	<input type="radio"/>	<input type="radio"/>
3	Do you ever play with money you need for daily expenses?	<input type="radio"/>	<input type="radio"/>
4	Do you only play with amounts you can afford to lose?	<input type="radio"/>	<input type="radio"/>
5	Have you ever taken out loans to play?	<input type="radio"/>	<input type="radio"/>
6	Do you sacrifice time from your family, friends, sports, hobbies to play?	<input type="radio"/>	<input type="radio"/>
7	Do you plan how much you will spend before starting to play?	<input type="radio"/>	<input type="radio"/>
8	When you play, is it easy to stop or take a break?	<input type="radio"/>	<input type="radio"/>
9	Do you ever go over your planned budget?	<input type="radio"/>	<input type="radio"/>
10	Do you ever put in more money to recoup your losses?	<input type="radio"/>	<input type="radio"/>
11	Do you ever go over the time you had set aside to play?	<input type="radio"/>	<input type="radio"/>
12	Do you have any other hobbies besides gaming?	<input type="radio"/>	<input type="radio"/>
13	Have you ever played after consuming alcohol or drugs?	<input type="radio"/>	<input type="radio"/>
14	Have you ever played when you felt alone or depressed?	<input type="radio"/>	<input type="radio"/>
15	Do you think that tactics are useless and the chances of winning are low?	<input type="radio"/>	<input type="radio"/>
16	Have you ever thought about death after losing a game?	<input type="radio"/>	<input type="radio"/>
17	Does your family know that you play or how much you play?	<input type="radio"/>	<input type="radio"/>
18	Do you lie to others about how much you spend on playing or your losses?	<input type="radio"/>	<input type="radio"/>
19	Have you ever felt depressed because you weren't playing?	<input type="radio"/>	<input type="radio"/>
20	Do you ever think repetitively about gaming during the day even when you're not playing?	<input type="radio"/>	<input type="radio"/>

eD9m7

Enter the security code

Enter

Self-test “What kind of Player are you?”

- > 2013 Commitments

>

To include the following information on gaming material and point-of-sale displays, as well as in Consumers communication:
- Clearly stated prohibition of gaming to minors
  - Warning on the risks of addiction
  - Chances of winning by category
  - Contact details of support services for Players

## Focus on the protection of minors

One of the priority goals of Sisal's Responsible Gaming Program as concerns these areas is the absolute prohibition of gaming to minors and their protection. Sisal pursues this goal in many ways:

### **a. Sisal's Code of Ethics \***, available at [www.sisal.com](http://www.sisal.com), states:

Although gaming may offer positive emotions, Sisal does not allow people under 18 to play. This is to avoid the risk that, in the search for new emotions, minors might indulge in unhealthy gaming behaviors and habits.

Sisal requires the same commitment from its Sales Force and Partners, who shall comply with the Code of Ethics.

To this end, the Company has instructed the Sales Network not to accept any gaming requests from people under 18. In the event of any doubt as to the age of a Client, the staff shall ask for an ID document.

With regard to distance gaming:

Sisal has also set up check tools to stop minors from playing online.

### **b. Sisal Sanction System** (Organizational Model in accordance with Legislative Decree 231/01) states in Article 5 (page 6):

The Company shall implement the following actions, regarding its Employees, Consultants and Partners in general, for any breach of the Code of Ethics or non-compliance with the provisions set out from time to time in the relevant contracts in force between the parties:

- termination of the contract for non-fulfillment;
- in specific cases, sanction, unless greater damages are payable.

Furthermore:

The Regulator shall be entitled to make any investigations and carry out any verification that might be deemed appropriate based on the reporting of a potential breach of the Code of Ethics or any orders from the Judicial Authorities. Employees, Consultants and Partners must collaborate fully and transparently with the Regulator and provide any information requested.

- c. The Contract for a physical point of sale for National Lotteries (GNTN)** states that the Betting Agent (art. 21) has the specific obligation to comply with the Code of Ethics:

The Betting Agent Acknowledges the Code of Ethics implemented by Sisal. Compliance with said Code is an essential part of the obligations undertaken by signing this contract. Therefore any breach of the Code of Ethics may result, in the most serious cases, in termination of this contract, as well as payment of any damages suffered by Sisal.

- d. Gaming materials:** The text “Gaming prohibited to minors” must be displayed on all Sisal gaming material and advertising campaigns.

- e. Online:** In order to register for a gaming account, Players must enter their age (which must be over 18 years). Moreover, the company’s policy on the prohibition of gaming to minors also provides for a copy of the ID document stating the Player’s age to be sent to Sisal.

- f. Sales communication:** In order to ensure effective implementation of the principles set out in the Self-Regulation Advertisement Code – issued by Istituto di Autodisciplina Pubblicitaria (IAP) and adopted by Sisal – and to ensure a model of Responsible Gaming, Sisal has designed its own policy with regard to sales communication.

- g. Sisal’s sales communication policy and internal guidelines** have contributed to the definition of the Guidelines for the Gaming Sector adopted in 2012 by the leading industry operators both with regard to advertising content and positioning in media. Specifically, the Guidelines include Sisal’s commitment with regard to its own sales communication, i.e. avoid mentioning or referring, even indirectly, to people under 18, in order to eliminate any risk of use and abuse by minors.

The actions described above relating to the protection of minors have also been developed in accordance with the provisions of art. 1, par. 70, of the “Stability Law” n. 220 of 12/13/2010 (published in the Official Journal n. 297 dated 1/12/2010) and the provisions of the Balduzzi Decree – legislative decree. n. 158/2012 (converted to Law n. 189/2012).

\* Code of Ethics approved by the Board of Directors on 30 March 2010, article 4.10 (page 9)

## 8. Assistance to Players

In 2012 Sisal upgraded its support for potential problem Players by undertaking the following actions:

### “Sincere help”

Staff members at the Sisal Contact Center for Players are regularly trained and updated on Responsible Gaming-related topics. Specifically, annual meetings are held with clinical experts that train our staff with regard to pathological gambling and provide guidelines and tools to deal with potential problem Players. Sisal offers a Help Desk, open 24 hours a day, called “Un aiuto sincero” (“Sincere help”), which provides basic assistance and information with regard to Responsible Gaming. This service is also available by sending an e-mail to [giocailgiusto@sisal.it](mailto:giocailgiusto@sisal.it). The relevant account is managed by members of the CSR Unit.

The self-assessment test “What kind of Player are you?” is available in the “Play Right” section of all Sisal websites and in all the Wincity halls. This test has been designed by specialists at the Institute of Psychiatry of the Fatebenefratelli Hospital to allow Players to control their approach to gaming.

### “Answers from the expert”

From 2010 to 2012, the Company supported a service provided by external specialists for assisting people facing excess gaming-related problems. The service is supplied by the Department of Psychiatry managed by Professor Claudio Mencacci of the Fatebenefratelli Hospital of Milan.

Over the past three years, the “Answers from the expert” clinical support service, managed by specialists at the Institute, has provided direct assistance to Players through a toll-free telephone number and a dedicated e-mail account.

**> 2013 Commitments > To promote risk-factor awareness and provide support to problem Players through the “Play Responsibly” service by FeDerSerD (Italian Federation of Services and Departments for Addictions), in collaboration with Lottomatica**

### The “Play Responsibly” service

A joint service ensures much-needed support for all Players, whatever type of gaming they practice in the Italian territory.

The goals of the “Play responsibly” service are:

- promoting knowledge of risk factors and providing tools to avoid them;
- providing care outside of local services;
- supporting family and friends of Players in finding answers and solutions to the latter’s problems;
- offering professional support, counseling (both psychological and legal) and care to people struggling because of excessive gaming;
- helping people find suitable social and health assistance services.

The service, which was launched at the beginning of 2013, is managed by a team of professionals including psychologists, psychotherapists, psychiatrists and lawyers. It can be reached by land line and mobile telephone on a toll-free number 800.921.121 (from Mondays to Saturdays, from 9 am to 10pm) and 24 hours a day on the [www.playsponsabile.it](http://www.playsponsabile.it) web portal.

## **FeDerSerD**

FeDerSerD is the Federation of professionals working in the field of addictions. It operates in a number of areas such as research, prevention, care, rehabilitation and training for pathological addictions and problematic consumption. It has 1,300 members: professionals in Departments and Services for Addictions (doctors, psychologists, nurses, social workers, educators) and accredited private organizations. It has a widespread presence, with its own members, in all the Services for Addictions of the Italian Health Service System. In particular, FeDerSerD:

- promotes research and projects in a clinical, social, preventative context;
- manages training and the exchange of knowledge and experience among professionals;
- is active with regard to cultural and social topics related to addictions and problematic consumption with the magazine Mission, the newsletter Informaserd, the Gambling Newsletter and many other publications (see [www.federserd.it](http://www.federserd.it)).

## **Dialogue with Consumers through the Network**

### **Communication**

Sisal points of sale are in contact with Consumers through a comprehensive multimedia approach. Sisal supports Sales Force with info-learning, advertising and promotional material, as well as with SisalTV and in-store video communication (televisions and digital communication systems).

Approximately half of Sisal's network of betting shops is equipped with the latest terminals with Customer Display (Cudi) screens. These screens broadcast information and promotional videos on the products and Mr. GIG's commercials. Launched in December 2010, these commercials are inspired by the "Play Right" concept.

Mr. GIG's cartoons and comic sketches convey a message about moderate, aware and balanced gaming. In 2012 this commercial aired 64 times a day, from 7am to 11pm.

### **Material**

Gaming material – the main point of contact between Sisal and the Players – has been designed to effectively communicate the features and rules of each game, as well as any potential source of further study of its mechanisms. For Si-VinceTutto, SuperEnalotto and the more recent national lotteries – the three versions of Vinci per la Vita - Win for Life (Viva l'Italia, Grattacieli and Cassaforte) and EuroJackpot, introduced in 2012 – Sisal has added extra information stating the chances of winning in each category, ensuring greater clarity and transparency for Players.

Furthermore, all the available material clearly states the limits and requirements for correct and responsible gaming. Indeed, all game cards include the logos of:

- “Play Right”, referring to the important balance between fun and responsibility;
- 18+, to emphasize that all games are for adults only.

Since January 2013, in compliance with the “Balduzzi Decree”, new warnings for Players have been added on all gaming material and display units at the points of sale:

- inclusion of the 18+ logo with the sentence “Gaming prohibited to minors”;
- clear statement of the “Play Right” logo with the sentence “Gaming may cause pathological addiction”.

These warnings are also found on all gaming receipts. All game cards, not just for recent games, provide information about the chances of winning for the relevant category. Should this information not be provided because of space limitations, reference is made to the information website and the AAMS website.

## SisalTV

Sisal makes SisalTV available to all its Consumers. Sisal’s TV business was established in July 1996 and it was designed to present the two different offers we provide: games and payment services. Indeed, SisalTV is available both in Sisal betting shops selling Lottery products and in points of sale offering public payment services through Service Centers.

SisalTV is an important entertainment and information source on games, services and Responsible Gaming for Players, Consumers and Sales Force. As 72% of Sisal points of sale are bars and tobacconists, SisalTV broadcasts have an estimated daily audience of 5 million people, including Players (45%) and Consumers (55%).

SisalTV Sport, in addition to promoting lottery products and payment services through the Service Centers, focuses on horse racing, broadcasting races from all Italian racetracks.

SisalTV announces the results of all prize draws by Sisal – including SuperEnalotto, SiVince-Tutto SuperEnalotto, EuroJackpot – and, since February 2012, Vinci per la Vita - Win for Life – every five minutes.

## The Contact Center – Player Service

The Contact Center is the main provider of support and assistance services for Players 24/7. The Contact Center provides the following services:

- information on games
- information on Responsible Gaming
- technical assistance on gaming applications and Clients
- assistance and information on gaming accounts

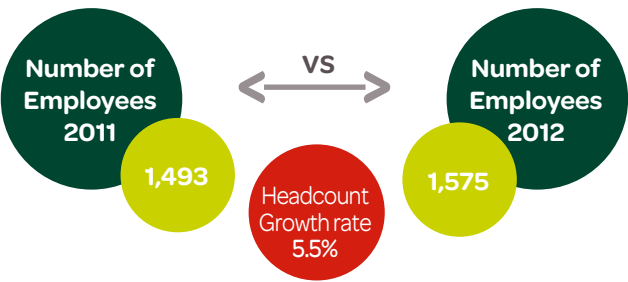
The services are available by phone, with a dedicated number (800.778.866), by fax and by e-mail (different e-mail accounts for specific gaming areas).



## Sisal People

Sisal’s Social Sustainability is demonstrated also in the attention we pay to our Employees and Associates, who contribute daily to the creation of Value for Sisal. We believe that Value is not only the ability to generate business and profit, but also an intangible contribution that begins from making the most of the personal and professional skills of every Employee and Associate.

In 2012, the Sisal Group confirmed its strong trend of employment growth. The headcount increased from 1,493 Employees in 2011 to 1,575 in 2012, with a 5.5% growth. This growth is essentially due to the increase in business of the whole Retail area (Match Point and Wincity) and Digital Games and Services, as well as to investments in new people. Many youths, who joined Sisal with an internship or a fixed-term contract, have been offered permanent roles within the Company.



Age	
20-30	25%
30-40	42%
40-50	21%
50-60	11%
Over 60	1%

Turnover rate 2012	7.23%
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Sex		
Women	694	44%
Men	881	56%

Seniority	
less than 1 year	5.20%
1 to 3 years	30.31%
4 to 8 years	36.38%
9 to 15 years	16.06%
16 to 25 years	7.12%
26 to 35 years	4.93%

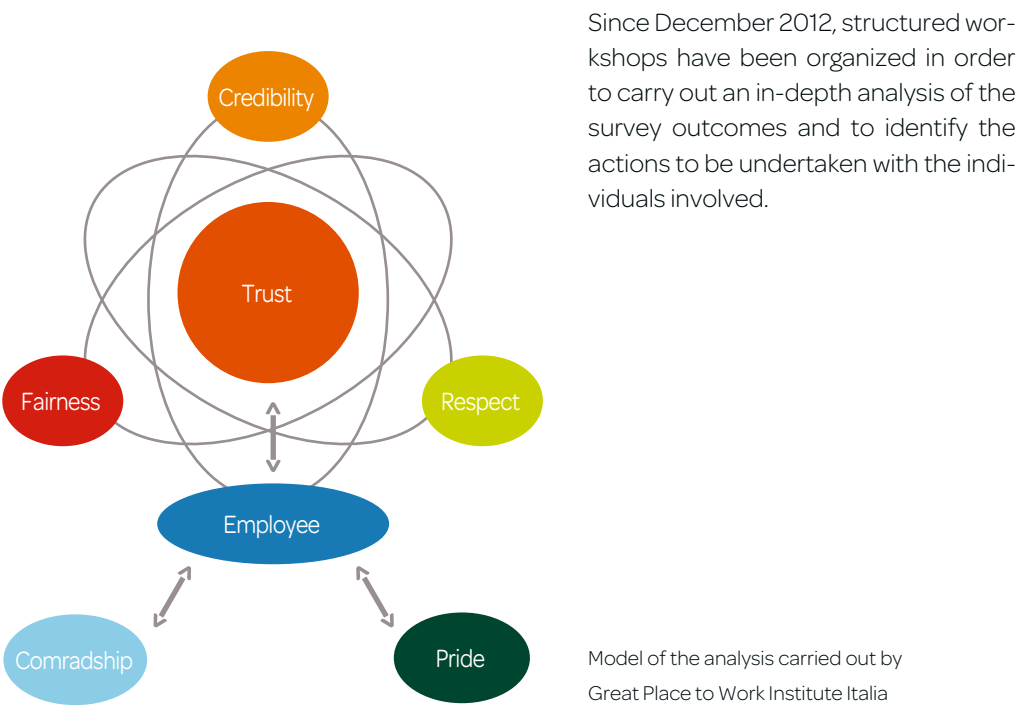
Role	
Directors	44
Managers	113
Employees (level 1)	121
Other	1,297

# The business Climate

In 2012 Sisal’s senior management decided to kick off a “change management” program including a number of initiatives with a double goal: providing an overview of the organization – as a group of people working in synergy to achieve business results – and devising an actual cultural change plan.

Initially, Sisal commissioned a preliminary “Climate Analysis” carried out by Great Place to Work Institute Italia, in order to obtain structured knowledge about the way Employees and Associates experience life at work, to identify potential improvement areas and subsequent actions, as well as to make internal communication more effective and transparent.

For Sisal, the first success resulting from the survey was the high percentage of staff response (82%), indicating their desire to be part of Sisal’s growth and development by actively contributing to the change process that began in 2012 and would further develop in 2013.



# New business Values

Sisal decided to invest in a new system of business Values that could meet new challenges and respond to the need for cultural renewal.

The “Values Project” was initiated in January 2012 by Sisal’s Senior Management. After benchmarking the Charter of Values of a number of leading Italian companies, a closed-ended questionnaire was published on the Company’s Intranet. The survey was intended for Sisal’s entire staff and made it possible to identify the values that best represent Sisal’s business.

Subsequently, a representative sample of Employees was involved in six focus groups and a number of one-to-one interviews in order to find the inspirational values for Sisal to achieve success as an organization and as a workplace of excellence.

In February 2013, this process gave rise to the new Sisal Charter of Values that, together with the Sisal Group's strategy of expected behaviors, expresses Sisal's identity.

### **Sisal Charter of Values**

- > **We Play as a team**  
We all do our utmost to reach our goals together
- > **We respect and care for our Consumers**  
Our Consumers' satisfaction and trust are our best reward
- > **We believe in People and their diversity**  
The Value of People and the richness of diversity are our winning combination
- > **We are responsible and excellent**  
We aim to achieve excellence in a sustainable and responsible way
- > **We innovate to grow**  
We constantly commit to innovation and growth. A Group which believes in the Value of research invests in its future

### **WiSe – Women in Sisal Experience: a project for gender diversity**

Sisal's cultural change program is inspired by excellence and quality. In this respect, diversity is an important asset.



The WiSe Project for gender diversity was established and developed in 2012. This project has three main goals:

- promoting cultural awareness about mixed teams made up of women and men, which add value to Sisal thanks to their diversity;
- recognizing, supporting and developing female talent for staff development and business profitability;
- encouraging the overcoming of internal and external obstacles to women's careers within the Company.

Six focus groups were organized with some Employees and fifteen one-to-one interviews were conducted with the Management in order to analyze opinions on gender diversity. Mixed training workshops were held to raise awareness about this topic and the stereotypes which prevent people from appreciating diversity in mixed teams, both at work and in life.

The main topics that were dealt with included: the importance of female networking; the need for a code of behavior that takes gender diversity into account; promotion of work-life balance; attention to Employees' wellbeing. In order to formalize this project, a transversal men/women WiSe Team was set up. Their tasks included defining, supporting and implementing actions to promote gender diversity.

## Business Welfare

In November 2012 two important business conferences were held about breast cancer prevention. These events were organized together with Europa Donna, a movement that promotes women's rights in breast cancer prevention and care both in the context of civil society and the scientific community.



Two open days about prevention were organized in Rome and Milan for our women Employees. Expert oncologists participated in these meetings, which included testimonials from people that support this cause.

In agreement with the labor organizations, Sisal has launched a Business Welfare program that deals with a number of matters associated with individual wellbeing at work, such as flexible hours. The program includes home working projects and support/coaching initiatives to resolve situations of discomfort.

## Career development

In 2012 Sisal introduced new skill-measurement systems in order to promote its People's growth and development.

One example is Fast Assessment, a web-based assessment method that allows Employees to measure their skills in certain organizational situations. In order to be successful in a market that requires constant updating of individual and professional abilities, every Company should invest primarily in skill development since skills are the main driver of the economy.

In 2012, Fast Assessment was applied to the Sisal Group's Sales Team as a whole (approximately 180 people), in order to align training programs to the sales team's actual needs. In 2013, the training will be adjusted to new business challenges. This tool encouraged professional growth of some key middle managers.

## Our events

### "Cerco un uovo per amico" initiative

For the second year in a row, at Easter, Sisal organized the sale of chocolate eggs together with the Italian Neuroblastoma Association. The funds raised went to the Italian Neuroblastoma Association that, since 1993, has been supporting scientific research for Neuroblastoma and pediatric tumors, with particular attention to brain tumors, in order to extend the range of possible therapies.

### Near Foundation

For two years Sisal has been collaborating with the Near Foundation in the implementation of a temporary outlet at Sisal's premises to promote a "different" kind of trade that balances "business" needs with local initiatives of Corporate Social Responsibility. Near Foundation's Mission is to finance social projects for the benefit of local people, especially children and teenagers, in the areas of health, family and education.

## To the Theater with Sisal

Sisal and the Piccolo Teatro of Milan have prepared a program to offer our staff the opportunity of enjoying theater: from “Arlecchino” to “Slava’s Snowshow”, from Toni Servillo to Angela Finocchiaro. Our staff had the chance to participate in meetings and events at Caffè Letterario, in the Nina Vinchi Cloister, with members of the cast and representatives of the cultural industry.

## Internal communication

WeSisal, the Company’s Intranet, is our main internal communication tool. It actively involves all Sisal staff. WeSisal is managed by an inter-functional team of 25 people (WeSisal Editors), coordinated by the Human Resources Department, which encourages shared content, collaboration and interaction. Internal communication is both an expression of the cultural change in progress and a tool to disseminate it.

## Sisal aspires to be a Great Place to Work: priorities for 2013

In 2013 the initiatives launched in 2012 will be consolidated and developed. The primary projects planned are:

- a. “Great Place to Work” Survey:** meetings to share the survey outcomes and establish actions for improvement.
- b. Sisal Charter of Values:** dissemination of the new Sisal Charter of Values to all levels of the organization to encourage appropriate behavior. Internal communication plays an important role in promoting awareness campaigns and organizing training courses.
- c. WiSe Project:** the main workgroups will focus on networking and defining a Charter of behaviors that values gender diversity. Networking has multiple goals: creating new leadership models, encouraging communication, promoting women’s awareness, supporting their growth and consolidating the new business culture.
- d. Management Training:** a structured training program and a number of initiatives in order to ensure the management’s personal and professional development, as well as sessions about change management, team coordination, communication and leadership.
- e. Welfare Project:** online portals will be implemented to make goods and services available to staff in order to improve their quality of the life, optimize time and reduce costs. Also, flexible working plans will be developed.

## Community

The Company's involvement in the Community goes beyond simple dialogue and, since 2009, has been expressed through local projects based on training and support to youths, scientific research, culture, art and sport.

Since 2009 Sisal has developed a Community Action Plan to support and implement initiatives that create training and socialization opportunities for the young, with particular attention to support for talented youths. The actions undertaken to the benefit of the Community include a number of activities that respond to social needs through the active involvement of the Distribution Network and Company Employees.

Sisal has decided to work on the Community Action Plan with highly qualified Partners. Sisal has selected its Partners on the basis of strict criteria that take into account the know-how acquired in specific areas, recognized excellence at national and international levels, as well as the type of projects that will be carried out.

The strategic areas of the Community Action Plan which the Company has invested in are:

### ● EDUCATION AND TALENTS

New contexts, opportunities and talent development training.

### ● ART AND CULTURE

Projects, events, art and culture, offering opportunities for relational growth and positive social aggregation.

### ● SPORT

Activities, projects, and events that promote the positive values of sport.

### ● SISAL FUNDRAISING NETWORK

Fundraising through the involvement of Sisal's Network, in order to support scientific research projects and initiatives for social emergencies.

### ● OTHER CONTRIBUTIONS TO THE COMMUNITY

Charitable initiatives and active citizenship projects that promote exchange and dialogue among local social groups.

## EDUCATION AND TALENTS

### Save the Children

After four years, in 2012 Sisal chose to support **Save the Children** again. This organization has been present in more than 120 Countries worldwide since 1919, contributing to improve the lives of many children and their families.

The collaboration between Sisal and Save the Children started in the period of the earthquake in Abruzzo. Since April 2009, our Company has continued to support its projects both in Italy (against drop-out) and in developing Countries (against maternal and infant mortality).

As for the disturbing phenomenon of drop-out, Sisal has recognized Save the Children's skills in identifying the problem, devising suitable strategies to turn it around and taking sustainable actions in various high-risk areas of Italy.



Thanks to the good results achieved with the pilot project **"In-Contro"** (Rome 2010-2011), the measures were implemented again for the 2011-2012 school year in Naples with the **"We love school"** project and in 2012-2013 in Milan with the **"Speaking out against drop-out"** project.

### The "W la Scuola" project

In the 2011-2012 school year the **"W la scuola"** ("Long live school") project involved two Municipalities in Naples where drop-out rates are particularly high.

**On 6 June 2012 the results of the "W la scuola" project were presented at Palazzo San Giacomo in Naples. The project involved 4,500 pupils and 100 teachers from Municipalities IX and II where drop-out rates reached 12.5% and 11.2% respectively.**

The primary goals of the project are: supporting and improving youths' learning skills and performances; stimulating their motivation; and involving them in identifying the underlying causes of drop-out and proposing solutions. One of the innovative aspects of the project is the peer-to-peer approach, that has increased the effectiveness of the program by making the youths involved the actual owners of the process as well as the promoters of the importance of school to others their own age.



The **"W la scuola"** project included a key event: 5 workshops (for a total of 10 hours) that involved 800 youths directly and 3,700 indirectly through the work produced by their classmates. These meetings were held to promote knowledge and an in-depth analysis of drop-out and to increase motivation for study as well as self-worth.



The workshops led to the creation and implementation, with the assistance of a communication expert from Save the Children, of the “Tagga la scuola nella tua vita” (“Tag school in your life”) awareness campaign to prevent drop-out and early school leaving. In order to identify the key message of the campaign, primary school children created comic strips, junior secondary schools pupils created a poster and the senior secondary school pupils prepared a video.

The “Tagga la scuola nella tua vita” campaign was organized under the patronage of the Municipality of Naples that in June 2012 made available approximately 100 advertising spaces for the posters. During the same period, within the schools, the pupils shared the video and the other material created during the workshops, based on the importance of school attendance, with their classmates.

With the help of educators and volunteers from Save the Children, this project included afternoon activities to support children and teenagers with particular learning difficulties and problematic family and social situations.

“Consultation Committees” were established within schools for teachers and pupils, to encourage dialogue and discussion regarding potential actions to combat the risk of drop-out and improve support activities.

### ● **The “A più voci contro la dispersione scolastica” project**

During the 2012-2013 school year, Sisal supported the “A più voci contro la dispersione scolastica” (“Speaking out against drop-out”) project involving two primary schools and two junior secondary schools in Milan. This is a further step in Sisal’s involvement with Save the Children in promoting education in Italy.

Working to combat drop-out in northern Italy also means working on the inclusion and integration of pupils of foreign origin through an integrated approach that directly involves the pupils. The objective is promoting a sense of belonging to the individual schools, making them places where the students’ opinions are listened to and where they may actively assert their right to take part in decisions that concern their school life.



The main activities include the implementation of:

**Workshops for youths** dedicated to rights pedagogy and communication among peers.

**Update courses for teachers and academic staff** in order to improve knowledge of immigration legislation and the right to study as well as to promote new school dynamics for the application of the principles of participation within the curriculum.

**Training for parents** so that they learn to positively support their children’s choices and academic careers.

**Consultation Committees in schools** to foster dialogue about drop-out, in order to gather proposals and requests from teachers, pupils and parents.

**Local awareness workshops** in order to open schools to the local community and promote collaboration among a number of educational entities (schools, associations, social services).

The strengths of the project are:

- the participation of everyone involved in the phenomenon of drop-out: pupils, teachers, parents, social workers and representatives of local institutions;
- collaboration with UndeRadio, the Save the Children radio station dedicated to integration that promotes the engagement of foreign youths by promoting better interaction among pupils;
- the central role of the teenagers involved in all the stages of the project, from design to implementation;
- the creation of networks among schools to share local best practices and between schools and the local area to raise awareness;
- monitoring of the work and proposals by the Consultation Committees, planned for the 2013-2014 school year. This will allow the inclusion of the best practices identified with the contribution of youths in the Training Plans presented by schools.

## ItaliaCamp Association

Since 2011 Sisal has supported **ItaliaCamp**, an association that intends to actively contribute to the development of a different participatory consciousness through a new engagement model; identify and support the training of new individual and collective leaderships that can take actions for the good of the Country; and promote ideas in support of Citizens, in line with the principles of social, environmental and economic sustainability.



ItaliaCamp was established in 2009, firstly as an Italian university think tank, by twenty young graduates of the Luiss Guido Carli University in Rome, to provide an innovative exchange and engagement model for civil society in order to make the most of new technologies and to develop a number of specific tools. These include **BarCamp**, a collaborative “non-conference” in which all members are actively involved.

Today, the Association is a network that brings together and encourages dialogue between 70 Italian universities and a number of Italian Institutions and businesses.

In collaboration with many Italian and international universities and with the support of leading Italian businesses, including Sisal, the association has promoted the “ItaliaCamp” project, that intends to gather ideas and proposals for social and economic innovation in Italy and to implement projects at a national level that respond to the needs of local communities in order to obtain maximum integration and widespread participation by civil society as a whole.

One of the winning ideas of this initiative is the “Scuola d’Impresa” (‘Business School’) project, chosen by Sisal to support the implementation of entrepreneurial initiatives by final-year university students, with particular reference to their degree thesis.

## ● The “Scuola d’Impresa” project

The “Scuola d’Impresa” project’s main objectives are:

- to encourage interdisciplinary collaboration among students, universities and businesses on innovative topics;
- to optimize the students’ work on their degree thesis, particularly by encouraging them to undertake project which may lead to interesting business opportunities;
- to train students about the options to start up a business based on their degree thesis;
- to connect students of various faculties to create multidisciplinary synergies and projects.

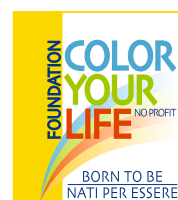
In 2012 the business model, the work group and work plan were identified and the following activities – set to be undertaken during the pilot stage – were organized:

**Call for Thesis**, to identify the topics of the thesis projects proposed to students;

**Call for Students** and **Call for Professors**, to involve students and teachers in the project.

## ● Color Your Life

In 2012, the partnership continued between Sisal and **Color Your Life**, a Foundation that supports youths who wish to develop their passions, express their talent and use it to build their future.



The Foundation has two objectives:

- to create the conditions for youths to benefit from best-in-class training opportunities by working together with schools and the world of culture, art and trades;
- to promote a cultural approach among youths, that is crucial to develop civil awareness.

Every year, Color Your Life launches many competitions for youths between 13 and 18 to present various creative works: essays, articles, interviews, reports, graphic works (comic strips, graphic novels, drawings, paintings), multimedia products, poems, plays and songs.

The works presented by students are judged by a Scientific Committee and the best are chosen to attend **COLORCampus**, a summer camp offering a cultural window on the world: 14 free-of-charge days during which the young guests meet academics, managers, artists, craftsmen, technical specialists, scientists and writers, for study sessions and workshops. English courses, fun activities and sports complete the experience.



Color Your Life is not just for youths, but also for teachers, principals and school managers who have supported the youths and Foundation’s activities.

**In 2012, 137 schools from 14 regions were involved, with a total of 862 participants. 147 projects were selected and 4 COLORCampus were held between the end of June and the end of August.**

In October 2012 the traditional Prof. 10 e lode" ('Professor 10 out of 10') event took place in Vicenza, offering a weekend of culture in an Italian art city. It was the opportunity to thank teachers and principals who supported the Foundation by sharing its values and to get to know the history and architectural beauty of the city.

### **Portofranco**

With the Vinci per la Vita - Win for Life brand, the Company supported the **Portofranco Association** in Milan in 2012 as well.

Portofranco provides study assistance to senior secondary school pupils with free study support, offering tutoring and assistance in catching up with course tasks and credits. Portofranco was established in November 2000 by a group of highly motivated teachers to deal with the problem of poor performances. In order to tackle the issue of failure at school, they decided to establish a personal relationship with youths struggling in school by offering them help with their afternoon homework.

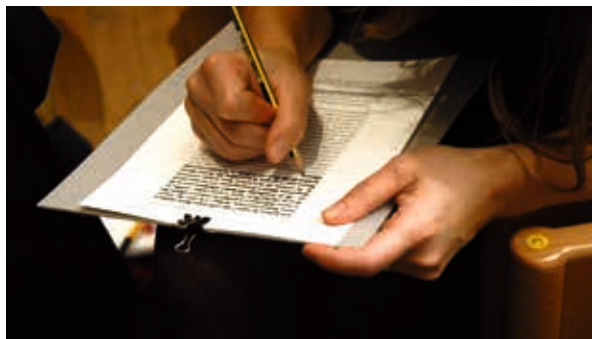
Youths are assisted by volunteers, often university students. The center welcomes 88 youths a day on average, both Italian and foreign, and more than 40 volunteers.

### **Publitalia '80 M.A. in Marketing, Communication and Sales Management**

In 2012 Sisal confirmed its support to the **M.A. in Marketing, Communication and Sales Management** offered by Publitalia '80. The course is intended for graduates who wish to start a career in the fields of marketing, trade marketing, sales and communication.

Sisal's contribution to this initiative includes seminars, workshops and reports on labor market trends, which offer the opportunity to update the training program on a regular basis. Therefore, the M.A. in Marketing, Communication and Sales Management is always an "up-to-date" bridge between universities and the businesses world.

The main teaching purpose is developing "specialist" skills as well as strategic thinking and international vision. Training goals include: developing a sense of responsibility, initiative and the ability to make decisions in risk situations and competitive environments.



## A4Job

The weekly magazine “A” published by RCS MediaGroup is carrying out an important campaign to reward youths’ talent, potential, and individual merit. The campaign, presented by “A” with the slogan “Noi non ci stiamo a premiare i senza talenti” (‘Talent Gets You Places’), has been widely appreciated by youths looking for work and by the readers of the weekly magazine.

Many prominent figures from the world of culture, business, politics, sport and entertainment have participated by lending their names and making appeals. Participants include the swimmer Federica Pellegrini, the businessman Giuseppe Stefanel, the economist Loretta Napoleoni and the top model Eva Riccobono.

The objective of the A4Job campaign, which was launched in partnership with the business world, is to actively involve companies and to ensure a direct contact between them and many talented youths, in order to allow highly qualified demand and supply in the workplace to meet.

In 2012 Sisal joined A4Job and entered into a partnership with “A”; this allowed a new colleague to join the Company.

## Brain Calling Fair

On 18 May in Milan and 24 May in Rome, Sisal participated for the second year in the “Brain Calling Fair – La Fiera delle idee e dei talenti”, a prestigious initiative organized by the American Chamber of Commerce in Italy.

The event, sponsored by the American Consulate General, Lombardy Region, Province of Milan, Municipality of Milan and Municipality of Rome, provided an opportunity for dialogue and exchange between businesses and talents and was an ideal context to present innovative ideas and projects.

This year, Sisal received 48 proposals through uploads to the Brain Calling Fair website and met with 18 projects authors in Milan and 14 in Rome.

## Rotary Club

In 2012 Sisal decided to support an initiative promoted by the Rotary Club North East Rome that assigns scholarships to orphans who have lost a parent in the workplace.

The Rotary Club North East Rome, established in 1978 by lawyer Cesare Moglie and some of his friends, shares Rotary Club’s key values, i.e. fostering the ideal of service as a basis of worthy enterprise; the recognition of the worthiness of all useful occupations; the commitment to serve society, the support for the advancement of international understanding, goodwill, and peace through a world fellowship of business and professional figures united in the ideal of service.

## Art and Culture

### Piccolo Teatro di Milano

In 2012, Sisal renewed its partnership with **Piccolo Teatro di Milano – Teatro d’Europa** for the fourth year running. The shared objectives of this partnership include providing youths with opportunities to meet prominent figures of the cultural world and encouraging them to experience theater, art and culture, in order to be inspired by the values that contribute to personal growth and foster positive social aggregation.

Sisal is a “Special Partner” of the Chiostro Nina Vinchi in via Rovello in Milan that was magnificently restored in 2009. The “Chiostro” is a special place for youths, students and theater devotees to meet and socialize. Four years after its opening, the Bramante Cloister is considered to be one of the most important cultural meeting places in Milan.

The activities that are specifically intended for younger generations include:

- meetings, workshops and seminars within the training programs organized in collaboration with the Universities of Milan;
- lectures and workshops for 1st and 2nd level M.A. students at Bocconi University, Catholic University of Milan and Bicocca University of Milan;
- international theatre courses organized in collaboration with the Universities and Institutes of Language and Culture in Milan;
- workshops, readings and show-lessons organized in collaboration with the Union of European Theaters.

### Art For Business Forum 2012

Since 2007, the Art For Business Association has researched and experimented with new ways of experiencing art in order to encourage personal growth for people working in businesses, by developing their disposition to make changes and encouraging lateral thinking to offer alternative methods for problem solving.

Working with Art For Business is consistent with Sisal’s Values that recognize art as an instrument of exchange and change for businesses.

As a Partner, Sisal supported the “**Art For Business Forum 2012 - Exchange to Innovate**”, dedicated to exchange and dialogue on innovation. The event took place on 16 and 17 November 2012, and featured meetings, seminars and workshops designed in partnership with the Milan Triennale. Sisal



participated in the Forum with the “**Art for Business Mentorship**” project, that provided two youths – Elisabetta Falanga and Michela De Carlo, students from the Academy of Fine Arts – with the opportunity to turn an idea into an actual project through the collaboration and support of two masters of the world of art and business: the artist Paolo Rosa and the publisher Marco Ghezzi.

During the Forum, the two artists presented their creative ideas: Elisabetta Falanga showcased *L'altro livello della terra* ('The other level of the earth') and Michela De Carlo illustrated *Energia Primaria* ('Primary Energy'). These projects are being developed based on a "creative sharing approach", an exchange of thoughts and ideas, that went through challenges and difficulties as described in a public blog/diary.

## Palazzo Marino in Musica

In 2012 Sisal continued to support the **Palazzo Marino in Musica** initiative sponsored by the Milan City Council and implemented with the collaboration of the Conservatorio G. Verdi to promote culture through musical meetings and literary readings. The festival, organized by the Equivoci Musicali Association under the art direction of Ettore Napoli and Davide Santi, included music from the 17th to the 20th centuries, with concerts accompanied by texts read by young actors and with a short introduction to the musical program. The calendar included six free weekend concerts in January 2012.

## L'Arte nel Cuore

In 2012 saw the end of the "**Radio Speaker**" training course supported by Sisal throughout 2011 and organized by **non-profit organization L'Arte nel Cuore**. This was the first European art education project intended for both disabled and non-disabled people. It aims at breaking through cultural and psychological barriers by sharing common experiences.

The Association aims to make up for the lack of activities and services for the disabled who have artistic talents and wish to develop them in an integrated environment.

The lessons were held at the Rome offices of Radio Dimensione Suono. The teaching program covered the main techniques of radio presentation, including technical sessions on how to create a radio program; theoretical lessons on marketing and editing; and practical exercises on diction and use of voice. The training course ended with a student production "*Con le tasche piene di miracoli*" ('With pockets full of miracles'), showcased at the Olimpico Theater in Rome on 4 June. In order to promote the event, the class recorded an advertisement that was broadcasted locally and nationally between May and June 2012 by Radio Dimensione Suono.

The course offered not only emotional growth by channeling the youths' artistic talent through voice expression, but it was above all a professional experience, based on the level of teaching and involvement of the participants.



## SPORT

### “lo tifo positivo”

Sisal’s support for the “**lo tifo positivo**” (“I’m a positive fan”) project continued in 2012. The project, which was promoted by the **non-profit organization Comunità Nuova** based on its experience in sports and education, encourages “sports culture” through a number of educational activities in order to prevent fan violence.



The project aims first and foremost at raising awareness about the need to take responsibility for your own actions. The key words are: respect, tolerance, education, commitment, healthy competition, fun, loyalty and acceptance of challenges.

The project is designed for primary school and junior secondary school students, and is divided into various activities:

#### Meetings in class

This initiative is designed specifically for youths. It is up to them to establish rules and to comply with them. During the meetings they discuss and share their experiences about sport and life through games, competitions, role playing, dramatizations and creative works. Everyone takes part based on their own skills, sharing and comparing them with their classmates.



#### Meetings with testimonials

Looking for role-models, youths have the opportunity to meet sports champions that tell their own story of passion, commitment, sacrifices and dreams, conveying positive messages that give food for thought.

#### Local event for Players and fans

A morning of games to check out whether ideas and thoughts discussed in class can turn into truly correct and appropriate behaviors.

#### Sporting events

Participation in significant sporting events is an important opportunity to involve adults. During these events, youths teach their parents to behave enthusiastically but correctly as fans through slogans and positive messages.

**During the 2011-2012 school year, the project involved 1,980 students in Lombardy, as well as two teachers per class, principals and parents. At the beginning of the 2012-2013 school year, the project was extended to other schools involving 2,500 students in total.**

Furthermore, the project also branched out to sport clubs and their associations.

The objective is extending the project to educational entities, formal and informal groups and any contexts where youths are particularly involved in the topics discussed and the experiences proposed.

The F.C. Internazionale soccer team has acknowledged the educational value of the “I’m a positive fan” initiative and the relevant networking activities. Thus, in January 2013 they proposed the project to eight groups of their soccer school, one of the most important at a national level for young professional players.

## **Futbolclub**

In 2012, Sisal and Futbolclub renewed their partnership established in 2010 by sharing a Mission based on youth growth through sport as a crucial opportunity for training and the acquisition of technical and relationship skills.

**Futbolclub** promotes recreational and competitive soccer for youths in Rome by ensuring technical preparation and sharing the positive values of sport. The club has a recreational soccer school for children aged 6 to 13 (kids, colts and novices) and a competitive soccer school for older age groups (very young, young and junior). In addition to competitions and friendly matches, children have the opportunity to enjoy interaction and healthy competition with foreign teams: they can come together, play and enjoy an unforgettable, positive cultural and relationship experience. Futbolclub intends to create an environment for youths to train in a pleasant atmosphere, in order to improve their performance and have fun at the same time. Indeed, Futbolclub believes that sport should convey a sense of community and friendship and raise awareness about correct behavior, mutual respect and tolerance.

## **U.S. Aldini Bariviera**

In the 2011-2012 season Sisal supported **U.S. Aldini Bariviera**, a long-time football club for youths of Milan. The club was established in 1930 as Aldini and merged with Bariviera in 2003. They both consider football training as an opportunity for healthy growth.



At Aldini Bariviera, youths are encouraged to approach sport in a manner that is fully compatible with the physiological, psychological and pedagogical needs of each pupil. Sport is considered as an opportunity to exchange experiences and build an educational relationship with youths based on healthy interaction, fun and, obviously, training.

Within the scope of this partnership, Sisal decided to support the “**Amici dei bambini**” (‘Friends of Children’) tournament which took place in May 2012. It was promoted by the club and the non-profit organization Amici dei bambini in order to foster a project for the Pediatric Hospital of Takeo, in Cambodia, which every month offers assistance to approximately 100 women during pregnancy and the first months of their children’s lives.

The tournament, now in its eighth year, is only for beginners born in 1999 and involves 20 football teams, including some of the most important in the Premiership league. Many young champions participate in this event which, year after year, has managed to disseminate the positive values of sport, charity and fun.

## Handicap Sport Varese

For the second year in a row, Sisal has decided to use the EuroJackpot brand to support the Varese wheelchair basketball team participating in an important sports and social project.

**Handicap Sport Varese** was established in June 1984 and is affiliated with FIPIC (Italian Wheelchair Basketball Federation), an organization that is part of the Italian Olympic Committee. Initially involved in athletics, the club is now exclusively dedicated to wheelchair basketball, which is practiced competitively throughout Italy.

The club's commitment is based on the conviction that sport can be very effective for rehabilitation. Indeed, sport is complementary to medical therapies as it offers important psychological and physical benefits. Besides, sport has a socializing function: practicing sports brings people together and it makes easier for young players to be accepted as real athletes instead of disabled ones. In the 2011-2012 season, in collaboration with Pallacanestro Varese, Handicap Sport Varese returned to competition, participating in the second division championship ("serie B"). In the 2012-2013 season, EuroJackpot Varese reached first place in the regular season and won the right to compete in the playoffs, where it was promoted to the higher league ("serie A2").

## SISAL NETWORK FOR FUNDRAISING

Sisal has been committed to solidarity for years. Through its network of Sales Force located throughout Italy, it undertakes fundraising initiatives in order to support scientific research against serious illnesses and minimize social emergencies.

### Partners for fundraising 2012

#### AIRC

For the thirteenth year in a row, Sisal is the technical Partner of **AIRC**, for the **National Day for Cancer Research**. AIRC, the Italian Association for Cancer Research, supports cancer research and provides correct information on results and care.



From 22 October to 17 November 2012, donations could be made through SuperEnalotto and Quick Picks game cards in Sisal betting shops; free donations could be made separately from gaming. Sisal supported the fundraising campaign with a specific communication strategy for Players and Sales Force.

The initiative was communicated to Players by means of texts on game cards and through advertisements and videos about AIRC, produced by and broadcast on SisalTV. Sisal also shared information on the fundraising both on Sisal websites and on the SuperEnalotto Facebook page. Sales Force were informed through their portal, the Sisal Call Center and SisalTV. As this was a charitable initiative, no collection commission was applied. The funds raised with donations were transferred directly to AIRC. The funds raised by Sisal supported the start-up by Thomas Vaccari at IFOM-IEO Campus in Milan.

In 2012, Sisal raised EUR 36,458 for AIRC.



For the eighth year in a row, Sisal was a technical Partner for **Telethon**, for their annual TV Marathon on the Rai television network, in the week from 9 to 16 December 2012. Telethon is a Foundation that finances biomedical research to cure rare genetic diseases.



From 3 December 2012 to 26 January 2013, donations could be made through SuperEnalotto and Quick Picks game cards in Sisal betting shops; free donations could be made separately from gaming. Sisal dedicated a specific communication campaign to the fundraising that was launched in its points of sale, on its websites and on SisalTV.

The funds raised by Sisal support two important research projects:

- **“Evaluation of an approach to genetic therapy with stem cells for the treatment of Hurler syndrome”**, coordinated by researcher Marta Seraini at the San Gerardo Hospital Pediatric Clinic - M. Tettamanti Foundation of the Bicocca University of Milan.
- **“Role of epigenetic factors in the identity of stem cells and the tissue regeneration processes”**, coordinated by researcher Davide Corona at the Department of Cellular Biology and Development – Biochemistry Unit of the University of Palermo.

In 2012 Sisal raised EUR 34,131 for Telethon.



For ten years **Fondazione Umberto Veronesi** has invested energy and funds to support scientific research. It shares important initiatives with authoritative academics to support innovative projects and it offers research scholarships (Young Investigator Program and research scholarships financed by IPSEN) to young doctors and scientists through annual open competitions.

Research areas include oncology, neuroscience and cardiology, with special focus on prevention-related initiatives.

Special attention is paid to breast cancer, the most common tumor among women (one woman in ten according to statistics). Early diagnosis and new therapies have proven to be very effective. Indeed, out of the 37,000 Italian women diagnosed every year, 87% recover – one of the highest rates in the world.

On 24 September and 19 October 2012, the first fundraising event was held for the Foundation through free donations separately from gaming. In order to promote the initiative, a special communication package was developed with the Foundation.

The funds raised were used for the research project of Dr. Maria Rescigno from the Department of Experimental Oncology at the IFOM-IEO biomedical research center. The objective of the research project is to **identify mechanisms that cause resistance to the pharmacological treatment of some forms of breast cancer** and therefore to predict drug response.

In 2012 Sisal raised EUR 36,744 for Fondazione Umberto Veronesi.



AriSLA, the **Italian Foundation for Motor Neuron Disease Research**, is the primary agency dealing with the promotion, financing and coordination of scientific research on motor neuron disease in Italy and in Europe.

It was established in December 2008 by AISLA, the Italian Association for Motor Neuron Disease (a non-profit organization), Fondazione Cariplo, Fondazione Telethon, and Fondazione Vialli e Mauro per la Ricerca e lo Sport (a non-profit organization). Its mission is to make investments and opportunities for research on motor neuron disease more effective and efficient, by coordinating projects and researchers and by supporting the quick transfer of results to clinical practice.

Since its establishment AriSLA has invested EUR 5,655,170 in research; it has financed 29 basic, clinical and translational research projects with the active involvement of more than 100 Italian researchers. The research funded by AriSLA has produced 55 scientific publications.

The Foundation's research activity is supported by specific fundraising events organized by the Vialli and Mauro Foundation in order to increase the annual funding made available by the founding members. To this end, AriSLA develops synergies and partnerships with third parties to support scientific research and to raise awareness about the issues associated with the disease.

The collaboration with Sisal was developed in order to help achieve this goal. From 18 June to 14 July 2012, donations could be made through SuperEnalotto and QuickPick game cards from terminals in betting shops; free donations could be made separately from gaming. The AriSLA initiative involved a major prize draw offering tickets for the benefit concert "**Slancio di Vita**". Sisal was a supporting Partner of this event that took place in July 2012 at the Olympic Stadium in Turin with the participation of many Italian singers.

In 2012 Sisal raised EUR 23,811 for AriSLA.



In order to assist the local emergency in Emilia, Sisal made its network available to the community by starting a solidarity campaign among citizens who wanted to donate freely to the people of Emilia Romagna, the region that was struck by an earthquake in May 2012. The Company chose the **Italian Red Cross** as its local partner that, in close collaboration with the authorities, worked to provide health, psychological and social assistance. From 27 June to 29 July 2012 free donations could be made separately from gaming in all Sisal betting shops.

As it had occurred in 2009 for the earthquake in L'Aquila, the donations were not connected to gaming/betting or payment services and no collection commission was applied, as clearly specified on the receipts issued to donors. The funds raised were transferred to the Italian Red Cross for the **purchase of vehicles to be used for social transport** in the municipality of Finale Emilia.

The funds raised by Sisal for S.O.S Emilia amounted to EUR 66,131.



## Save the Children and the Every One campaign

In 2009 Save the Children launched **Every One**, a global campaign against infant mortality, in order to ensure health and assistance to mothers and children in 38 Countries in the world. Every year, 6.9 million children die before the age of 5 from illnesses which could be easily prevented and cured, such as measles, dysentery, pneumonia and neonatal complications. Malnutrition is also involved in one third of these infant deaths, as it worsens ill children's health and conditions.

With the funds raised, Save the Children develops projects to ensure maternal and infant health that involve more than 50 million children and women of child-bearing age by providing food, care and assistance.

Sisal decided to support the Every One campaign for the second year with the "**Siamo tutti mamme**" ("We are all mothers") fundraising campaign. From 2 to 31 May 2012 it was possible to make donations in Sisal betting shops separately from gaming or through terminals with SuperEnalotto and Quick Pick game cards.

Sisal supported the project not only by making its own Distribution Network available, but also by creating a specific promotional campaign that allowed the initiative to be widely publicized.

The funds raised by Sisal for Every One - Save the Children amounted to EUR 46,283.

## OTHER CONTRIBUTIONS TO THE COMMUNITY

### Make-A-Wish® Italy

In 2012 Sisal renewed its support for **Make-A-Wish® Italy**, an association that sets the objective of **making dreams come true for children** who are seriously ill in order to provide them with joy, hope and strength during their difficult hospital stay.

For an ill child, a wish that comes true means that nothing is impossible and provides them with the strength to continue their struggle and forget their illness, so they can simply be a child.

Make-A-Wish® Italy was established in September 2004 to honor the memory of Carlotta Frontani, a truly special little girl who died in November 2002 aged just 10 because of a serious illness.

Sisal supports Make-A-Wish® not only with monetary contributions, but also by making resources and means available to fulfill children's wishes, namely by granting the Association the prizes not assigned in some competitions.





## SOME WISHES THAT CAME TRUE IN 2012



### Fiabaday

In 2012, with SuperEnalotto and Vinci per la Vita – Win for Life, Sisal assisted the Fiaba Association again to offer support for the implementation of policies to reduce physical and cultural barriers for the disabled. The **Fiabaday** awareness campaign, that took place from 1 to 31 October 2012, included initiatives throughout Italy in order to inform and involve citizens and to promote a debate on the need for spaces that are accessible to and livable by everyone. On Sunday 7 October 2012, in Rome, Palazzo Chigi opened its doors to disabled visitors and their friends to celebrate the **"10<sup>th</sup> National Day for the Reduction of Architectural Barriers"**. The initiative was established under the patronage of the President of Italian Republic, in collaboration with the Prime Minister's Office. For the fourth year in a row, Sisal decided to confirm its commitment to Fiabaday, an initiative that the Company considers essential within the context of its Corporate Social Responsibility Program.

## Active Citizenship Initiatives

### Rimini Meeting

The traditional Rimini meeting is an important event that provides citizens with the opportunity to meet institutions, businesses and prominent figures from the cultural world. From 19 to 25 August 2012, Sisal participated in the meeting with a booth dedicated to art and children.

On 21 August 2012, we also participated in the "Giocare per Gioco, anno secondo – Azioni concrete e sviluppi futuri" ('Play to Enjoy, year two – tangible actions and future developments') conference. During this event results were presented for the second stage of the three-year Responsible Gaming research project. The research project, promoted by the Italian Gaming System Federation, was carried out thanks to the support of Sisal, Lottomatica, Acadi (Association for entertainment devices) and "Giochi e Società" (Association for games and society).

Over three years the project – undertaken by "Fondazione per la Sussidiarietà" in partnership with the Catholic University of Milan and ModaCult (Center for the study of fashion and

cultural production) – monitored perception, trends and the social understanding of public gaming by youths from all over the world.

### **veDrò – L'Italia al futuro**

In 2012, Sisal once again supported the annual summer event veDrò, “**We can be heroes!**” that took place from 26 to 29 August in Dro, near Riva del Garda.

As it does every year, the event brought together an original, creative, resourceful think-net of guests who discussed topics such as talent, culture, vivid thinking, entrepreneurial spirit and passion, in order to design a new, provocative but possible future for Italy.

In an informal and lively atmosphere, the event included three days of meetings and debates for 21 working groups and 61 speeches during the plenary session, with live radio and television broadcasts. This event reinforced Sisal’s bond with Institutions, namely in terms of the relationship between public and private sectors.

## **A glance to the future**

Sisal’s commitment to the Community for 2013 is in line with the actions undertaken in the areas where Sisal is already present with Strategic Partners.

Sisal intends to renew its commitment to develop and support training activities, providing youths and children with real opportunities to grow and encouraging business start-up projects.

Promoting training means promoting methods, contexts, exchanges and knowledge transfers that allow people not only to acquire intellectual, cultural and technical-professional skills, but also to grow as individuals and as citizens.

Sisal’s approach to the Community is “multi-stakeholder” wherever possible, with the involvement of all Stakeholders from the planning stages.

Art and culture projects are the most effective tool to encourage knowledge dissemination, socialization and interpersonal-skill development. Art and culture naturally bring people together in a positive way, expressing values, knowledge and personal growth.

Thanks to the solidarity shown by the network of its Sales Force, which has allowed us to raise funds for research and other charitable initiatives, Sisal can plan even more intense actions of this kind for the future.

In line with the past, Sisal chooses to work with Partners who have consolidated experience in their relevant sectors and who are highly appreciated nationally and internationally, in order to build long-term programs, projects and activities mainly on training, prevention and socialization in all action areas outlined in Sisal’s Corporate Social Responsibility Action Plan.

## Relations with Other Key Stakeholders

**Stakeholder involvement is a priority in Sisal's sustainability model. Sisal pursues sustainable and long-term growth, based on the correct balancing of all Stakeholders' interests. The dialogue is constant and the CSR Report is a key communication tool on topics that concern our Social, Economic and Environmental Sustainability.**

For 2013-2014, Sisal has drawn up an activity plan with specific and measurable goals and a "multi-stakeholder" approach. In particular, meetings are planned to present the Company Report in order to collect ideas and suggestions on the development of "sustainable governance" policies, to consolidate the policy of constructive dialogue with our Stakeholders and to identify common action areas in order to increase the value of mutual exchange.

## Regulator and Government

### AAMS

In Italy, the Agency of Customs and Monopolies (AAMS) is responsible for the control and governance of the gaming/betting industry. Therefore relations with this agency are constant and central to the activity of the Sisal Group.

Sisal – directly or through other Group Companies – operates as AAMS Licensee with regard to the collection, both in betting shops and specialized points of sale, of traditional games – such as SuperEnalotto, EuroJackpot, Vinci per la Vita - Win for Life and SiVinceTutto SuperEnalotto – in the context of the National Lotteries (GNTN) license, as well as Tris, Totocalcio and Totogol. Based on further specific licenses, the Sisal Group also offers horse racing bets and online games for fixed-odds betting. Since July 2004, Sisal has been AAMS Licensee for the management of the NewSlot e-network of entertainment devices.

As it is stated in the institutional presentation entitled "AAMS – The Governance of Gaming" (2008):

AAMS is responsible for the regulation and control of the entire games industry according to new regulations. AAMS is still partly responsible for the regulation and control of tobacco-related products.

Government involvement, both in games and tobacco, ensures taxation at a level that is compatible with the protection of other key public interests, such as consumer protection and the fight against illegality.



Its role is just as crucial in encouraging production and distribution activities that have become significant in terms of wealth creation and employment. In the games industry AAMS sets out guidelines for a dynamic and rational development of this industry and constantly monitors compliance by the relevant operators. AAMS also acts against any illegal activity and ensures optimization of the relevant taxation. [...]

The fight against the illegal market must be undertaken by means of two tools: regulation and repression. AAMS acts decisively in terms of prevention – firstly through a wide-ranging and qualified offer, as much as possible in line with consumer requests – yet still engaging in specific repressive actions.

One particularly significant initiative concerns the regulation of the technical methods to prevent websites proposing unlicensed and unauthorized games to access the Web.

With the decree for “blocking unauthorized gaming sites” AAMS has implemented the provisions contained in article 1 of the Budget 2006, in order to fight against online fraud associated with gambling by blocking user access to more than 4,000 websites (the list of prohibited sites is published on the AAMS website and is constantly updated).

In addition to its activity against illegal gaming sites, AAMS implements information campaigns and disseminates rules and warnings about potential risks associated with gaming for Players, with particular regard to the protection of vulnerable individuals and, above all, minors.

AAMS pays extra attention to minors. The objective is to convey a key message to youths: gaming is strictly prohibited to people under 18 and, once they turn 18 and they are allowed to game, this must not take over their lives, as gaming should be just for fun and entertainment. The approach should always be based on moderation and balance so as to avoid any pathological behavior; awareness must be raised about “legal and responsible” gaming.

Sisal fully shares AAMS’ objectives and makes them its own: together, they promote a culture of transparent, legal and safe gaming, so that this important message is constantly brought to the attention of the public through communication and technology.

The AAMS institutional logo confirms the strong and constant institutional message in order to strengthen:

- 1.** legality and security, that are indisputable requirements for the public gaming sector, with the dual objective of making Government-authorized gaming products easily recognizable and making action against irregular gaming even more effective.
- 2.** Corporate Social Responsibility of the Regulator, that is responsible for governance, as well as Player responsibility, for a balanced and moderate approach to gaming.

In order to achieve the aforementioned objectives and fight effectively against gaming managed and practiced in manners, methods and terms that are different from those of legal and safe gaming, on 21 December 2010, law n. 220, dated 13 December 2010 (entitled “Provisions for the preparation of the multi-year State Budget - Stability Law 2011” that came into force on 1 January 2011) was published on the Official Journal of the Italian Republic. From paragraph 64 to 82, it includes provisions of significant importance with reference to the gaming and betting sector. Namely, these provisions are:

- a.** the fight against illegal and irregular gaming (“action to fight against gaming managed and practiced in manners, methods and terms that are different from those of legal and safe gaming”) and the protection of public order and security (“public order, the fight against [...] infiltrations of organized crime in the gaming sector”);
- b.** emphasizing the role of the State and the monopoly with regard to games and betting as set out in article 1 of legislative decree n. 496, dated 14 April 1948 (“based on the State monopoly with regard to games as in article 1 of legislative decree n. 496, dated 14 April 1948, ratified by law n. 342, dated 22 April 1953”) by strengthening the role and tasks assigned to AAMS;
- c.** Consumer protection and, particularly, minor protection (“action for the protection of Consumers, in particular minors [...] the fight against under age gaming”) that, in paragraph 70, with an inter-department decree, provides for the implementation of “action plans” for the prevention and recovery from “addictive gambling resulting in compulsive gaming”, and prohibits participation in public games with cash prizes to people under 18 under threat of fines and penalties to shopkeepers.

In order to pursue the aforementioned goals, the Regulator issued decree law n. 158, dated 13 September 2012, converted with modifications by law n. 189, dated 8 November 2012, known as the “Balduzzi Decree”, which mainly contains regulations to promote national development through a higher level of health protection by setting out further rules to protect Players.

Namely:

- addictive gambling is recognized as pathological and it is included among those conditions to be provided with State assistance;
- limitations are imposed with regard to gaming advertising, both in terms of content and design, as well as with respect to recipients. The regulation expressly prohibits the broadcasting of any advertising messages concerning games with winnings in cash during television or radio programs, movies in cinemas or plays in theaters that are mainly addressed to youths, as well as through the Internet, newspapers or publications, if they encourage gaming; if they include the presence of minors; if they have no warnings regarding the risk of gaming addiction and/or stating that it is possible to consult information notes;
- regulations are provided for warnings on the risk of gaming addiction with cash prizes and the relevant chances to win.

## Public Institutions

The regulatory system described above grants wide powers of governance within this sector to AAMS, which operates mainly on the basis of specific regulations established by the Government and the Parliament.

The Italian House and Senate, the Government and the Ministry of Economy and Finance are therefore all key Stakeholders of the Sisal Group, which has specific resources dedicated to the continuous monitoring of legislative and regulatory actions. In addition, compatibly with the principle of subsidiarity, which sees national legislation prevail over EU law, the European Institutions – the European Parliament, European Commission and the European Court of Justice, are also considered key partners in ensuring a proper understanding of the regulatory guidance and development processes concerning the sector.

The Ministry for Agricultural, Food and Forestry Policies (MIPAAF) and CONI are both also long-term Stakeholders of the Sisal Group.

MIPAAF has been Sisal's institutional Partner for the development of horse race betting and pools in betting agencies and Retailers since 1948. Meanwhile, although sports betting and pools passed in 2002 under the control of AAMS and are now managed by a wide number of public gaming licensees, Sisal nonetheless maintains an important relationship with previous governing body CONI, due to the significant amount of funding for Italian sport that comes from the gaming industry (pursuant to law no. 229 of 24 December 2012).

Recently, with the development of anti-money laundering legislation, the Group has acquired another major institutional Stakeholder in the form of the Bank of Italy, and specifically its Financial Intelligence Unit (FIU), which is responsible for preventing and combating money laundering and the financing of terrorism.

Finally, Sisal continues to work closely, with a clear understanding of the respective roles and responsibilities involved, with law enforcement agencies, the Ministry of the Interior, councils and local authorities in an effort to ensure transparent communication of its business activities and to provide a constructive approach to tackling any pertinent issues.

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 has been further strengthened by the Group's conscious choice to operate in full accordance with the principles of Ethical Behavior and Corporate Social Responsibility which – a necessity in a regulated market such as the gaming industry - have been adopted in each and every activity undertaken by the Group.

## Ongoing dialogue with the Regulator and Public Institutions

Again in 2012 Sisal worked to strengthen its relationship with Public Institutions and entities through constructive, transparent, and professional cooperation and dialogue in keeping with the expectations of the Company and consistent with the role of licensee in a regulated market. To this end, as well as having a corporate policy requiring full and constant compliance with the rules established by AAMS, the Group's major institutional partner, Sisal has always maintained a policy of respecting the Agency's expectations and guidelines in terms of profit and social and sustainable development.

Sisal's Institutional Relations Department is involved in a continuous process of mediation between the Company's and the Regulator, whose aim is to ensure the proper application



of all relevant legislation and compliance with the rules of the license, while reconciling the needs of the Company and the market with those of the Group's various institutional Partners and Stakeholders.

In addition, the Company pays close attention to the particularly sensitive area of 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, which is designed to ensure that a correct balance is struck between fun and responsibility, as well as to prevent forms of gaming that are a potential risk for Players.

In this respect, the Group has implemented an action plan with the aim of preventing and combating illegal gaming, consisting of ongoing monitoring, reporting and verification of nationwide activities in order to provide the relevant authorities with an up-to-date analysis of the situation as it currently stands.

## Bank of Italy

Through the introduction of directive 2007/64/EC on payment services in the internal market, the European Union set the goal of integrating the European retail payment services market in order to optimize payment terms and costs in the interests of users and, at the same time, has progressively reduced cash transactions in order to ensure higher traceability of transfers of funds.

The directive also introduced a new class of authorized operators, called Payment Institutions.

The EU directive was transposed into Italian law by Legislative Decree no. 11 of 27 January 2010, which introduced a new class of specialized operators alongside the sector's traditional Operators. Its aim is to increase levels of competition and create favorable conditions for the entry of new Players and the introduction of innovations and new technologies into the market, thereby encouraging the transition from cash to newer, more efficient and more easily traceable methods of payment. Under the law, regulation and monitoring of the new Payment Institutions is the responsibility of the Bank of Italy.

As is stated in the speech delivered to the Finance Commission of the Italian Parliament on 27 October 2011 by the head of the Bank of Italy's Supervisory Department (see [www.banca-ditalia.it](http://www.banca-ditalia.it)):

"The Bank of Italy – in its capacity as payments system regulator – is committed to supporting the various initiatives at both European and national level designed to increase competition in the European retail payments market by increasing its efficiency and reliability. A necessary precondition for doing so is ensuring fully uniform technical, regulatory and procedural conditions within the European Union."

The introduction of a new supervisory system that is proportionate to the risks has the goal of ensuring a market of payment service providers equipped with the necessary organizational, financial and technical resources required to operate in full compliance with the new standards.

The new regulations seek to at once increase efficiency, security and consumer protection levels, while leaving market Players free to establish their business strategies and the payment instruments and methods they will offer.

The faster transaction times and faster availability of funds is part of a process that is progressively reducing costs for the service user, which began with the introduction of the Euro and the increased levels of competition in the payment services market.

In accordance with the provisions of the new legislation, Sisal Holding Istituto di Pagamento (SHIP) has allocated the necessary “designated funds” and, following the Regulator’s checks, was admitted to the list of authorized Payment Institutions pursuant to article 114-septies of Legislative Decree no. 11/10.

### **Ongoing dialogue between Sisal Holding Istituto di Pagamento (SHIP) and the Regulator**

During 2012, SHIP sought to develop and consolidate relations with the Bank of Italy through constructive, transparent, and professional cooperation and dialogue in keeping with the expectations of the Company and consistent with the role of Payment Institution in a market which is new for the Regulator and Players alike.

In this sector too, in line with Group orientation on the issue, SHIP has always adopted a policy of respecting the Bank of Italy’s expectations and guidelines in terms of profit and social and sustainable development.

SHIP engages in this dialogue through its Institutional Relations Department and its Digital Games and Services Department, which is in charge of managing the designated funds set aside in accordance with the law. Both departments ensure the continuous evaluation and implementation of the needs of the Company and the requirements of the Regulator, ensuring the correct application of all regulations and directives as part of an open and continuous dialogue with the Regulator.

Finally, the Company pays close and careful attention to developing new technologies in accordance with the legislative rationale underlying the model established for Payment Institutions, offering new service models developed and designed on the basis of an analysis of demand, with the aim of providing users with innovative solutions that meet the demands of an increasingly digitalized society.

### **Shareholders**

Large and small investors alike believe in the Sisal Group. The Corporate structure is organized so as to ensure transparency, participation and solidity at all levels of the control chain. Control of the operating Companies is held by Sisal Holding Istituto di Pagamento (SHIP) S.p.A., while 3,613 Retailers own shares in Sisal S.p.A. Those following have indirectly invested in SHIP S.p.A.:

- **Apax and Permira, international private equity funds**
- **Clessidra, an Italian private equity fund**
- **the family of co-founder Geo Molo**
- **the CEO and senior management of the Company**
- **Global Leisure Partners LLP (GLP), a financial consulting firm**

In the autumn of 2006, when the Apax and Permira funds became shareholders, 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 in accordance with the statutory provisions relating to the operation of the Company's Corporate bodies.

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

**Apax Partners** is one of the largest private equity fund managers worldwide. Established 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. Its most recent 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 are invested to create and strengthen world-class companies. These funds include the Apax Europe VI fund, which is an indirect Shareholder of Sisal. Contributions from Apax funds have allowed 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. Over the years, 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 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 Clessidra Capital Partners and Clessidra Capital Partners II funds, 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

The Sisal Group is a business in continual development with rapidly expanding volumes, all of which are channeled through the banking system. Accordingly, the Group has long-standing relations with all of Italy's leading banks.

Almost all these Banks have been with Sisal from the outset, and the Group considers them key Partners. The Company adopts a policy of the utmost transparency towards its banking partners, holding frequent meetings in order to share business information, and submitting 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 make use of most of the financial instruments available on the market, including sureties, leases, factoring, derivatives, long-term loans, etc. In particular, our short-term financing consists primarily of commitment appropriations, which are used to apply for guarantees in favor of the Group's major counterparties, particularly AAMS and leading service providers.

For each concession, 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, payment 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 consisting of commitment appropriations

BANKS	2012	2011	2010	2009
UNICREDIT	30%	28%	28%	28%
INTESA SANPAOLO	24%	24%	27%	24%
B. POP. MILANO	14%	12%	10%	8%
BANCO POPOLARE	12%	12%	13%	16%
MPS	10%	13%	12%	14%
B. POP. BERGAMO	5%	5%	5%	6%
C. RISP. BOLZANO	3%	5%	4%	5%
OTHER INSTITUTIONS	1%	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 loans bear variable interest at Euribor plus a spread ranging from 1.87% to 3.68%, depending on the facility.

**% of medium-long term pool finance**

BANKS	2012
RBS	34%
UNICREDIT	15%
CREDIT AGRICOLE	15%
INTESA SANPAOLO	14%
MIZUHO	14%
J.P. MORGAN	4%
B. POP. MILANO	3%
UBS LTD	2%

As the table shows, the Group’s lines of credit and financial activities are not concentrated with one bank, but spread evenly between the various banks, enabling it to diversify its risk profile and to distribute its operations based on the financing granted.

The Group’s net financial position is constantly improving due to good results and careful management of short-term cash flows, and in spite of the significant investments made in recent years both in new technology and new acquisitions.

**The Sisal Distribution Network**

**Local points of sale**

The Sisal Group has an overall network of some 45,000 points of sale licensed for bet collection that also provide convenience payment services. The Network has a presence throughout Italy and comprises newsagents, bar, tobacconists, 4,000 horse race and sports betting corners, 204 Match Point betting agencies and shops, more than 4,800 points of sale dedicated to electronic gaming machines and 6 Sisal Wincity gaming halls. The network is supported by a sales team divided into various business areas and operators of the Sisal Entertainment Distribution Network.

**The Network of NTNG products and public services**

The points of sale for National Totalisator Number Games products and payment services are supported by a group of more than 100 People working in the Trade Marketing and Sales Departments.

The Trade Marketing department, which together with the Sales department establishes the sales strategies to be implemented in the Sisal Distribution Network, is led by a Trade Marketing manager and is composed of a Trade team, consisting of a Trade Marketing manager, two Specialists and two Assistants, and the Data Analysis team, consisting of a Data Analysis manager and three Specialists.

The Sales Force and the Lottery Systems Team report to the head of sales. The Lottery Systems Team is responsible for devising systems and offering them to Retailers via the sales force and via a dedicated web portal.

Sisal points of sale are carefully selected on the basis of optimal nationwide distribution, location (i.e. in terms of population flows and revenue generation) and proven business management ability. The Network is constantly monitored by the Trade Marketing and Sales teams and contracts with the points of sale are reviewed annually based on performance.

The Sales Force consists of a wide network of qualified professionals who help strengthen the relationship with the points of sale. Currently, the Sales Force is composed of 3 Sales Managers, 11 Key Account Managers, 5 Team Leaders, 42 Area Managers and 24 Visual Merchandisers. Their tasks include managing the SuperEnalotto, SiVince-Tutto SuperEnalotto, Vinci per la Vita - Win for Life and EuroJackpot products, payment services, sports and horse race betting and pools.

The Sales Force visits the points of sale for quality control purposes as well as to optimize the Company's sales and marketing efforts. It is also involved in selecting distribution channels, evaluating the opening of new points of sale and training Retailers, which takes place partly through an online training platform. An ongoing dialogue is engaged in with Retailers through various channels of communication, including the web portal for Retailers, gaming terminals, the publication "Mondo Sisal" and the organization of meetings.

## The Sisal Match Point Network

The Sisal Match Point Network offers sports and horse race betting services and at present consists of 204 betting agencies and more than 4,000 betting corners. The nationwide Network of Sisal Match Point betting agencies currently includes points of sale managed directly by the Company ("directly owned betting agencies") and points of sale franchised to Business Partners ("partner betting agencies"), and is constantly monitored by the sales department through 11 Key Account Managers.

Sisal Match Point betting agencies are modern, welcoming, high-tech environments featuring the latest gaming terminals, monitors showing real time odds and screens broadcasting live sport events. Bets can be made online, by mobile phone, land line and through a Network of betting agencies and corners throughout Italy.

In 2010, a program was launched to review the Sisal Match Point format with the aim of re-vamping the Network of points of sale to meet the needs of Consumers and introduce new products.

The distinctive features of Sisal Match Point are:

- stable competitive odds throughout the retail Network and online;
- a comprehensive product portfolio, including the LIVE betting service introduced in 2012, with a wide range of minority sports and non-sporting events



- a team of professionals with years of bookmaking experience both nationally and internationally;
- technology developed by Sisal and compatible with the management systems in place on the retail Network;
- a wide portfolio of connectivity services for licensees not equipped with the infrastructure to connect to the Network;
- up-to-date information on the point of sale;
- comprehensive gaming offer, plus news, updates and in-depth features. Cutting-edge technology used to relay event information to customers adds to the enjoyment of the betting experience.

## The Sisal Entertainment Network

Sisal Entertainment is a Sisal Group Company catering to the electronic gaming machines market, offering high quality professional games machine rental and interconnection services. Sisal Entertainment's aim is to provide point of sale Operators and Retailers with the most innovative electronic gaming machines, as well as ensuring quality and security of connections, and for this reason it has formed strong partnerships with leading distributors of electronic gaming machines throughout the Country.

Sisal Entertainment has a Sales Team consisting of 23 Area Managers, 4 District Managers and 6 Key Account Managers.

In 2010, Sisal Entertainment expanded its Distribution Network, introducing a new retail concept called "Sisal Wincity - Eat, Drink, Play". The new format, with six points of sale and two currently in the pipeline, offers best-in-class experiences in terms of innovation, customer service and performance. The Sisal Wincity points of sale, located in six Italian cities, are open to the public seven days a week, 16 hours a day, and offer a comprehensive range of games and payment services in a welcoming environment featuring innovative design.

Wincity halls offer high quality catering and a wide range of live events from food tastings to live music, screening of major sporting events and other initiatives associated with important public events.

The halls feature the full range of Sisal games, from the latest Videolotteries to SuperEnalotto, Vinci per la Vita - Win for Life, as well as betting and convenience payment services.

Security and customer service are key elements of the new concept. All staff are carefully selected and trained, particularly the Personal Players, whose task is to assist Players and provide them with any information they may require with regard to how to play, safety and self-limitation. Customers are catered for from the minute they set foot in the reception, which is there to both welcome visitors and enforce the minimum age requirement.

The first two Wincity halls opened in Milan and Rome in August and October 2010, while March, September and December 2011 saw Wincity halls launched in Turin, Brescia and Pescara, respectively. Finally, the Florence Wincity hall opened its doors in December of 2012.

## Dialogue with points of sale

### Contact Center – Services for Retailers

Retailers can take advantage of a dedicated Contact Center staffed by Operators who receive regular training and who are able to provide rapid expert answers to all queries. Service levels on inbound calls in 2012 again topped 90%, while the Service Level Agreements required by AAMS for NTNG issues were fully met. The Contact Center use a number of communication and access channels (email, telephone, fax and gaming terminal applications) to enable it to provide an increasingly efficient service.

### Retail Network

The Retail area is supported by two portals for Sisal Retailers and Sisal Entertainment Administrators. The Retailer portal ([www.ricevitoriasisal.it](http://www.ricevitoriasisal.it)), managed by the Trade Marketing team, allows Sisal Retailers to communicate directly with the Company.

Key site content:

- useful information for Retailers concerning Sisal's range of games, betting and payment services;
- user-friendly pages that help Retailers quickly access the information they need (competition results, historical data etc);
- download area containing printable material for display in the point of sale (advertising posters, competition data, winning tickets);
- gaming rules and frequently asked questions.

The Operators portal ([www.gestori-sisal.it](http://www.gestori-sisal.it)) is dedicated to direct communication with Sisal Slot Operators. Like the Retailers portal, it provides updates and training related to products and services.

### Mondo Sisal

"Mondo Sisal" is a quarterly publication aimed at the entire network of Retailers, which provides information about current initiatives and news.

Key content:

- "Cari Ricevitori" ("Dear Retailers") - an editorial written by the Lottery and Services Sales Manager informing Retailers about performances achieved and future targets;
- sections providing an in-depth look at group initiatives, news about Sisal products (lotteries, services, betting, etc.) and information on Corporate Social Responsibility initiatives;
- "Zona Rice", a section for Retailers to express their opinions and share their point of view, featuring interviews, photos and comments.

## Terminal messaging

The gaming terminal is the safest and most direct way to contact points of sale. Messages are sent every day about new products, special initiatives, wins, pools reports and much more. Terminals can also be used to send “pop up” messages for flash alerts.

## Training for Retailers

Sisal works to develop its retail network and shares its values of Sustainability and Corporate Social Responsibility through the implementation of innovative training programs.

The training provided focuses on gaming and payment services – particularly in relation to the applicable legislation/regulations and Consumer protection – as well as on developing Retailers’ business skills.

As far as teaching methods are concerned, since 2008 Sisal has used an e-learning management system platform which allows users to access on-line self-study courses 24 hours a day, 365 days a year from any PC connected to the Internet.

In 2012, the e-learning platform underwent a makeover, including a new graphical design, to improve its user-friendliness and attract a greater number of Retailer users. Following an analysis of training needs based on end-of-course questionnaires and discussions with Retailers, 2012 also saw Sisal add the final element to its training offer with two more e-learning courses:

- “Il Marketing del tuo negozio” (‘Marketing Your Business’), a course on Visual Merchandising and Customer loyalty;
- a course on procedures and regulations for making prize payouts aimed at owners of “Punti Pagamento Premi” (‘Prize Payout Points’).

One of Sisal’s priorities for training is increasing Retailers’ awareness of its training program and ensuring the implementation of the regulations regarding Responsible Gaming. Specifically for this reason, in 2012 Sisal developed an online course on Responsible Gaming that Retailers will be able to use in 2013. In addition to this specific course, a basic course is available for all new Retailers providing them with all the tools they need to be able to manage Sisal Group’s range of products and services in line with the principles of Responsible Gaming.

## The Community

### Sisal websites

Sisal has a strong digital presence, with its websites visited by approximately 4 million users every month.

**Sisal.com** is the Sisal Group’s Corporate website. It represents the Company and its main activities using a clear and direct graphical presentation. The site is divided into various sections which provide users with information about the Group, its history, its values, the growth it has achieved, its gaming and services offer, information on its Distribution Network and job opportunities.

Sisal.com also carries information regarding initiatives carried out as part of Sisal's Corporate Social Responsibility Program, activities related to Responsible Gaming and the Company's social sustainability efforts. This section also includes the latest edition of the Company's Social Responsibility Report, which provides readers with an overview of the key actions and projects implemented by Sisal in terms of Corporate Social Responsibility. A recent addition to the site is an area dedicated to the Company's network of Partners, which was set up with the aim of giving visibility to activities involving Stakeholders and fostering dialogue.

**Sisal.it** is dedicated to Sisal online games (Sisal Match Point GAD concession number: 15155). It gives users access to all the games Sisal is permitted to offer online, including sports and horse race betting, pools (Totocalcio, Totogol and Tris), Poker, Casino, online Slots, Skill Games, SuperEnalotto, Vinci per la Vita - Win for Life, EuroJackpot, Gratta e Vinci, Bingo and Quick Games.

Communication is the key to building a solid long-term relationship. The relationship between Sisal.it and its Players begins with the registration process, takes shape through interaction and reaches its peak during the gaming experience. Sisal.it communicates with its Players via its website, by e-mail, telephone, text messaging, through the organization of events and through social media sites. The Sisal.it site's communications with its Players can be divided into three types:

- information and service communications
- promotional communications
- customer care communications

Sisal.it communicates in compliance with data protection laws and specific anti-spam policies that limit the number of notifications that can be sent to Players over a given period of time.

The objective of Sisal.it is to create an increasingly transparent and interactive relationship with its Players. With this in mind, Sisal.it organizes VIP Party events in a number of Italian cities to reward its most loyal Players and interact directly with them.

My Sisal – Loyalty Program: Players collect points by playing any of the online games available on [www.sisal.it](http://www.sisal.it). The versatility of the Loyalty Program means that Players can accumulate points on their preferred products in a variety of ways. All points accumulated are pooled together in a single account (Sisal Points) which can be used to obtain bonuses or prizes from the catalogue.

**Sisalpokerlab.it** is Sisal's poker school. The site allows registered users to access poker lessons given by the Sisal Poker Team made up of 10 professional players and captained by world poker champion Dario Alioto. The site also features a series of blogs written by the Team as well as Poker Life, which brings users all the latest news from the world of poker.

**Sisalpokeracademy.it** is a genuine Poker Academy employing an innovative interactive teaching method. Via a collaboration with renowned Italian poker school IQ4 Poker, whose students are among the best poker Players in the Country, Players with a Sisal gaming account can take personalized courses coordinated by professional coaches and tutors. As well as interactive training courses, the Poker Academy offers members one-to-one coaching, group courses, a discussion forum for training-related topics and staking opportunities. Tutors are available 7/7 via live chat. The service is only available to Sisal poker Players and is free of charge.

**Giochinumerici.info** is the website through which Sisal performs its official role as licensee for National Totalisator Number Games (SuperEnalotto, Vinci per la Vita - Win for Life, SiVinceTutto SuperEnalotto and EuroJackpot). The site is designed in accordance with W3C standards to ensure maximum accessibility and offers comprehensive information regarding games, live streaming of prize draws and a list of all online merchants, including Sisal, authorized to sell NTNG products.

**Sisalwincity.it** is the website for Sisal's chain of gaming halls, which represent an innovative entertainment concept, combining all the excitement of gaming with the pleasure of an evening spent with friends in a safe, hi-tech environment.

## Sisal and Facebook

In 2009 Sisal became the first gaming Operator to launch a Facebook page, with the aim of establishing a direct relationship with its Customers. Sisal's Facebook presence commenced with the SuperEnalotto fan page, but over time has been extended to include a number of other games (Vinci per la Vita - Win for Life, Sisal Match Point, Sisal Poker, Sisal Bingo, Sisal Casino and EuroJackpot). The Company's move towards a stronger digital presence, eventually also saw the creation of a Sisal Corporate fan page. Sisal's Facebook pages allow Customers to interact and engage in dialogue with the Company as well as to receive information about news and events. In 2012, the Sisal Facebook community had more than 750,000 fans.

## Business-to-Business websites

Sisal also maintains a web presence aimed at its Business Partners and in particular its Retailers and Slot machine Operators.

**Ricevitorisital.it** - gives Retailers the opportunity to enter into direct dialogue with the Company

**Bacheca.sisal.it** - site hosting lottery systems that can be purchased from Retailers.

**Gestore.sisal-slot.it** - portal for Sisal accredited electronic gaming machine operators. Enables users to make technical and administrative requests, receive documentation and consult statistical information.

## Business Partners

### Suppliers

The Code of Ethics and Conduct adopted by Sisal pursuant to Legislative Decree 231/01 requires the Company to maintain a direct and open dialogue with its Suppliers with a view to securing maximum cooperation and thus ensuring that the needs of the Company and its Consumers are met in terms of quality, costs and delivery times.

Sisal guarantees its Suppliers direct and transparent communication, shared responsibility in terms of problem-solving and constructive collaboration with a view to minimizing and tackling business risks and improving processes and procedures – an approach which has led to it established lasting relationships with a great number of Suppliers, who represent an integral part of its business activities. The gaming and services market is constantly evolving and Sisal is aware that increasing its competitive advantage also means ensuring continuous improvement in terms of efficiency and innovation, with regard to both products and business practices and it works to ensure this by continues to be the case by striving to build cooperative relationships with new Suppliers.

At the same time, Sisal focuses a great deal of attention on complying with all new gaming sector legislation and satisfying the expectations of its Stakeholders – objectives that can only be reached by establishing optimal relationships with the entire supply chain and by maintaining constantly high levels of performance. Suppliers of essential resources can be divided into the following categories:

- Gaming terminals
- Gaming materials
- Logistics and transport services
- Hardware installation and maintenance services
- Call Center services
- Media, events, marketing, and market research
- Voice and data communication services
- Hardware and software
- Suppliers of gaming platforms
- Consultancy services
- Reconstruction and refurbishment
- People and facilities management services

The Company carries out an evaluation and qualification procedure for all Suppliers of materials and services having a direct influence on the final Customer and all processes falling under the scope of the Quality Management System and ensures that all equipment, materials and services purchased comply with specified requirements. Suppliers are evaluated on the basis of compliance with contracts and orders as well by monitoring compliance of the service levels delivered with the levels stipulated in the Service Level Agreements.

Monitoring of Service Level Agreements and the evaluation of specific elements, such as compliance with delivery times and specifications and the correct preparation of technical and administrative documents, enable a global analysis of individual Suppliers to be carried out and a Vendor Rating Index to be calculated twice a year. This allows complete and constant monitoring of supplier performance and provides a continuous opportunity for improvement.

All Suppliers are aware of the Code of Ethics and Conduct adopted by Sisal and may receive a copy on request or alternatively read it on the company website. Moreover, the contract that governs the relationship between the supplier and the Company includes a specific commitment to abide by the regulations and principles set out in the Code.

## Entertainment Partners

Sisal Entertainment has formed partnerships with a number of leading international companies who provide games and online platforms for its electronic gaming machines.

In the Videolotteries sector, Sisal Entertainment has entered into important supply and partnership agreements with:

- **Inspired Gaming Group:** the leading supplier of VLT and Virtual Sports products in Italy and more than 33 markets worldwide. The company is market leader in the gaming sector and manages more than 35,000 endpoints on its Open SBG CORE™/VLT platform. Inspired Virtual Sports are present in more than 20,000 halls and online with more than half of the world's leading bookmakers.



- **Spielo:** Canadian company that has been a global presence on gaming markets for the last 20 years. Serving customers on five continents, Spielo has approximately 200,000 electronic gaming machines deployed worldwide, including around 17,000 videolottery terminals in Italy.
- **Aristocrat:** an Australian-based leading global supplier of cutting edge solutions for the international gaming industry, Aristocrat has achieved market leadership thanks to its wide range of products, from games cabinets to advanced gaming devices.
- **Bally Technologies:** American company founded in 1932. Bally develops and manufactures a vast range of gaming products and technologically advanced systems that can be found in more than 600 gaming centers worldwide.

“Bally Technologies is proud to have partnered with Sisal to bring nearly 600 Video Lottery Terminals (VLTs) to Italy. Sisal is Bally’s leading customer in the Italian market. This successful partnership included working hand-in-hand to make sure Bally’s systems and games meet the approval of Italy’s gaming authority. These machines can be found in Sisal’s most exclusive gaming locales in Milan, Rome, Turin, Pescara, Florence, and Brescia”.

## Digital platform Partners

**Playtech**, Israeli global market leader in the development of online gaming platforms is a Sisal Match Point Partner for online Bingo, Casino and Poker.

Playtech has operated in the online gaming sector for more than ten 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.

Its entire product portfolio and its RNG (Random Number Generator) system have been certified by TST-GLI, an international certification company based in Vancouver with offices in 6 countries worldwide.

The Playtech group has always been committed to promoting Responsible Gaming and contributes actively to the initiatives of the Great Foundation, a UK based charity that deals with issues connected with compulsive gaming. It is also a member of the Remote Gambling Association (RGA), the industry body behind the “Social Responsibility Code”, a code of conduct identifying rules of behavior for Responsible Gaming.

**Neogames** is a Sisal Match Point Partner company for Quick Games, which are fixed-odds instant win games. Established in 2005, Neogames is the world’s leading supplier of instant win type games and is currently present in Italy only with Sisal.

The company’s portfolio of games and its RNG system are certified by Itechlabs, a major certification body based in Australia.

The Neogames gaming platform has been designed to be highly flexible, meaning it can be adapted to meet the specific regulatory requirements of the countries in which its customers are based. In accordance with its own Responsible Gaming policy, the company offers full support to partners in identifying and managing problem Players and by providing Player protection tools such as withdrawal and deposit limits, self-exclusion facilities and monitoring of Player behavior.

**Game Account Network** is a UK based world leader in the skill gaming market and is a Sisal Match Point Partner for Skill Games. Established in 2001 with the mission statement “Look Beyond Poker”, Game Account Network set out to differentiate itself from its competitors on the online poker market by offering a range of alternative skill games such as Backgammon and Dominos. On the Italian market, the company has succeeded in establishing a distinct market position for itself by offering a series of popular card games such as Briscola, Scopa and Burraco.

As with Playtech, Game Account Network’s product portfolio and RNG (Random Number Generator) system are certified by TST-GLI.

Since 2011, Game Account Network has also had a presence in the Casino Games market, where it integrates online platforms from a number of leading slot machine producers, including Bally, IGT and Aristocrat.

**Giocaonline** is an Italian company specializing in the conception, design and production of online card games and is a Sisal Match Point Partner for Skill Games. The company, which stands out for the gaming experience offered and for its attention to detail, deploys the best technology in offering reliable products that guarantee high levels of entertainment.

Known for a high degree of professionalism and guided by a genuine passion for the world of multimedia games and interactive entertainment, Giocaonline’s products are conceived by the company’s founders and are brought to life with the support of leading Italian and international resources.

The company’s games portfolio and RNG system are certified by SIQ, a certification company with international experience accredited by AAMS.

### Payment services Partners

The Sisal Group’s payments services are provided thanks to the support of numerous Partner organizations who are leaders in a wide range of sectors, including:

- leading operators in the fixed and mobile telephony sector and in the digital and satellite television market;
- leading multi-utility companies providing services such as electricity water and gas, licensed tax collection agencies, and local, regional and central Government;
- leading credit institutions;
- consumer credit companies;
- logistics and money transfer businesses.

## Associations

### Sisal and Italian Industry Associations

In recent years, the licensees of the entertainment sector have identified a need for open discussion and dialogue with regard to the difficulties and issues faced by the industry. With the aim of achieving concerted action, Acadi (the Association of Electronic Gaming Machine Licensees) was founded on 4 December 2006, with a mission to represent, protect and promote the interests of the businesses operating in the legal gaming sector. In keeping with the spirit in which it was founded, recent years have seen Acadi undertake numerous activities and initiatives, establishing itself as a direct partner of AAMS, as well as of the various political and administrative Institutions with which the industry engages.

2008 meanwhile saw the foundation of Giochi e Società, an association of licensees which brings together operators sharing a need for transparent and constructive dialogue with Government Institutions in relation to issues concerning betting and online gaming. In the same vein, at the end of 2011, under the aegis of the Confindustria Servizi Innovativi e Tecnologici, a federation for the gaming and entertainment Industry known as Sistema Gioco Italia (the Italian Gaming System Federation) was established in Rome, bringing together all operators of state-licensed games. In addition to Acadi and Giochi e Società, Sistema Gioco Italia's members include ACMI (the National Association of Gaming Machine Manufacturers), AS.TRO-Assotracimento (the Association of Electronic Gaming Machine Operators), Federbingo (the National Federation of Bingo Licensees), and Federippodromi (which brings together the principal Italian horse racing tracks). Together these bodies represent the entire spectrum of the Italian gaming industry.

The Federation's aim is to represent the common interests of the entire gaming sector by developing shared strategies and proposals, particularly in relation to fiscal policy, safeguarding legality, the protection of minors and Responsible Gaming, as well as by establish a public image and external relations strategy that represents the Italian gaming sector in a fair, coordinated and effective manner.

### Sisal and International Trade Associations

Sisal has for some time worked in cooperation with European Lotteries (EL), an independent international body that acts as an umbrella organization for more than 70 national lotteries and gaming operators throughout Europe. European Lotteries was established in 1999 with the aim of promoting the development of European gaming operators and fostering cooperation among its members. European Lotteries seeks to combat illegal gaming and minimize any potential associated risks. In February 2011, Sisal obtained certification from European Lotteries for its Responsible Gaming Program and its continued efforts were recognized again by the organization in 2012 with the renewal of the certification.

The World Lottery Association (WLA), established in 1999, is an organization that provides global representation for the authorized lotteries of a number of countries worldwide. WLA supports the activity of its certified members, requiring a firm commitment to ensuring the highest standards of corporate social responsibility, particularly in relation to the principles of Responsible Gaming and strict compliance with the regulatory systems establishing how and where gaming products can be offered to the public in a given country. It is also committed to sharing know-how and experience with the aim of improving the activities of its own members in the interest of all Stakeholders. During the first few months of 2012, the World Lottery Association awarded Sisal's Responsible Gaming program its highest level of certification (level 4).

## An Outside View

### Save the Children

Valerio Neri, Director-General, Save the Children Italy:

“Sisal immediately understood the importance and criticality of our educational initiatives and fully recognized the validity and effectiveness of our approach. Save the Children has been working to address the phenomenon of school drop-outs and acts by involving not just the school but above all the people who stand to benefit most from our work - the children, and their families and teachers. Italy's drop-out rate of 18.8% is one of the highest in the European Union. Since 2010, our organization has been working to support a large number of at-risk children and families situated in the most marginal and vulnerable areas of our cities. We started by focusing our work on central and southern Italy, but in 2012-2013 we will be working in the Lombardy Region, where the drop-out rate is 18.4%. We have chosen to call our latest program “A più voci contro la dispersione scolastica” (“Speaking out against truancy”). Once again, one of the voices speaking out is Sisal, to whom we are very grateful for their renewed interest and support, which follows on from their contribution in 2012.”

### ItaliaCamp

Fabrizio Sammarco, Chairman, ItaliaCamp:

“The Scuola d'Impresa ('Business School') project - which naturally recalls the concept of “Srl Per Tutti”, now much better known in its state-approved incarnation of “Srls” (Società a Responsabilità Limitata Semplificata, or Simplified Limited Responsibility Company) and which saw the minimum share capital required to start up a limited company lowered to just one euro for those under age of 35 - represents one of the many positive initiatives that ItaliaCamp has championed in Italy. The fruit of a truly synergical partnership between universities and businesses, the Scuola d'Impresa project, which will be experimented at the Luiss Guido Carli University, who was the first to believe in its potential, is in many ways the perfect embodiment of the ItaliaCamp model, in the sense of cooperation between universities, businesses and institutions with the aim of identifying strategic, innovative and sustainable solutions that will enable our Country to move on from the current crisis. Scuola d'Impresa thus represents a genuine example of the process that ItaliaCamp has fostered, encouraging the new generations to make the most of their creative powers and abilities to create work as well as looking for it.”

### Io Tifo Positivo

Giovanna Pasculli, project leader:

“We met with a number of very understanding Sisal Employees who understood our vision and the importance and value of our project and who helped us improve its content and increase its effectiveness. Sisal's contribution to the project in the two years we worked together needs therefore to be measured not only in terms of the significant financial support they offered, but also through the various individual contributions made, whose benefits will be felt by the many children, young people and parents involved in the initiative.”

## Color Your Life

William Salice, Chairman, Color Your Life Foundation:

“Sisal’s continuing and significant support of the Foundation is a demonstration of the Company’s constant and enthusiastic commitment to and concern for the future of the young people who the Foundation works with and to whom it aims - with the support of its teachers and head teachers - to give a helping hand in life, enabling them attain self-knowledge and discover their hidden talents. Four years ago, the Foundation opened the COLORCampus Cultural Center in Loano on the Ligurian coast, offering free summer study camps to its young guests. Thanks to Sisal’s support, the number of guests has grown significantly and, in this current social climate of radical change and increasing complexity, our partnership has enabled the Foundation to broaden these youngsters’ horizons, identifying new career paths for them revolving around the arts and crafts, land and sea based trades, as well as “year round tourism” - all of which are recognized today as sectors in which Italy excels. We are very pleased to be able to work together with Sisal to help fight the school dropout phenomenon and to offer these young people new professional opportunities which we hope will one day lead them to become masters of a trade or craft, with a passion and satisfaction for their work.”

## Piccolo Teatro di Milano

Sergio Escobar, Director, Piccolo Teatro di Milano - Theatre of Europe:

“Public theatre is theatre based on shared values, but it is also theatre which must embark on a constant search for new values. Values that need to be constructed and that must be sought within a culture of difference - by which I mean difference not perceived as a threat to our identity, but rather as a cornerstone of a tangible future. A future capable of bringing together generations and giving the lie to rhetoric of youth and youthfulness. Public theatre means a willingness to carry on asking the questions which Piccolo Theatre has never refrained from asking, so that future generations of citizens are able to benefit from its work, which is complex and yet for precisely this reason, utterly essential. This deep conviction, which Sisal shares, is the reason why, as of 2013, the Cloister in via Rovello bears the name of Nina Vinchi who, along with Paolo Grassi and Giorgio Strehler, had the courage and the sense of responsibility, among the rubble of post-war Italy, to believe in the power of theatre and culture to restore a general sense of belonging to this city. Today, as Milan stands witness to other stories of displacement, of not-belonging, and as other cultures and histories intersect here, the Chiostro Nina Vinchi offers a key for examining and understanding the forces that unites us, in a city which is even more complicated, more difficult to decipher than before, and yet even more alive. In many ways, the “Chiostro” is the Piccolo’s fourth venue, open morning to night, and playing host to spectators, students, artists and the general public. The 2012-2013 season will see it host events, readings and shows involving more than 10,000 young people, at which numerous languages will be spoken, including Arabic, Chinese, French, Greek, English, Russian, and Spanish, as well as dialects from all over Italy. After years of being hidden away, the Cloister, which fully embodies the idea of an “art theatre for all” with which the Piccolo was created, is now being rediscovered by the residents of Milan, establishing a constant dialogue, more essential now than ever, between the city as “place” and the city as a place to be lived in.”

## Art For Business

Valeria Cantoni, Chairman, Art For Business:

“ It is genuinely rare to be able to work with a Company that participates with such generosity in the development of a project, as was the case with Sisal’s contribution to Art For Business Mentorship. Sisal got actively involved from the very beginning, listening and facilitating the development of an experimental program which was undertaken collaboratively. Art For Business and Sisal both believed in the project, shared in its development and actively participated in identifying the opportunities and critical issues that emerged along the way. We focused in particular on the value of knowledge transmission for young artists taking their first steps and worked to encourage dialogue between teachers and students. ”

## Telethon

Alessandro Betti, Director of Fundraising, Telethon Foundation:

“ Behind every rare genetic illness, there is a unique individual with a right to receive attention and to hope for a cure. The Sisal Group has supported the Telethon Foundation since 2005 and in this time has contributed more than 800,000 Euro to finance our scientific research. Since 2010, the funds collected through Sisal betting shops have been used to adopt two important research projects: “Evaluation of a combined stem cell gene therapy approach in the treatment of Hurler syndrome”, coordinated by Marta Serafini of the San Gerardo Hospital, Matilde Tettamanti Research Center, Pediatric Department, University of Milano-Bicocca and “The role of epigenetic factors in stem cell identity and tissue regeneration processes”, coordinated by Davide Corona, at the Department of Cellular Biology and Development – Biochemistry Section of the University of Palermo. ”

## Fondazione Umberto Veronesi

Paolo Veronesi, Chairman, Umberto Veronesi Foundation:

“ We are grateful Sisal has chosen to promote our fundraising drive for the Fondazione Umberto Veronesi. From 26 September to 21 October 2012, all Sisal betting shops collected voluntary donations. The funds raised have been used for a research project on new drugs for breast cancer. The objective of the project is improve the response to the new drugs and, in particular, to study how tumor cells become resistant to Trastuzumab, a humanized monoclonal antibody developed to target the HER2 receptor, which is overexpressed in just under a third of all cases of breast cancer. ”



## AriSLA

Renato Pocaterra, Secretary General, AriSLA:

“ Our fundraising campaigns are always focused on a concrete objective. In this case, our collaboration with Sisal has allowed us to contribute to the SardiniALS research project led by Professor Adriano Chiò, director of the Amyotrophic Lateral Sclerosis Center of the Department of Neuroscience of the San Giovanni Battista - Molinette Hospital in Turin, in collaboration with Dr Giuseppe Borghero of the Neurological Clinic of the University Hospital of Cagliari, with Professor Maura Pugliatti of the Department of Neuroscience at the University of Sassari and Professor Bryan Traynor of the National Health Institute in Bethesda, Maryland. The project aims to identify causes of Amyotrophic Lateral Sclerosis (or Lou Gehrig's disease) by analyzing the high incidence of the illness in people from Sardinia. Thanks to its contribution, Sisal not only became the project's lead sponsor, but also helped increase public awareness of ALS through its nationwide network. ”

## Make-A-Wish Italia®

Sune Frontani, Chairman, Make-A-Wish Italia®:

“ Make-A-Wish Italia® is a nonprofit association I set up in 2004 with my husband Fabio in memory of our daughter Carlotta, who died from a serious illness. Make-A-Wish Italia® seeks to make the wishes of children with life-threatening diseases come true, not only to give them joy and hope, but also to help them to find the strength to fight their illness and cope with their treatment. Sisal has worked together with us for three years, and throughout this period they have demonstrated their belief in our project by supporting us at every occasion through their business events. Sisal is our Platinum Sponsor, and we are very proud of the relationship we have established. These past three years have enabled me to realize the strength and effectiveness of Sisal's social commitment. Having Sisal as a partner provides us with reassurance and helps us believe that our project can continue over time and reach all Italian children. There are always so many requests from children struggling with serious illnesses who place their hope in us to make their wishes come true. It is not easy to find the resources required to make all of these dreams come true, especially in this time of crisis, so Sisal's financial support in 2012 was once again fundamental and allowed us to respond to many requests from hospitals and children. I am pleased to add that once again this year we were able to use 83% of our resources for our mission and we are committed to continuing our work with the same seriousness and transparency as always. I would like to offer Sisal my heartfelt thanks and I hope that we will be able to continue to count on the support of this amazing Company. ”



The background of the slide is a solid teal color. On the left side, there are several dark silhouettes of human hands and arms reaching upwards, creating a sense of aspiration or reaching for a goal.

# 4.

## **ENVIRONMENTAL SUSTAINABILITY**

# 4.

Environmental concerns are an essential aspect of the Company's Corporate Social Responsibility program. Sisal demonstrates its commitment towards protecting the environment through a number of specific projects, all of which share the common goal of reducing pollution and waste.

The Company's Employees and Associates are encouraged to behave responsibly and with a balanced use of natural resources.

Sisal's environmental commitment can be divided into the following areas:

1. Recycling
2. Energy savings
3. Consumption Reduction
4. Environmental impact Reduction
5. Community initiatives

## Recycling

The correct disposal of waste is one of the principal areas in which the Company and its Employees demonstrate their commitment to the Environment. In all eating areas and in areas close to printers, containers have been positioned for the recycling of glass, plastic, tin and paper, while a random monitoring system has been implemented that offers staff friendly reminders of the correct behavior to adopt. Sisal Employees have shown great awareness of the importance of recycling and their performance has ensured that the Company has not received any fines.

## Energy Savings

Following the good results obtained in its recycling drive, Sisal has decided to launch an initiative aimed at saving energy. Under the slogan "Più attenzione – Meno illuminazione" ("More attention - Less illumination"), staff have learnt about some of the small daily gestures they can perform every evening before leaving the office, starting with turning off all electronic devices and the lights in their offices.

## Consumption Reduction

In Sisal, our efforts to reduce consumption are focused mainly on saving paper.

### Reducing consumption of thermal paper

A re-organization of logistics and careful management of shipments and deliveries to points of sale have allowed us to make significant reductions in our consumption of rolls of thermal paper on Extrema, Leonardo, Microlot and Xpos gaming terminals. From 1,262,000 rolls in 2010 (204,852,874 meters of paper), in 2011 we reduced consumption to 1,008,038 rolls (151,502,020 meters), amounting to a saving of approximately 53,350,854 meters. In 2012, new optimization processes introduced by the Logistics Division enabled Sisal to make a further saving of 25,334,256 meters of paper compared to 2011, consuming 960,087 rolls, or 126,167,764 meters of paper.

## Reduction in weight of rolls of thermal paper

In 2012 the Sisal Network demonstrated also its commitment to reducing paper consumption in its points of sale by reducing the weight of its Gioca Facile game cards. In November and December 2012, the weight of the Gioca Facile tickets was lowered from 130 to 115 grams per square meter, generating a saving of approximately 2 tonnes of paper or 13%, not only in purchase and distribution but also in the use of printed paper.

The benefits of this decision will also be felt in 2013 and indeed in future years and have been estimated at an overall saving of approximately 22 tonnes of paper per annum.

Finally, Sisal has chosen to work only with suppliers of thermal paper who guarantee that their production processes are completely bisphenol free (in particular bisphenol A).

### Consumption of paper by the Sisal Group

2011	Annual total sheets of paper used by Sisal Group*	9,191,500
	Annual consumption of sheets of paper per Employee	7,266
2012	Annual total sheets of paper used by Sisal Group*	6,662,000
	Annual consumption of sheets of paper per Employee	4,230

\* Not including Match Point Agencies and Wincity halls

In January 2013, Sisal opted to replace all daily newspapers with their online versions, generating a significant cost saving. The Company has also implemented an internal management system for its multi-function printers which is expected to lead to a reduction of approximately 30% in toner and paper consumption.

## Environmental Impact Reduction

### FSC® Certification

From July 2010, the Sisal Logistics Division launched a review of its Suppliers, selecting to work only with those who, in addition to offering high levels of quality and competitive pricing, also demonstrated great attention to the environment. Currently, all suppliers of gaming materials for logistics are FSC® (Forest Stewardship Council) certified.

The FSC® trademark certifies that paper has been sourced from forests managed in a correct and responsible manner in accordance with rigorous environmental, social and economic standards. Since 2012, the backs of all rolls of thermal paper distributed by Sisal bear, in addition to the FSC® logo, the legend “Environment and health friendly paper” to indicate the Company’s commitment to the Environment.



FSC® is an international, independent, non-profit organization whose members include environmental and social change groups, indigenous communities, land owners, timber-related industries, as well as scientists and technicians, all working together to improve forestry management around the world. FSC® Italy was founded in 2001 and recognized officially by FSC® International in 2002. It is dedicated to numerous activities, including:

- the 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 the timber processing industry;
- promotion of studies and pilot projects sustainable forestry management, certification and the market for certified forestry products.

## **Introduction of electric cars in the Company car park**

Sisal provides four electric cars for staff to use when travelling for work within Milan and Rome. These cars do not pollute and are authorized for use even during traffic bans. Further advantages include the ability to circulate freely within Milan's limited traffic "Area C" and free parking in the blue stripe parking areas in Rome.

## **No use of plastic bags**

Another component of Sisal's drive to safeguard the Environment is its decision to deliver gaming materials to betting shops without using plastic bags. This will entail an additional effort on the part of the Logistics Division in terms of monitoring and distribution of materials.

## **Optimization of logistics processes**

Sisal has reviewed and reorganized its logistics processes in order to optimize shipments and eliminate excess consumption in terms of delivery and collection of materials. The review process saw a significant number of potential suppliers involved and led to the establishment of a number of new partnerships. The analysis and upgrading of the Company's logistics processes, which commenced in 2010, is subject to continuous development and improvement. Sisal Logistics Division is in fact at present working towards the implementation of a goods handling procedure that will constantly monitor the impact of the Company's activities on the Environment, allowing it to define safeguarding measures.

The principal elements of the review of the logistics processes are:

- calendar of national shipments;
- implementation of a new optimized logistics model designed according to the Company's requirements;
- real-time monitoring of inventory at betting shops;

- real-time tracking of shipments using GPS;
- reducing CO<sub>2</sub> emissions. In 2011, the reorganization of the logistical processes led to an annual reduction in CO<sub>2</sub> atmospheric emissions due to transport of 525,55 tonnes compared with 2010. In 2012, the process of optimization led to a further reduction of 75 tonnes.

### Stock Store program

The Stock Store is a program used for managing and monitoring stock levels and re-ordering materials for Retailers. It also monitors paper consumption and features reminders designed to encourage a responsible use.

### A sustainable supplier of food management services

Fri70, the company responsible for catering and food management at Sisal, has introduced a series of measures that enable it to offer a “a zero impact” service. These include a system of photovoltaic modules that produces the energy required for its offices and warehouses; a rainwater harvesting system meeting the Company’s water requirements; the use of natural gas powered cars and vans (euro 5 emissions class); and automatic distributors featuring low energy consumption and low CO<sub>2</sub> emissions. In addition, in line with its own development policy, Fri70 has attained environmental certification to UNI EN ISO 14001 standards.

### “100% Energia Pulita” (“100% Clean energy”) Certification

Sisal is committed to using only energy from renewable sources. This commitment was recognized in 2012 in the shape of a “100% Clean energy” certificate issued by its supplier, Energetic Source, which confirms that the energy the Company consumes is produced entirely from renewable sources.

The year also saw Sisal Logistics Division launch a project whereby it invited all of its suppliers to use only renewable energy.



- **Commitments for 2013**
- **Further reduction in weight of Gioca Facile tickets to produce an annual saving of paper of approximately 22 tonnes**
- **Design and implementation of an Environmental Management system compliant with UNI EN ISO 14001:2004 by the Company's Logistics Division**

ISO 14001 is a voluntary certification for businesses or organizations with a strong sense of environmental awareness and a commitment to environmental protection. A UNI EN ISO 14001:2004 certification body regularly evaluates conformity with the required standards and ensures that the processes and procedures of the environmental management system are functioning efficiently. In addition, internal audits are performed on a regular basis, while management reviews are conducted by Company management to ensure that the system's objectives are being met.

Implementation of ISO 14001 will ensure Sisal has an environmental policy that is commensurate with the nature, dimensions and environmental impacts of its operations, products and services. This will enable it to identify, control and/or influence its environmental impacts and define measurable environmental objectives beginning, where possible, with sector-specific legislation and significant environmental factors. The Company is also required to ensure all staff are aware of the commitment that the Company has made to the environment, which affects its entire management system.

The UNI EN ISO 14001 environmental certification project consists of a number of stages: an environmental analysis of Sisal's sites; the implementation of ISO 14001 compliant procedures and the definition of the organizational aspects of the environmental protection effort; the definition of a corporate environmental policy; the identification of Company objectives and related environmental activities; and, finally, preparation and publication of a staff manual for environmental management. Once these actions are completed, internal audits are conducted and the certification body carries out its audit.

## Community Initiatives

Sisal's commitment to the Environment also entails a wide range of Community initiatives.

### Bike sharing at Sisal Wincity

The Company's bike sharing project has seen the installation of a series of bicycle stations outside a number of Sisal Wincity halls, transforming them into havens for cyclists as well as for fans of electronic entertainment.

The sustainable mobility project, which was planned on a national scale, was inaugurated in Brescia in April 2012 on the occasion of the Bicimia initiative, which Sisal has decided to sponsor. Six bike sharing stations containing a total of 100 bicycles were opened with the aim of promoting cycling as a comfortable, easy and above all zero-impact way of getting round the city.

Meanwhile, in Turin, another bike sharing initiative was held to mark the first anniversary of the opening of Sisal Wincity, in collaboration with the Municipality of Turin and the Parco Dora Committee. The bike sharing stations were inaugurated with a press conference held on 23 April 2012.

At the press conference held to present the project, Enzo Lavolta, Councilor for Innovation, Development and Environmental Sustainability for the City of Turin, declared:

“Today we inaugurate a new bike sharing site, which has been created thanks to the contribution of Sisal. This represents another step forward in the implementation of a service that in just two years has achieved constant growth and has already been widely appreciated by the city’s residents. Our Administration believes in the development of this important service. We are now in its second phase, which aims to bring the bicycles to the suburbs, as well as to the city center. To places - like this one - that, following the decommissioning of their industrial sites, are forging for themselves a new urban identity through residential and commercial projects. Local businesses can also make a fundamental contribution by making their own employees aware of the bicycle as an alternative to the car.”

Claudio Cerrato, Chairman of Area 4, also participated in the press conference. As well as thanking Sisal for its contribution, he added:

“This agreement represents the crystallization of a relationship between the city, this area and Sisal. A synergy between the public and the private that has produced direct local action and created new opportunities for the community. We very much hope that such forms of collaboration may in future gather force and momentum as the result of a shared, structured program that, rather than producing just the occasional initiative, will go in the direction of an increasingly close relationship between the city and private enterprise.”

## In-house environmental awareness campaigns

### REMINDER

**Last night, someone forgot to turn off...**

- ☐ the office lights
- ☐ their computer
- ☐ their PC monitor light

Leaving on the lights, computers and electrical devices when there's nobody in the office is an unnecessary waste that contributes to the production of CO<sub>2</sub>.

**LET'S USE... less energy**

### REMINDER:

**LOOK what we found in the waste basket...**

- ☐ Paper
- ☐ Plastic
- ☐ Tin and/or aluminium
- ☐ Glass

Remember, the waste basket  
is not for RECYCLING!!!

**Help us to make a DIFFERENCE!**







The background of the slide features a textured, greenish-blue surface with several dark, shadowed hands reaching up and holding a globe. The hands are positioned around the globe, with fingers spread, suggesting a collective effort or support. The texture of the surface is rough and uneven, with some lighter and darker patches of green and blue. The shadows of the hands are cast onto this surface, creating a sense of depth and movement.

**5.**

**ECONOMIC  
SUSTAINABILITY**

# 5.

Under the model of sustainable growth adopted by Sisal, financial growth achieved by the Company needs to be considered in terms of satisfying the requirements of its Shareholders, as well as all of its Stakeholders.

Therefore, both the important results achieved by the Group, as well as its long term strategies for the wellbeing of future generations, should be evaluated from this perspective.



# Sustainability as Long-Term Value Creation

Over time, the Group has diversified and extended its range to cover most areas of the gaming market, from the products sold by Retailers, such as NTNG games, e.g. SuperEnalotto, SuperStar, Vinci per la Vita - Win for Life and SiVinceTutto SuperEnalotto, through to electronic gaming machines (Slot machines and Video Lottery Terminals), which are becoming increasingly popular in points of sale thanks to the way they combined gaming and entertainment, and the principal online gaming products, whose market share has increased from 2.5% in 2007 to 17.8% in 2012.

In 2012, the legal gaming market in Italy recorded overall receipts of approximately EUR 87 billion, with an increase of approximately EUR 7 billion (+9%) compared to 2011 (EUR 80 billion approximately) and an average growth factor from 2007-2012 of approximately 16%. This result, bucking the trend present in many other areas of the national economy, maintains the sector in a position of absolute pre-eminence within the Italy, despite the significant increase in pay outs – i.e. the portion of receipts that returns to the players as winnings, which increased from 68.2% in 2007 to 80.7% in 2012, reaching almost EUR 70 billion. This significant amount was in part the result of the introduction of games with higher pay outs, including certain new online games where pay outs are around or in some cases in excess of 97%.

Although 2012 actually saw real public expenditure (total receipts, less pay outs) drop by approximately EUR 1.3 billion compared with 2011 to a total of approximately EUR 16.7 billion due to the rise in pay outs and a general fall in Italian consumption, the figure for the 2007-2012 period grew by an average rate of approximately 4.9%.

Overall, during 2012 the Sisal Group recorded receipts of EUR 13.8 billion (+3%) due to strong growth in the services division (5.9 billion +11%) and a strong performance in the gaming sector (EUR 7.9 billion, essentially in line with the previous year).

Total revenues and income amounted to EUR 823,396,000, down by 5.3% from EUR 869,840,000 in 2011. The following table provides additional key economic/profit data for the last three years.

	2012	2011	2010
Total Revenues and Income	823,396	869,840	735,975
Gross Operating Margin	149,054	189,454	166,562
Net Operating Margin (EBIT)	31,824	56,373	70,448
Net Profit	(39,804)	(29,346)	(12,874)
ROI	2.9%	5.0%	6.1%
ROS	3.9%	6.5%	9.6%
ROE	-87.4%	-34.6%	-11.3%

Figures in EUR thousand

During 2012, the performance of the games sector in Italy was affected by a series of negative economic factors, such as stagnant consumption levels (impacting in particular on the traditional/lottery games division), the increase in taxes on receipts from latest generation VLT machines, the unexpected contraction in margins which affected all fixed odds sport betting operators as they were hit by a series of unfavorable results, and finally, with regard to the Group, the application of a one-off fine of EUR 16.5 million for not reaching the minimum receipts set for national lottery games, without which gross operating profit would have been approximately EUR 166 million.

The Group reacted to these unfavorable circumstances by constantly expanding and diversifying its offer and intensifying its control over and optimization of its cost structures. These efforts helped the Group achieve levels of gross and operating profit that, together with careful working capital management, allowed it to invest approximately EUR 60 million in the renewal, modernization and upgrading of its systems and technological infrastructures and to meet its financial obligations, as demonstrated by its full and systematic compliance with the covenants included in its principal current loan contracts.

## Sisal's Contribution to General Taxation

The significant size of the gaming market in Italy, which is equal to approximately 5.5% of the national GDP (5% in 2011), considering gross receipts, and approximately 1.1% of GDP (compared to 1.2% in 2011) in terms of real public expenditure, makes a substantial contribution to Italy's public finances. In 2012, total tax revenue from gaming was approximately EUR 8.7 billion, with an average growth rate in the last 5 years of approximately 0.5%, representing a decrease compared with the trend rate recorded at the end of 2011 for the reasons illustrated above.

Of this EUR 8.7 billion, approximately EUR 1.3 billion comes from Sisal gaming receipts. Of this figure, approximately EUR 0.8 billion is generated by national lottery products (SuperEnalotto, SuperStar, Vinci per la Vita - Win for Life, SiVinceTutto SuperEnalotto and the new EuroJackpot), which are among the best loved and best known by the public, but also among the most remunerative in terms of tax revenue.

Every week, Sisal's points of sale report on cash flows from the previous week's business and makes payments both to the tax authorities and to their commercial partners on the basis of the relative regulations and agreements.

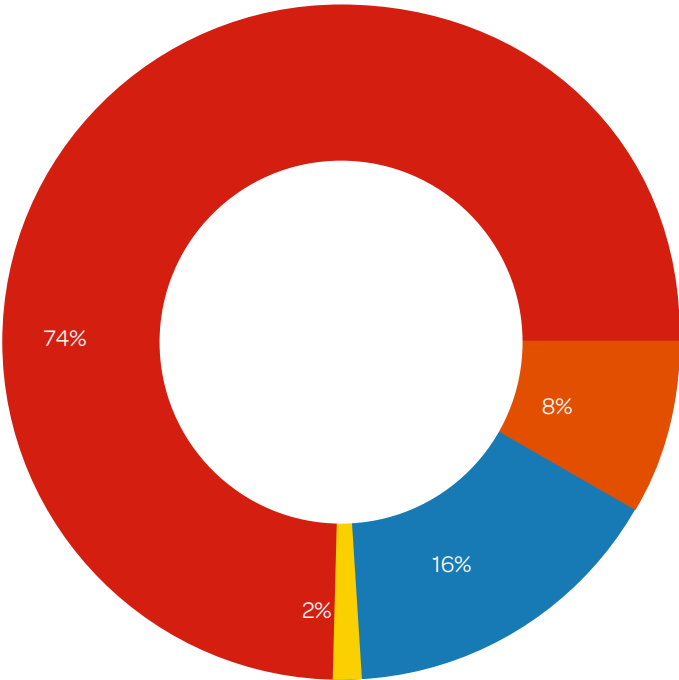
In order to establish an overall picture of the cash flows deriving from gaming, we need to identify the various protagonists. These include the Players, the points of sale (sports and horse race betting shops and agencies, gaming halls, etc.), the Licensees, other parties collecting stakes/bets (e.g. operators of electronic gaming machines) and the Italian Customs and Monopolies Agency (AAMS).

Of the receipts cited above, the overall market pay out in 2012 was approximately 81%, meaning players received approximately EUR 70 billion in winnings, compared with EUR 62 billion in the previous year (+13%). The remainder, approximately 9.3% of receipts, net of taxes, went to licensees and the local networks.

The figures to be considered with regard to the Sisal Group’s performance in 2012 are as follows:

- receipts of approximately EUR 7.9 billion;
- total payable winnings of approximately EUR 5.8 billion (approximately 74% of receipts compared to 69% in 2011);
- remuneration paid to national network of approximately EUR 0.2 billion;
- fees paid to the Group’s licensees of approximately EUR 0.6 billion (including, with regard to the legal gaming wagers from electronic gaming machines, Distribution Network fees);
- taxes of approximately EUR 1.3 billion (equivalent to approximately 16% of receipts, compared to a market total of approximately 10%).

The graph below shows the distribution of the Group’s total gaming receipts.



2012 Data	
<div></div>	Payouts
<div></div>	Tax authorities
<div></div>	Retailers
<div></div>	Licensees/Slot network

# Wealth Creation and its Distribution

The table below shows Sisal’s 2012 consolidated data reclassified to highlight the added value formation process, i.e. revenue less intermediate costs.

Added value represents the wealth generated by the Group during the financial year which was then distributed among the various Stakeholders. The total gross added value, including depreciation/amortization and impairment, amounts to 28.7% of the production value. Total net added value is 14.4%. No significant Government loans have been received.

The Group has not been subject to significant sanctions for legal or regulatory non-conformity, since the aforementioned “national lottery penalty” of EUR 16.5 million given to Sisal S.p.A., the Group Licensee, for not having attained the minimum guaranteed receipts in the last two months of monitoring (May-June 2012) for the 18 two-month periods set out in the relative agreement cannot be considered as falling into this category. This penalty was paid immediately and included in the costs for the 2012 financial year as a one-off, non-recurring payment which reduced overall profit for the period in question.

## Determination of Added Value

		2012	%
A	Value of production	823,396	100.0%
	Revenue from sales and services	823,396	
B	Intermediate costs of production	587,491	71.3%
	Consumption of raw materials, subsidiaries and consumables	13,345	
	Costs of services	519,024	
	Leases and rentals	16,446	
	Provision for risks	(4,698)	
	Other operating expenses	43,374	
	GROSS ADDED VALUE	235,905	28.7%
	Financial income	4,343	
	TOTAL GROSS ADDED VALUE	240,248	29.2%
	Depreciation/amortisation, impairment and revaluations	121,974	
	TOTAL NET ADDED VALUE	118,274	14.4%

Figures in EUR thousand



The total net added value in 2012 amounted to EUR 118.3 million and was distributed among the Stakeholders as follows:

- 64.3% distributed to Employees as salaries, without considering indirect costs;
- 4.3% distributed to Government through direct and indirect taxation;
- 61.9% was paid to Financial Institutions for borrowed capital;
- -33.7% represents the Company’s net loss on total added value;
- 3.1% was set aside for local Communities.

**Distribution of Added Value**

		2012	%
A	Employee remuneration	76,051	64.3%
	Personnel costs	70,458	
	Employee termination indemnities	5,593	
B	Tax payments	5,094	4.3%
	Direct taxes	2,664	
	Indirect taxes	2,430	
C	Loan repayments	73,262	61.9%
	Short term finance charges	814	
	Long term finance charges	72,448	
D	Remuneration of risk capital	0	0.0%
	Profits distributed to third parties	0	
E	Company	(39,804)	-33.7%
	Retained earnings	(39,804)	
F	Community support	3,671	3.1%
	Local taxes and duties	1,902	
	Donations	498	
	Sponsorships	1,271	
	TOTAL NET ADDED VALUE	118,274	100.0%

Figures in EUR thousand

## Notes on Methodology

The Sisal Corporate Social Responsibility Report, now in its fourth year, is the Group's principal reporting, communication and planning tool for Corporate Social Responsibility. This document illustrates the Company's Corporate Social Responsibility initiatives to all Stakeholders and describes with absolute transparency not only the activities already undertaken but also future lines of development, paying particular attention to the connection between business strategies and relationships with Stakeholders.

"Sisal" refers to the Sisal Group Holding Payment Institution (SHIP) S.p.A., while Group Companies are indicated with their individual names.

The Sisal CSR Report is prepared in accordance with the guidelines issued by GRI - Global Reporting Initiative and GBS - Company Accounts Study Group.

The 2012 Sisal Corporate Social Responsibility Report has been prepared in the same way as previous editions, with certain specific changes:

- maximum focus on Stakeholders.
- greater relevance given to quantitative and qualitative elements, considering Global Reporting Initiative's international indicators (GRI).
- more space dedicated to environmental sustainability issues and to logistical and organizational aspects in relation to environmental protection. Reducing resource consumption is an issue that Sisal continues to pay very close attention to.

### Scope of reporting and accounting period

The scope of the 2012 CSR Report is based on the consolidated financial statements. Data refers to the year ended 31 December 2012, except for the inclusion of some important information concerning events occurring after the balance sheet date, such as the Group's Mission, Vision, and new Values, the creation of a Sisal fan page on Facebook, and news regarding the Company's commitment to its Communities.

The scope of consolidation includes the following Companies: Sisal Holding Payment Institution S.p.A., Sisal S.p.A., Sisal Match Point S.p.A., Sisal Entertainment S.p.A., Sisal Bingo S.p.A. The consolidated financial statements as at and for the year ended 31 December 2012 were prepared in conformity with International Financial Reporting Standards.

## Quality of information and document preparation

The quality of the information contained in the 2012 CSR Report is guaranteed through compliance with the principles of materiality, comparability, balance and completeness. Materiality is defined as the publication of information and indicators concerning the social, environmental and economic impacts produced by the Company that are considered to be of interest for all Stakeholders.

Comparability is defined as the ability to compare data and information over time, ensuring that the structure of the CSR Report remains the same as in previous editions is an aid to comparability.

Balance and completeness are defined as the correct presentation of arguments and data that show both positive as well as any negative aspects of the Group.

The preparation of the Corporate Social Responsibility Report is a full reporting process performed annually and involving all departments. In order to identify and define content, we have taken into account the most significant issues in the gaming sector and indications from the CSR Leadership Team. The document was completed following a series of meetings with the CSR Team, the approval of the document structure and validation by the CSR Executive. Members of the Team prepared the individual sections of the Social Report, which were put together by the CSR Unit, who also provided additional information and ensured the general uniformity of the content. Finally, the content was reviewed by the CSR Team and the organizational Managers, before being approved by the Leadership Team.

The CSR Report contains useful data from sources within the Sisal Group and in the public domain (information disclosed by AAMS and international organizations, independent research, etc.).

## Structure of the 2012 CSR Report

The 2012 CSR Report is divided into five sections:

1. Sisal Group
2. Governance Model
3. Social Sustainability
4. Environmental Sustainability
5. Economic Sustainability

The 2012 Sisal CSR Report can also be consulted in the Corporate Social Responsibility section at [www.sisal.com](http://www.sisal.com).

**The CSR Executive Committee comprises:**

**Simonetta Consiglio**

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**Marco Caccavale**

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**Andrea Castellani**

Head of Internal Audit and Risk Management Manager

**Mario Corti**

Director of Legal and Corporate Affairs

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**Giovanni Emilio Maggi**

Director of Institutional Relation

**Andrea Orlandini**

Director of Human Resources and Organization

**Maurizio Santacroce**

Director of Digital Games and Services BU

This CSR Report was prepared with the support of:

Silvia Bilotta, Irene Brillarelli, Elisabetta Cannata,  
Valeria Carbone, Dante Carraturo, Andrea Castellani,  
Chiara Cavagna, Stefano De Vita, Mario Della Toffola,  
Daniela Di Febbraro, Daniela Fraticelli, Carlo Garuccio,  
Maria Giacobelli, Barbara Giangaspero, Andrea Golisano,  
Stefania Longo, Laura Lungo, Chiara Marchegiano, Fabio Mari,  
Marco Migliorisi, Alessandro Moretti, Fabrizio Mulas,  
Davide Nova, Davide Occhiuzzi, Giancarlo Pedrazzoli,  
Cinzia Pedretti, Giulio Pellizzari, Andrea Reda, Iuri Riva,  
Rosangela Robbiani, Pamela Romeniello, Barbara Rosà,  
Monica Scarpitta, Luciana Tarantino, Alessia Tedeschi,  
Marco Tiso, Francesca Zanni

Production of this 2012 CSR Report  
was coordinated internally by:

**Gianmario Trovò, Sandra Nalin**

The Sisal CSR Report and the 2012 CSR Action Plan  
have been prepared with the support of Olivares Consulting  
and in particular by:

**Federica Olivares**  
**Marina Lanfranconi**  
**Anna Clerici**  
**Franco Bompani**

Editorial coordination:  
**Edizioni Olivares**

Graphic design:  
**Orith Kolodny**

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## **Contacts**

Sisal S.p.A.  
Registered Office  
Via Alessio di Tocqueville, 13  
20154 Milan, Italy  
Tel. +39 02.88681

Rome office  
Viale Sacco e Vanzetti, 89  
00155 Rome, Italy  
Tel. +39 06.439781

[www.sisal.com](http://www.sisal.com) ● [infoCSR@sisal.it](mailto:infoCSR@sisal.it)

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